Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis of any contract or commitment whatsoever*. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the issuer for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

This announcement is for information purposes only and is not an offer to sell or the solicitation of an offer to buy securities in the United States or in any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Neither this announcement nor any copy hereof may be taken into or distributed in the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration. No public offer of securities is to be made by the Issuer in the United States.

***Notice to Hong Kong investors:** The Issuer and the Guarantor (each as defined below) confirm that the Notes (as defined below) are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF OFFERING CIRCULAR

Perfect Point Ventures Limited

(incorporated in the British Virgin Islands with limited liability)

(as Issuer)

U.S.$300,000,000 5.20 per cent. Guaranteed Notes due 2025 (the "Notes")

(Stock Code: 40850)

unconditionally and irrevocably guaranteed by

C C Land Holdings Limited

(Incorporated in Bermuda with limited liability)

(as Guarantor)

(Stock Code: 1224)

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC UBS Haitong International Credit Suisse

Joint Bookrunners and Joint Lead Managers

The Bank of East Asia, Limited China CITIC Bank International

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Please refer to the offering circular dated 14 September 2021 (the "**Offering Circular**") appended hereto in relation to the Notes. The Issuer announces that the listing of the Notes on The Stock Exchange of Hong Kong Limited and permission to deal in the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules) only has become effective on 21 September 2021.

Hong Kong, 21 September 2021

As at the date of this announcement, the directors of the Issuer are Dr. Lam How Mun Peter, Mr. Wong Chi Keung, Mr. Leung Chun Cheong and Mr. Leung Wai Fai.

As at the date of this announcement, the directors of the Guarantor are 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.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the "**Offering Circular**") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: The Offering Circular is being sent at your request and by accepting the electronic mail and accessing the Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of the Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

The materials relating to the offering of the Notes (as defined in the Offering Circular) to which the Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of us in such jurisdiction.

IN ORDER TO BE ELIGIBLE TO VIEW THE ATTACHED DOCUMENT OR MAKE AN INVESTMENT DECISION WITH RESPECT TO THE NOTES, INVESTORS MUST BE OUTSIDE THE UNITED STATES AND COMPLY WITH THE FOLLOWING PROVISIONS. YOU HAVE BEEN SENT THE ATTACHED DOCUMENT ON THE BASIS THAT YOU HAVE CONFIRMED TO THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, UBS AG HONG KONG BRANCH (UBS AG IS INCORPORATED IN SWITZERLAND WITH LIMITED LIABILITY), HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED, CREDIT SUISSE (HONG KONG) LIMITED, THE BANK OF EAST ASIA, LIMITED AND CHINA CITIC BANK INTERNATIONAL LIMITED (TOGETHER, THE "**JOINT LEAD MANAGERS**") THAT YOU AND ANY CUSTOMER YOU REPRESENT ARE OUTSIDE THE UNITED STATES AND, TO THE EXTENT YOU PURCHASE THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT, YOU WILL BE DOING SO IN AN OFFSHORE TRANSACTION, AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT, IN COMPLIANCE WITH REGULATION S.

PRIIPS REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – For the purposes of MiFID II, it is expected that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining such target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – For the purposes of UK MiFIR (as defined below, it is expected) that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**UK distributor**") should take into consideration such target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining such target market assessment) and determining appropriate distribution channels.

NOTIFICATION UNDER SECTION 309(B)(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE "SFA") – In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Joint Lead Managers nor any person who controls the Joint Lead Managers, nor any of their respective directors, officers, employees or agents of the Joint Lead Managers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

PERFECT POINT VENTURES LIMITED

(incorporated with limited liability under the laws of the British Virgin Islands)

U.S.$300,000,000

5.20% Guaranteed Notes due 2025
Unconditionally and Irrevocably Guaranteed by

C C LAND HOLDINGS LIMITED
中渝置地控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1224)

Issue Price: 100.00%

The U.S.$300,000,000 5.20% Guaranteed Notes due 2025 (the "**Notes**") will be issued by Perfect Point Ventures Limited (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee of the Notes**") by C C Land Holdings Limited (the "**Guarantor**"), the holding company of the Issuer. The terms and conditions of the Notes (the "**Conditions**") are set out in "*Terms and Conditions of the Notes*". The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Notes constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Interest on the Notes is payable semi-annually in arrear on 20 March and 20 September in each year, commencing on 20 March 2022. Payments on the Notes will be made without deduction for or on account of taxes of the British Virgin Islands or Bermuda to the extent described in Condition 7 (*Taxation*).

The Notes mature on 20 September 2025 (the "**Maturity Date**") at their principal amount. The Notes are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to, but excluding, the date fixed for redemption, at the option of the Issuer at any time in the event of certain changes affecting taxes of the British Virgin Islands, Bermuda or Hong Kong (see Condition 5(b) (*Redemption for tax reasons*)) and at the option of the Issuer at any time during the period from (and including) 20 September 2023 to (but excluding) the Maturity Date (see Condition 5(d) (*Redemption at the option of the Issuer*)). At any time following the occurrence of a Change of Control (as defined in the Conditions), the holder of a Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Change of Control Put Date (as defined in the Conditions) at 101% of their principal amount, together with accrued interest to but excluding the Change of Control Put Date (see Condition 5(c) (*Redemption for Change of Control*)).

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Notes or the Issuer, the Guarantor or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Investing in the Notes involves certain risks. See *"Risk Factors"* beginning on page 11.

The Notes and the Guarantee of the Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered, sold or delivered within the United States. The Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Notes will be represented by beneficial interests in a global certificate (the "**Global Note Certificate**") in registered form, without interest coupons attached, which will be registered in the name of a nominee for, and shall be deposited on or about 20 September 2021 (the "**Issue Date**"), with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). Beneficial interests in the Global Note Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

HSBC **UBS** **Haitong International** **Credit Suisse**

Joint Bookrunners and Joint Lead Managers

The Bank of East Asia, Limited **China CITIC Bank International**

This Offering Circular is dated 14 September 2021.

IMPORTANT NOTICE

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, its subsidiaries, associated companies and joint ventures taken as a whole (the Guarantor, its subsidiaries, its associated companies and joint ventures, taken as a whole collectively, the "Group") and the Notes and the Guarantee of the Notes which is material in the context of the issue and offering of the Notes and the Guarantee of the Notes, (ii) the statements contained in it relating to the Issuer, the Guarantor and the other members of the Group are in every material respect true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the other members of the Group are honestly and reasonably held, have been reached after considering all relevant circumstances, are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Guarantor, the Notes or the Guarantee of the Notes, the omission of which would, in the context of the issue and offering of the Notes and the Guarantee of the Notes, make any statement in this Offering Circular misleading in any material respect and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts in relation to the Issuer, the Guarantor, the other members of the Group, the Notes and the Guarantee of the Notes and to verify the accuracy of all such information and statements. Subject as provided herein, each of the Issuer and the Guarantor accepts full responsibility for the accuracy of information contained in this Offering Circular.

No person has been or is authorised to give any information or make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Joint Lead Managers or the Agents (each as defined in this Offering Circular) set forth in *"Subscription and Sale"* or elsewhere in this Offering Circular. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any Notes by any person except in compliance with all applicable laws and regulations. This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Notes described in this Offering Circular. No representation or warranty, express or implied, is made by the Joint Lead Managers, the Agents or any of their respective affiliates, advisers, directors, officers, employees, representatives or agents as to the accuracy or completeness of the information contained herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Lead Managers, the Agents, or their respective affiliates, advisers, directors, officers, employees, representatives or agents. Neither the Joint Lead Managers, the Agents nor any of their respective affiliates, advisers, directors, officers, employees, representatives or agents have separately verified the information contained herein. Neither the delivery of this Offering Circular nor any sale made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve an adverse change in the affairs of the Issuer, the Guarantor or any other members of the Group since the date hereof. To the fullest extent permitted by law, none of the Joint Lead Managers, the Agents nor any of their respective affiliates, advisers, directors, officers, employees, representatives or agents accept any responsibility for the contents of this Offering Circular. Each of the Joint Lead Managers, the Agents and their respective affiliates, advisers, directors, officers, employees, representatives or agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Agents nor any of their respective affiliates, advisers, directors, officers, employees, representatives or agents undertakes to review the financial condition or affairs of the Issuer, the Guarantor and the other members of the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or prospective investor in the Notes of any information coming to the attention of any of the Joint Lead Managers, the Agents or their respective affiliates, advisers, directors, officers, employees, representatives or agents.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes. This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers or the Agents that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of each of the Issuer, the Guarantor and the other members of the Group. Furthermore, no comment is made or advice given by the Issuer, the Guarantor, the Joint Lead Managers or the Agents in respect of taxation matters relating to any Notes or the legality of the purchase of Notes by an investor under applicable or similar laws. None of the Joint Lead Managers undertakes to review the financial condition or affairs of the Issuer or any Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN TAX ADVISER, LEGAL ADVISER AND FINANCIAL ADVISER AS TO TAX, LEGAL, FINANCIAL AND RELATED MATTERS CONCERNING THE PURCHASE OF THE NOTES.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. It may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Offering Circular may come are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe such restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of the Offering Circular, see "*Subscription and Sale*".

STABILISATION

IN CONNECTION WITH THE ISSUE OF THE NOTES, THE HONG KONG AND SHANGHAI BANKING CORPORATION LIMITED, AS THE STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER), MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

HONG KONG STOCK EXCHANGE

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange for the purpose of giving information with regard to the Issuer and the Guarantor. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

PRIIPS REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – For the purposes of MiFID II, it is expected that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration such target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining such target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – For the purposes of UK MiFIR (as defined below, it is expected) that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**UK distributor**") should take into consideration such target market assessment; however, a UK distributor subject to the FCA Handbook

Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining such target market assessment) and determining appropriate distribution channels.

NOTIFICATION UNDER SECTION 309(B)(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE "SFA")

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRESENTATION OF FINANCIAL INFORMATION

The Guarantor prepares its consolidated financial statements in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). The selected consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2018, 2019 and 2020 and the selected consolidated statement of financial position as at 31 December 2018, 2019 and 2020, as set out in the section entitled "*Summary Financial Information*", have been derived from the Guarantor's audited consolidated financial statements for the years ended 31 December 2019 and 2020, which have been audited by Ernst & Young ("**E&Y**"), the independent auditors of the Guarantor, and included elsewhere in this Offering Circular together with the independent auditor's report in respect of such financial years. The selected consolidated financial information of the Guarantor should not be relied upon to the same extent where financial information is presented together with the audited consolidated financial statements and the notes thereto.

The Guarantor prepares its unaudited and unreviewed condensed consolidated financial statements for the six months ended 30 June 2021 in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting*. The selected consolidated statement of profit or loss and comprehensive income for the six months ended 30 June 2021 and 2020 and the selected consolidated statement of financial position as at 30 June 2021, as set out in the section entitled "*Summary Financial Information*", have been derived from the Guarantor's unaudited and unreviewed condensed consolidated financial statements for the six months ended 30 June 2021, which have been included elsewhere in this Offering Circular. The selected consolidated financial information of the Guarantor should not be relied upon to the same extent where financial information is presented together with the audited consolidated financial statements and the notes thereto.

MARKET AND INDUSTRY DATA

This Offering Circular includes market share and industry data and forecasts that were obtained from industry publications and surveys and internal company sources. Industry publications and surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. None of the Joint Lead Managers, the Agents, the Issuer, the Guarantor, any other member of the Group or any of their respective directors, employees, advisers, affiliates, directors, officers, employees, representatives or agents has independently verified any of the data from third-party sources nor have the underlying economic assumptions relied upon therein been ascertained by any of the Joint Lead Managers, the Agents, the Issuer, the Guarantor, any other member of the Group or any of their respective directors, employees, advisers, affiliates, directors, officers, employees, representatives or agents. Statements as to the Group's market position are based on market data currently available to the Group. While neither the Issuer, the Guarantor nor any other member of the Group is aware of any misstatements regarding industry data presented in this Offering Circular, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading *"Risk Factors"* below.

FORWARD-LOOKING STATEMENTS

Certain statements under *"Risk Factors", "Description of the Group"* and elsewhere in this Offering Circular constitute *"forward-looking statements"*. Words such as "believe", "expect", "plan", "anticipate", "schedule", "estimate" and similar words or expressions identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position and results of operations, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group's management for its future operations (including development plans and objectives relating to the Group's operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as of the date of this Offering Circular. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations of the Issuer, the Guarantor or other members of the Group with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under "*Risk Factors*" and elsewhere, important factors that could cause actual results, performances or achievements of the Issuer, the Guarantor or any other member of the Group to differ materially from the Issuer's or the Guarantor's expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

CERTAIN TERMS AND CONVENTIONS

Unless otherwise specified or the context otherwise requires, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the PRC, "**PRC**" are to the People's Republic of China (excluding, for the purposes of this Offering Circular only, Hong Kong, the Macau Special Administrative Region of the PRC ("**Macau**") and Taiwan), "**U.S.**" or "**United States**" are to the United States of America, "**Hong Kong dollars**", "**HK dollars**" and "**HK$**" are to the lawful currency of Hong Kong, "**CNY**", "**RMB**" or "**Renminbi**" are to the lawful currency of the PRC, "**GBP**" are to the lawful currency of the United Kingdom and references to "**U.S. dollars**" or "**U.S.$**" are to the lawful currency of the United States.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and *vice versa,* at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK$7.80 to U.S.$1.00. No representation is made that the HK dollar or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or HK dollars at any particular rate or at all.

In this Offering Circular where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

ENFORCEMENT OF JUDGMENTS

The Issuer is a limited liability company incorporated in the British Virgin Islands, and the Guarantor is a limited liability company incorporated in Bermuda with its shares listed on the Main Board of the Hong Kong Stock Exchange. The Issuer does not sell any products or provide any services and it has undertaken no business activities since its date of incorporation, other than those incidental to its incorporation and establishment as an indirectly wholly-owned subsidiary of the Guarantor and those incidental to the issuance of the Notes.

The Group is principally engaged in the property development and investment businesses, along with treasury investment. Certain of the Group's businesses, assets and operations are located in the PRC. As a result, it may not be possible to serve legal written process outside the PRC upon the Guarantor, the Group, including with respect to matters arising under securities laws of jurisdictions outside the PRC. Moreover, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United Kingdom.

As a result, recognition and enforcement in the PRC of judgments of a court in any jurisdiction outside the PRC in relation to any matter may be difficult or impossible. See *"Risk Factors – Risks Relating to the Group's Businesses in the PRC – It may be difficult to enforce any judgments obtained from non-PRC courts against the Group."*

CONTENTS

SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the meaning when used in this Summary. Prospective investors should therefore read this Offering Circular in its entirety.

Introduction

The Guarantor is a limited liability company incorporated in Bermuda and its shares are listed on the Main Board of the Hong Kong Stock Exchange under the Stock Code: 1224. As at 30 June 2021, the Guarantor had a market capitalisation of approximately HK$7.4 billion. The Group is principally engaged in the property development and investment businesses, along with treasury investment. The Group's primary operations are based in Hong Kong, with significant investments in the United Kingdom, Australia and the PRC.

The principal business activities of the Group are as follows:

- ***Investment Properties***: The Group's strategy is to invest in premium quality real estate investment projects in prime locations of major cities globally. Currently, the Group has a high quality portfolio of investment properties comprising two office buildings in the United Kingdom held through its subsidiaries and one office building in Australia held through a joint venture. The Group derives stable and recurring rental income from such investment properties, namely, The Leadenhall Building and One Kingdom Street in the United Kingdom and 85 Spring Street, Melbourne in Australia.

- ***Development Properties***: The Group has about 15 years of property development experience in the PRC. It has been actively looking to expand its investment portfolio by acquiring premium quality real estate projects in major cities globally for development. As at 30 June 2021, the Group had over 1.1 million square feet of attributable development space in London, 0.2 million square feet in Hong Kong and approximately 9.4 million square feet in the PRC. These projects, namely, the Nine Elms Square Project, the Whiteleys Shopping Centre Project, the Harbourside HQ Project, the Chongqing Bishan Project (重慶璧山項目), the Jiangsu Yancheng Project (江蘇鹽城項目) and the Guangdong Jiangmen Project (廣東江門市項目), are operated through joint ventures.

- ***Treasury Investment***: The Group also engages in treasury investment business which mainly includes investments in securities and notes receivables and the provision of financial services.

Corporate Information

The Guarantor is a limited liability company incorporated in Bermuda, with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business in Hong Kong of the Guarantor is located at 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

Recent History and Business Outlook of the Group

Recent History of the Group

The Guarantor was formerly known as Qualipak International Holdings Limited, which was a company listed on the Hong Kong Stock Exchange and focused on the manufacturing and trading of packaging products. In 2006, the Group began developing into a PRC-focused property business following the acquisition of a PRC property company, which was at the time one of the largest property developers in Chongqing and was wholly owned by Mr. Cheung Chung Kiu ("**Mr. Cheung**"). At the same time, Mr.

Cheung was introduced as Chairman and major shareholder of the Guarantor. The Group has subsequently developed a strong recognition for its residential property projects and grew into a strong regional developer in Western China.

In 2007, the Guarantor conducted a placement of 360 million existing and newly issued shares at HK$8.10 per share.

The Guarantor completed a further placement of 428 million existing and newly issued shares at HK$5.92 in 2009.

The Group spun off its packaging business in 2012 to focus mainly on property development and investment business.

In mid-2015, the Group initiated its strategy of international diversification by strategically disposing of its properties in Western China. Between 2017 and 2018, the Group acquired two investment properties in the United Kingdom and one in Australia, as well as one development property in Hong Kong. The Group further acquired an interest in a development site in London, namely, the Nine Elms Square Project.

In April 2017, the Guarantor successfully completed a HK$2.58 billion rights issue.

In 2018, the Group invested in two PRC development projects through joint venture investments.

In June 2019, the Group (through the Issuer) issued U.S.$250,000,000 6.35% notes due 2022.

In December 2019, the Group entered into a joint venture whose main purpose is to own and carry out the redevelopment of Whiteleys Shopping Centre in London.

In the first half of 2021, the Group invested in two PRC development projects through joint venture investments.

Recent Developments and Outlook

COVID-19 was declared a global pandemic in 2020. The Group acted swiftly to tackle issues caused by the pandemic with its office tenants, allowing broader pragmatic options of rent deferrals to mitigate the commercial and financial impact of the pandemic on its businesses. While the pandemic may continue to have longer-term social and economic consequences, the immediate impact has been particularly significant on the retail segments. Fortunately, the Group's two office buildings located in London, which form a major part of the Group's rental income portfolio, have seen only a minimal impact. Although the Group's annual transaction numbers in the London office market sector were below the pre-pandemic average, there is still little evidence of downward pressure on headline rents as new and refurbished space remains in short supply. Demand conditions are mixed across the United Kingdom, but supply remains limited, and hence the rents are relatively stable. The Group expects there may be an unsteady economic climate in the short term, but the United Kingdom has a resilient financial system and businesses will adapt to the different working conditions.

The impact of the COVID-19 pandemic on the Group's performance or financial position has so far been minimal. The Group's property asset values, as determined independently, are only slightly lowered when compared with the pre-COVID-19 levels, showing the resilience and strength of the properties' long-term lease covenants. Financially, the Group's business is in robust shape with gearing at a prudent level and is well protected to withstand market volatility.

Strengths

- Proven track record with strong brand recognition in property development and investment businesses

- Diversified development and investment properties in major cities globally

- Solid credit profile with strong recurrent cash flows and prudent financial management

- Stable professional management team with deep industry experience

Strategies

- Pursue quality investment properties in major cities to grow recurring income base and to maximise value

- Selectively acquire land for property development projects in prime locations of major cities and cities with strong growth potential

- Maintain a prudent financial management policy

- Continue to leverage on industry knowledge and relationship network in order to identify and invest in properties that fit within the Group's value enhancement business model

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Guarantor as at and for the periods indicated.

The summary consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020 set forth below is derived from the Guarantor's audited consolidated financial statements for the years 31 December 2018, 2019 and 2020 (which have been audited by Ernst & Young, Certified Public Accountants, and are included in this Offering Circular) and should be read in conjunction with such audited consolidated financial statements and the notes thereto.

The summary consolidated financial information as at and for the six months ended 30 June 2020 and 2021 set forth below is derived from the Guarantor's unaudited interim condensed consolidated financial information for the six months ended 30 June 2020 and 2021 (which are included in this Offering Circular) and should be read in conjunction with such unaudited condensed consolidated financial information and the notes thereto.

Consolidated Statement of Profit or Loss

	For the year ended 31 December			For the six months ended 30 June	
	2020	**2019**	**2018**	**2021**	**2020**
	HK$'000 *(audited)*	*HK$'000* *(audited)*	*HK$'000* *(audited)*	*HK$'000* *(unaudited)*	*HK$'000* *(unaudited)*
Revenue					
Interest income	106,403	89,116	72,418	75,798	40,802
Revenue from other sources	482,412	475,520	578,686	267,686	236,638
Total revenue	588,815	564,636	651,104	343,484	277,440
Cost of services provided	(3,431)	(9,341)	(5,474)	(10,418)	(1,331)
Gross profit	585,384	555,295	645,630	333,066	276,109
Other income and gains, net	781,819	502,842	191,528	275,943	132,028
Administrative expenses	(343,230)	(384,899)	(297,059)	(152,967)	(131,679)
Reversal of impairment losses/ (impairment losses) on financial assets, net	957	13,978	(28,890)	(56,250)	6,743
Other expenses	(116,175)	(110,643)	(182,911)	(42,507)	(82,649)
Finance costs	(374,096)	(278,426)	(245,874)	(202,048)	(180,453)
Share of profits and losses of:					
Joint ventures	71,547	136,532	55,131	88,770	(19,988)
Associates	15,995	(32,913)	53,015	(3,180)	9,014
Profit before tax	**622,201**	**401,766**	**190,570**	**240,827**	**9,125**
Income tax credit/(expense)	(34,033)	12,257	(19,471)	(10,251)	(10,992)
Profit/(Loss) for the year/period attributable to ordinary equity holders of the parent	**588,168**	**414,023**	**171,099**	**230,576**	**(1,867)**
Earnings/(Loss) per share attributable to ordinary equity holders of the parent (basic and diluted)	**HK15.15 cents**	**HK10.66 cents**	**HK4.41 cents**	**HK5.94 cents**	**(HK0.05 cents)**

Consolidated Statement of Comprehensive Income

	For the year ended 31 December			For the six months ended 30 June	
	2020	2019	2018	2021	2020
	HK$'000 *(audited)*	*HK$'000* *(audited)*	*HK$'000* *(audited)*	*HK$'000* *(unaudited)*	*HK$'000* *(unaudited)*
Profit/(Loss) for the year/period	**588,168**	**414,023**	**171,099**	**230,576**	**(1,867)**
Other comprehensive income/ (loss)					
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Debt investments at fair value through other comprehensive income:					
Changes in fair value	10,843	11,998	(38,636)	(46,313)	(12,678)
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss					
– impairment losses/(reversal of impairment losses), net	4,156	(59)	4,972	(7,904)	–
– gain on redemption	(3,875)	(1,163)	–	–	–
	11,124	10,776	(33,664)	(54,217)	(12,678)
Exchange differences					
Translation of foreign operations	500,654	230,004	(463,904)	241,257	(697,334)
Hedges of net investments in foreign operations					
– effective portion of changes in fair value of hedging instruments during the year/period	–	(45,205)	269,931	–	–
	500,654	184,799	(193,973)	241,257	(697,334)
Share of other comprehensive income/(loss) of joint ventures	23,265	47,453	(49,869)	(6,680)	(1,458)
Share of other comprehensive income/(loss) of associates	(13,163)	(1,604)	(21,723)	2,429	1,628
Release of other comprehensive income of an associate upon disposal of a subsidiary	–	19,660	–	–	–
Net other comprehensive income/ (loss) that may be reclassified to profit or loss in subsequent periods	521,880	261,084	(299,229)	182,789	(709,842)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:					
Equity investments at fair value through other comprehensive income:					
Changes in fair value	1,875,484	(214,562)	488,318	(108,700)	218,235
Net other comprehensive income/ (loss) that will not be reclassified to profit or loss in subsequent periods	1,875,484	(214,562)	488,318	(108,700)	218,235
Other comprehensive income/ (loss) for the year/period	**2,397,364**	**46,522**	**189,089**	**74,089**	**(491,607)**
Total comprehensive income/(loss) for the year/period attributable to ordinary equity holders of the parent	**2,985,532**	**460,545**	**360,188**	**304,665**	**(493,474)**

Consolidated Statement of Financial Position

	As at 31 December			As at 30 June
	2020	2019	2018	2021
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	*(audited)*	*(audited)*	*(unaudited)*
Non-current assets				
Property and equipment	249,204	301,405	105,681	218,873
Investment properties	15,327,772	14,902,298	14,394,511	15,541,376
Golf club membership	10,540	10,540	10,540	10,540
Investments in joint ventures	4,700,270	2,589,186	2,736,999	6,651,467
Investments in associates	517,938	574,221	914,929	503,604
Financial assets at fair value through other comprehensive income	2,842,090	816,872	1,291,140	2,704,175
Financial assets at fair value through profit or loss	1,850,497	605,720	1,445,963	1,798,689
Prepayments, deposits and other receivables	5,567	8,052	280,808	293,935
Derivative financial instruments	–	3,247	72,394	–
Deferred tax assets	986	2,312	4,938	10,898
Total non-current assets	**25,504,864**	**19,813,853**	**21,257,903**	**27,733,557**
Current assets				
Trade receivables	13,557	9,449	5,679	9,121
Loans and interest receivables	309,169	899,140	570,677	168,172
Prepayments, deposits and other receivables	1,230,374	1,180,852	92,523	1,536,899
Financial assets at fair value through other comprehensive income	955,430	198,615	76,822	–
Financial assets at fair value through profit or loss	375,023	300,980	191,995	521,837
Derivative financial instruments	–	–	56,540	522
Prepaid income tax	2,558	4,107	3,565	2,965
Deposits with brokerage companies	10,267	10,394	11,238	–
Pledged deposits	26,427	965,000	1,327,500	680,859
Restricted bank balances	194,475	67,088	142,907	202,746
Cash and cash equivalents	5,518,383	6,029,457	4,701,508	4,856,972
Total current assets	**8,635,663**	**9,665,082**	**7,180,954**	**7,980,093**
Current liabilities				
Other payables and accruals	475,018	312,542	514,500	339,523
Derivative financials instruments	–	–	–	35,320
Interest-bearing bank and other borrowings	535,668	1,053,549	2,288,458	8,867,538
Notes payable	–	–	–	1,931,882
Tax payable	761,246	768,185	764,300	722,767
Total current liabilities	**1,771,932**	**2,134,276**	**3,567,258**	**11,897,030**
Net current assets/(liabilities)	**6,863,731**	**7,530,806**	**3,613,696**	**(3,916,937)**
Total assets less current liabilities	**32,368,595**	**27,344,659**	**24,871,599**	**23,816,620**
Non-current liabilities				
Interest-bearing bank borrowings	9,936,900	7,894,382	7,728,486	3,157,699
Notes payable	1,928,892	1,922,845	–	–
Other payables	10,552	20,716	–	4,280
Derivative financial instruments	77,632	–	–	13,004
Deferred tax liabilities	346	328	19,623	346
Total non-current liabilities	**11,954,322**	**9,838,271**	**7,748,109**	**3,175,329**
Net assets	**20,414,273**	**17,506,388**	**17,123,490**	**20,641,291**
Equity				
Issued capital	388,233	388,233	388,233	388,233
Reserves	20,026,040	17,118,155	16,735,257	20,253,058
Total equity	**20,414,273**	**17,506,388**	**17,123,490**	**20,641,291**

THE ISSUE

*The following contains some summary information about the Notes. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in the Conditions shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Notes, see "**Terms and Conditions of the Notes**" in this Offering Circular.*

Issuer	Perfect Point Ventures Limited.
Guarantor	C C Land Holdings Limited.
Principal amount of the Notes	U.S.$300,000,000 aggregate principal amount of 5.20% Guaranteed Notes due 2025.
Guarantee of the Notes	The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes.
Issue Price	100.00% of the principal amount.
Form and Denomination	The Notes will be issued in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Issue Date	20 September 2021.
Maturity Date	20 September 2025.
Offering	The Notes are being offered only outside the United States in reliance on Regulation S under the Securities Act. The Notes and the Guarantee of the Notes have not been registered, and will not be registered, under the Securities Act and, subject to certain exemptions, may not be offered or sold in the United States.
Interest	The Notes will bear interest from, and including, the Issue Date at the rate of 5.20% per annum, until the Maturity Date, payable semi-annually in arrear on 20 March and 20 September in each year commencing on 20 March 2022.
Status	The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Notes constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).
Cross-acceleration	The Notes will contain a cross-acceleration provision as further described in Condition 8(c) (*Cross-acceleration of Issuer, Guarantor or Subsidiary*).
Events of Default	Upon the occurrence of certain events as described in Condition 8 (*Events of Default*), upon notice in writing addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office (as defined in the Agency Agreement referred to in the Conditions) of the Fiscal Agent, Noteholders holding not less than 5% of the principal amount of the Notes outstanding may declare the Notes immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.
Transfer Restrictions	The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and sale. See "*Subscription and Sale*".
Redemption for Tax Reasons . . .	The Issuer may redeem all and not some of the Notes at their principal amount, together with interest accrued to, but excluding the date fixed for redemption, in the event of certain changes in the British Virgin Islands, Bermuda or Hong Kong taxation, as further described in Condition 5(b) (*Redemption for tax reasons*).
Redemption for Change of Control	At any time following the occurrence of a Change of Control, any Noteholder shall have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Change of Control Put Date at 101% of their principal amount, together with accrued interest to, but excluding the Change of Control Put Date, as further described in Condition 5(c) (*Redemption for Change of Control*).
Redemption at the option of the Issuer.	The Issuer may redeem all and not some of the Notes: (a) at 102% of their principal amount, together with interest accrued to, but excluding the date fixed for redemption at any time during the period from (and including) 20 September 2023 (b) at 101% of their principal amount, together with interest accrued to, but excluding the date fixed for redemption at any time during the period from (and including) 20 September 2024 to (but excluding) the Maturity Date, in each case, on giving not less than 30 days' nor more than 60 days' notice to the Noteholders, the Registrar and the Fiscal Agent, as further described in Condition 5(d) (*Redemption at the option of the Issuer*).

Further Issues	The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first payment of interest so as to form a single series with the Notes).
Withholding Tax	Subject to Condition 7 (*Taxation*), all payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands, Bermuda or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.
Fiscal Agent and Paying Agent . .	The Bank of New York Mellon, London Branch.
Transfer Agent and Registrar . . .	The Bank of New York Mellon SA/NV, Dublin Branch.
Clearing Systems	The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date with a common depositary for, Euroclear and Clearstream, Luxembourg. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by, Euroclear and Clearstream, Luxembourg. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.
Governing Law	English law.
Ratings	The Notes will not be rated.
Listing	Application has been made to the Hong Kong Stock Exchange for the listing of and permission to deal in the Notes, by way of debt issues to Professional Investors only.
Use of Proceeds	See section entitled "*Use of Proceeds*".
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see section entitled "*Risk Factors*".

ISIN	XS2380365424.
Common Code	238036542.
Legal Entity Identifier of the Issuer	254900E8TYNVH14GNB75.

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition, results of operations and prospects of the Group could be materially adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect the ability of the Issuer and the Guarantor to fulfil their respective obligations under the Notes and the Guarantee of the Notes. All of these factors are contingencies which may or may not occur and the Guarantor is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Guarantor believes may be material for the purpose of assessing the market risks associated with the Notes and the Guarantee of the Notes are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or the Guarantor to pay principal, distributions or other amounts or fulfil other obligations on or in connection with the Notes or the Guarantee of the Notes may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks in connection with holding the Notes are exhaustive. Terms used in this section and otherwise not defined shall have the meanings given to them in "Terms and Conditions of the Notes".

Risks Relating to the Group and its Business

Global economic factors may have an adverse impact on the Group's operations

The Group's businesses and investments are highly dependent on economic and market conditions globally. The global credit markets have experienced unfavourable financial or economic conditions, such as those caused in recent years by global economic factors. There remains a concern that a return of the debt crisis in Europe as well as rumours or threats or actual terrorist attacks or conflicts globally will have a detrimental effect on the global financial system. The global economic downturn has in the past led to decreases in market valuations and liquidity, increased market volatility and a widespread reduction of business activity generally. The UK ceased to be member of the European Union on 31 January 2020, and significant uncertainty remains surrounding the impact of Brexit on the general economic conditions in the UK and the European Union and any consequential impact on global financial markets.

In addition, any potential cessation, fluctuation or disturbance of world trade causing disruption of the financial markets or the finance industry as a whole may also adversely affect the Group's business operations and financial position. The U.S. and the PRC have recently been involved in disputes over trade barriers that have threatened to escalate into a trade war between the countries. Both countries have implemented tariffs on certain imported products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. Sustained tension, or an escalation of tensions, between the U.S. and the PRC over trade policies could significantly undermine the stability of the global economy. Any severe or prolonged slowdown or instability in the global economy may materially and adversely affect the Group's business, operational results and financial position.

Any deterioration in the financial markets may contribute to a slowdown in the global economy, including in the growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on economic growth in the jurisdictions in which the Group operates. These conditions may lead to oversupply and reduced property prices and/or a reduced demand for commercial rentals, as well as adversely impact the Group treasury's investment portfolio due to adverse changes in market conditions and investment opportunities.

In addition, changes in the global credit and financial markets have recently diminished the availability of credit and led to an increase in the cost of financing. The Group may face difficulty in accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. If the Group is unable to raise finance at a reasonable cost, this may adversely impact the Group's financial condition and therefore the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

The Group's operations are subject to the state of the property market in the countries in which its current and future investment and development projects are or will be located

The Group's operations are subject to economic conditions prevailing in each of the countries in which its investment and development projects are located. Currently, the Group's principal property investments and developments are located in the United Kingdom, Australia, the PRC and Hong Kong. The Group intends to pursue its strategy to seek quality investment properties in well developed countries to build up stable and recurring income and cashflow streams, to acquire land for property development in prime locations of metropolitan cities and other cities with strong growth potential but does not have specific mandates with respect to geographic focus, therefore the Group's geographic exposure may significantly change in the future.

United Kingdom

For the year ended 31 December 2020 and the six months ended 30 June 2021, the Group generated gross rental income of HK$481.0 million and HK$266.9 million, respectively, from its investment properties in the United Kingdom out of total revenue of HK$588.8 million and HK$343.5 million, respectively. Therefore, a substantial part of the Group's total revenue is derived from the United Kingdom. Consequently, its revenue and operating profits depend on the state of the United Kingdom's property market. Economic conditions in the United Kingdom may therefore materially impact the valuation of the Group's investment properties, liquidity in the commercial real estate market and the amount of rental income the Group receives.

The uncertainty surrounding the impact of Brexit on the economy and property market in the United Kingdom, including but not limited to any potential or actual volatility in the exchange rate of the British pound, may adversely affect the Group's business and financial position, as well as the market value of the Notes and therefore have an adverse impact on the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes. No assurance can be given as to the effect of Brexit, including to the economy of the United Kingdom, the United Kingdom's property market, the British pound or the Group's business generally.

PRC

As at 30 June 2021, the Group has investments in three development projects in the PRC with local joint venture partners and is therefore subject to risks usually associated with property development and investment in the PRC. Any future downturn in the real estate market in the PRC could adversely affect the Group's profitability and prospects. There can be no assurance that the demand for commercial and residential properties in the PRC will continue to grow or to grow at any particular rate. The Group's results of operations may be influenced by fluctuations of supply and demand in the real estate market, which may in turn be influenced by the general state of the PRC economy or PRC national or local government policies. For instance, certain local governments have in the past issued property market control policies which have restored or strengthened restrictions on purchases of residential properties and tightened credit policy, dampened market sentiment and lowered transaction volumes in affected cities. As a result, there can be no assurance that problems with the property market in the PRC will not adversely affect the Group's business, financial condition or results of operations. Any economic downturn or oversupply of commercial or residential properties could result in downward pressure on the Group's income and valuation of its property portfolio and consequently adversely impact on the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes (see "– *Risks Relating to the Group's Businesses in the PRC*").

The Group is subject to risks inherent in investing in and developing property

The property interests of the Group are subject to certain risks inherent generally in the ownership of, investment in and development of properties. These risks include the cyclical nature of property markets, changes and uncertainty in general economic, business and credit conditions (including the unclear outcome of Brexit) and the illiquidity of land and other real property or fixed assets in general. Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale, where necessary.

Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale. Such illiquidity also limits the Group's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, it may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquidity. The Group is subject to risks incidental to the ownership and operation of residential, office, retail and other properties including, among other things, competition for tenants and changes in market rents, all of which could adversely affect the business, financial condition and results of operations of the Group and the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

In addition, property development involves significant risks distinct from those involved in the ownership of properties. Such risks include, among other things, the risks that financing for development may not be available on favourable terms or at all, that construction may not be completed on schedule or within budget (for reasons including shortages of equipment, material and labour, work stoppages, adverse weather conditions, and/or interruptions resulting from unforeseen complications), that development may be affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals), that developed properties may not be leased or sold on profitable terms and that purchasers and/or tenants may default. An increase in mortgage rates may also adversely affect the availability of loans on terms acceptable to purchasers, and hence the sale of the Group's properties. Should any of the abovementioned risks materialise with respect to any of the Group's projects, the effect on the Group's results of operations, financial condition and prospects may be more pronounced than for a property developer with a larger number of projects (see "– *The Group is subject to concentration risk as its current property investment and development activities are limited to a small number of projects*) and may therefore impact on the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

The Group is dependent on rental income from its investment property portfolio

Leasing of the Group's commercial investment properties constitutes a substantial part of its business. For the year ended 31 December 2020, gross rental income from investment property operating leases amounted to 82% of the Group's revenue. For the six months ended 30 June 2021, gross rental income from investment property operating leases amounted to 78% of the Group's revenue. The Group is subject to risks incidental to the ownership and operation of office and retail properties and concentration of property for yields, including, among other things, changes in market rental levels, competition for tenants and an inability to collect rental from tenants or renew leases with tenants due to bankruptcy, insolvency or other financial difficulties. In addition, the Group may not be able to renew leases with its tenants on terms acceptable to it, or at all, upon the expiration of the existing terms.

Furthermore, any downturn in the rental market for commercial properties could negatively affect the demand for its rental properties and the amount of rental income it earns, which may have a material adverse effect on the Group's business, results of operations and financial position.

The Group's development projects involve long development cycles and fluctuations in cash flow and liquidity

The Group's cash flows may be affected by the long development cycles which are typical of the Group's development projects. For instance, the Nine Elms Square project (of which the Group has a 50% stake) will be developed in phases. The Group anticipates that the first phase of the project will be developed through 2023. In addition to long development cycles, the Group may not be able to complete its projects according to schedule or on budget.

For the Group's development projects, it usually takes a number of years from the acquisition of a development site to the time the Group is able to pre-sell, sell or deliver its properties in the project to generate revenue and cash flow, whereas certain cash expenses may need to be incurred at an earlier stage. As a result, the Group's cash flow and liquidity may fluctuate significantly during the different stages of the property development process. The effects of such fluctuations are less pronounced for property developers with a larger number of projects in development at any one time, as staggered property development cycles will result in fluctuations in cash flow and liquidity on a per project basis being offset to some degree. However, the effects of such fluctuations on the Group are magnified due to the selective nature of the Group in pursuing a limited number of premium property development projects. The prices of the Group's properties may therefore experience significant fluctuations between the time the Group acquires a site and the time it pre-sells or sells the properties developed on such site.

In addition, there are risks inherent in investing in and developing property (see "– *The Group is subject to risks inherent in investing in and developing property*").

Should any of such risks materialise, this could delay completion of the Group's projects, thereby increasing its financing costs, penalties and other costs, and impairing or delaying its anticipated revenue, cash flow and profitability which could impact the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

The Group is subject to concentration risk as its current property investment and development activities are limited to a small number of projects

On a long-term basis, the Group derives the majority of its revenues from its property investment and development activities. Although revenue generated from the Group's property investment activities are recurring in nature, due to the length of the project cycles for the property developments which the Group is undertaking, the Group may recognise no revenue from external customers in respect of its property development activities for extended periods.

Any risks inherent in property development and/or ownership (see "– *The Group is subject to risks inherent in investing in and developing property*") will therefore be magnified in relation to the Group, as should such risks materialise and result in delays, interruptions and/or other complications on any particular project developed by the Group, the impact on the Group's results of operations, financial condition and prospects may be significant.

As a result, the results and operations of the Group's property development activities may have an impact on the Group's overall financial condition and prospects and therefore also affect the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

The Group's results of operations may be adversely affected if it fails to obtain, or there are material delays in obtaining, requisite governmental approvals for its property developments

In order to develop and complete a property development project, the Group must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of property development, including land use right certificates (where relevant), planning permits, environmental impact assessments, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance, and each of these approvals is dependent on the satisfaction of certain conditions. In particular, development projects in the PRC are dependent on obtaining the approval of a variety of governmental authorities at different levels, receipt of which cannot be assured. The Group will need to consider the implications of the provincial environmental regulations on the overall development of the project when the applicable environmental regulations are announced by the provincial government. The Group may encounter issues in fulfilling the conditions precedent to the approvals required, or may not be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property market in general or the particular processes with respect to the granting of approvals. There may also be delays on the part of the administrative bodies in reviewing the Group's applications and granting approvals. If the Group fails to obtain the relevant approvals for its property developments, these developments may not proceed on schedule, and its business, results of operations and financial condition may be adversely affected, which may impact on the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

The Group's business requires substantial capital investment

The Group has historically required, and expects that it will require in the future, additional financing to fund its capital expenditures, to support the future growth of its business, particularly with respect to its property development and investment activities, and/or to refinance existing debt obligations. The Group's ability to arrange for external financing and the cost of such financing is dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions in the United Kingdom, Australia, Hong Kong and the PRC or in other jurisdictions in which the Group's operations are located. If such additional financing, either on a short-term or a long-term basis, is not made available or, if available, is not obtained on terms favourable to the Group, this may impact the Group's financial condition and the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

There may be significant fluctuations in the Group's results of operations

The Group's revenue fluctuates significantly from period to period primarily due to the limited number of property investments and developments it undertakes at any one time, and certain other factors that are beyond its control, while its revenue recognition policy is in accordance with the applicable accounting standards.

The Group's revenue, net profit/loss, expenses and results of operations have varied significantly in the past and may continue to fluctuate significantly from period to period in the future (including losses during certain periods). The completion of any project development may be adversely affected by many factors, including adverse weather conditions, delays in obtaining requisite permits and approvals from relevant government authorities, as well as other factors beyond the Group's control or other unforeseen events and circumstances. Any of these factors may affect the timing of completion of the property development, as well as the Group's recognition of revenue from the project, and thus adversely affect the Group's business, results of operations and financial condition, which may impact on the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

In addition, as the Group's revenue generated from property investment and development activities may fluctuate significantly and the Group derives a comparatively smaller amount of revenue from other activities, the Group's results of operations may also fluctuate significantly.

Such fluctuations may also adversely affect the Group's cash flows and thus its ability to fund future projects. The Group therefore believes that period-to-period comparisons of its results of operations may not be as meaningful as they would be for a company with more stable recurring revenue.

The Group's results of operations may fluctuate due to changes in the fair value of investment properties

The Group's investment properties consist of properties and land held for investment. Pursuant to HKFRS, which the Group adopts, the Group recognises any net change in the fair value of its investment properties in the Group's consolidated statement of comprehensive income as surplus/deficit on revaluation of investment properties. Changes in the market value of any of the Group's investment properties are subject to many external factors and are beyond its control and any such changes will have an impact on its profit or loss.

Changes in fair value of investment properties represent unrealised gains and losses and, as such, do not reflect the Group's cash flow or liquidity positions. Furthermore, the Group may not realise any surplus in fair value of investment properties at the same amount or at all. The Group may incur net losses due to the decline in fair value.

In addition, in accordance with HKFRS, the values of the Group's properties held for and under development are stated at the lower of cost or net realisable value. Impairment assessment will be made and any impairment loss will be charged to profit or loss.

The Group operates in highly competitive industries

The Group's principal business operations face significant competition across the markets in which it operates. New market entrants and intensified price competition among existing market players could adversely affect the Group's business prospects, financial condition or results of operations. New properties and facilities built in areas where the Group's properties are located may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and other charges in respect of its investment properties and buyers, which may affect the Group's ability to rent its investment properties or sell its development properties. Competition risks faced by the Group include: (i) an increasing number of developers undertaking property investment and development in the United Kingdom, in particular London where the Group operates, which may affect the market share and returns of the Group; and (ii) significant competition and pricing pressure from other developers which may adversely affect the financial performance of the Group's operations.

The Group may not be able to implement its future business plans for growth successfully, and the growth of the Group may place a significant burden on its management and operational and financial resources

The future success of the Group depends to an extent on its ability to execute its strategy as it seeks to expand its business and development portfolio either organically or through acquisitions of, or investments in, other businesses. The successful implementation of such plans will depend on a number of factors that may or may not be within the Group's control, including but not limited to the Group's ability to manage its development and investment plans, integrate any acquired properties or businesses and mitigate any unforeseen difficulties which may arise in the acquisition and developments processes in relation to both its development and investment projects, including but not limited to any unforeseen regulatory, licensing, litigation, tax and other liabilities.

In addition, the growth of the Group has placed, and is expected to continue to place, a significant burden on the Group's management, operational and financial resources. As a result, failure to appropriately enhance group-wide administrative, operational and financial and compliance management systems in a timely manner may result in a material adverse impact on the Group's business, financial condition and results of operations. Risks may increase when the Group expands into new jurisdictions or markets, as managing the growth of a geographically diverse business involves significant challenges. New jurisdictions and markets also pose challenges related to integration and compliance with local regulations.

There is no assurance that the Group's future plans will be successfully implemented. If the Group fails to implement the above-mentioned plans, its overall expansion and marketing strategy may be adversely affected, which in turn may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to continue to attract and retain quality tenants

The Group's commercial investment properties compete for tenants with other properties on, among other things, location, quality, maintenance, property management, rental rates and other lease terms. The Group cannot assure prospective investors that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with the Group's properties would increase the competition for tenants and as a result it may have to reduce rent or incur additional costs to make its properties more attractive. If the Group is not able to retain its existing tenants or attract new tenants to replace those leaving or to attract tenants to lease its new properties, its occupancy rates may decline. If the Group fails to attract well-known brands as its tenants or to keep its existing tenants, its investment properties may become less attractive and competitive. This in turn could have a material adverse effect on its brand, business, results of operations and financial position.

The Group's lease renewals will be affected by timing and the condition of the rental market

The leases that the Group has granted are typically for ten to twenty years for office and retail tenants. Most of the Group's leases are up for renewal at five-year intervals and the rents charged are typically adjusted based upon prevailing market rates. Accordingly, it is possible to have a concentration of renewal of leases or rent adjustments in a given year, and a slowdown in the rental market in a given year could adversely affect the rental income of the Group. Changes to local, regional and global economic conditions may cause companies to downsize and even close their operations in the United Kingdom, Australia and Hong Kong, as a result of which the demand and rental rates of prime office buildings and retail properties may be greatly reduced. A weak economic environment may also contribute to a more conservative attitude towards increasing the Group's portfolio of investment properties and raising rental rates upon renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results and financial condition.

The Group may not always be able to obtain sites that are suitable for development or redevelopment

The Group derives a substantial part of its revenue from the sale or lease of properties that it has acquired or developed. This revenue stream depends on the completion of, and the Group's ability to sell or lease, its properties. In order to maintain and grow its business in the future, the Group will be required to replenish its project pipeline with suitable sites or buildings for improvement or development. The Group's ability to identify and acquire suitable sites or buildings is subject to a number of factors that are beyond its control. It may become increasingly difficult to locate suitable sites or property at economical prices for development which can be acquired by the Group. The Group's acquisition strategy in relation to the property it purchases may prove ineffective and may have a material adverse effect on the Group's business. In addition, the central and local governments of the PRC (the "**PRC Government**") control all new land supply in the PRC and regulate land sales in the secondary market. The PRC Government may regulate the means by which property developers, including the Group, obtain land sites for property developments. As a result, the policies of the PRC Government towards land supply may adversely affect the Group's ability to acquire land use rights for sites it seeks to develop and could increase the costs of any acquisition.

The Group's business, financial condition and results of operations may be adversely affected if it is unable to obtain sites or buildings for improvement or development at prices that allow it to achieve reasonable returns upon sale or lease to its customers, which may impact on the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

The Group may not be able to manage properties in a way that meets the demands of local markets

The Group is currently focused on the repositioning, investment and redevelopment of quality commercial properties in the United Kingdom, Australia and the PRC. The success of the Group's business model is dependent on the accuracy of its predictions of demand for quality commercial properties and economic growth of the cities where it has, or will have, a portfolio of properties. The Group's success is also dependent on its managerial, operational and financial resources, as well as its knowledge of the demand for quality commercial and premium residential properties. There can be no assurance that the Group's business model will be successful in each of the markets that it enters into. If it fails to establish or expand its business according to its plans, the Group's business, reputation, financial position and results of operations may be materially and adversely affected and the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes may be affected.

Certain of the Group's business activities are conducted through joint ventures

The Group has equity interests in several joint venture entities in connection with its property investment and development projects. Such joint ventures may involve special risks associated with the possibility that the Group's joint venture partners may:

- have economic or business interests or goals that are inconsistent with those of the Group;
- take action contrary to the instructions or requests of the Group or contrary to the Group's policies or objectives with respect to its property investments;
- be unable or unwilling to fulfil their obligations under the joint ventures or other agreements;
- undergo a change of control; or
- experience financial or other difficulties.

In addition, the Group may not be able to pass certain important board resolutions requiring unanimous consent of all the directors of these joint ventures if there is a disagreement between the Group and its joint venture partners. As such, the Group may not be able to dispose those assets that are jointly owned by the Group and its joint venture partners. Any of these and other factors may have a material adverse effect on the Group's business and impact on the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

The Group has and may continue to conduct merger and acquisitions, enter into joint ventures and divestment or disposal activities and there can be no assurance that they may be successful

The Group has undertaken investment, mergers and acquisition, joint venture, divestment and disposal activities in the past. In addition, the Group has and will continue to actively assess opportunities in acquisitions in both investment and development properties, in line with its day-to-day business, investment strategy and where there are appropriate acquisition or divestment opportunities in the market. Although due diligence and detailed analysis are conducted before these activities are undertaken, there can be no assurance that these can fully expose all problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analysis on the target company conducted by the Group and by professionals alike are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate or that they will receive universal recognition.

In the case of divestments and disposals, though the Group may seek to take advantage of commercial or strategic opportunities to divest or dispose its various businesses on commercially attractive terms, there are no assurances that the Group will be able to sell or dispose of its interests readily or at all or at the price as valued by the Group. Some of these investments, mergers and acquisitions, joint ventures and divestment and disposal activities are subject to regulatory approvals and there can be no assurance that such approvals will be obtained, and even if granted that there will be no burdensome conditions attached to such approvals. The Group may not necessarily be able to successfully integrate target businesses or projects into the Group and may not be able to derive any synergies from its investment, acquisition or entry into the joint venture, or successfully divest or dispose of any existing businesses at the targeted valuation of the Group (or at all), leading to increases in costs, time and resources expended.

The Group's treasury investments have exposure to credit risk, counterparty risk and risks inherent in the financial markets generally

Unfavourable financial or economic environments, including the continued global financial uncertainties, have had and may continue to have an adverse impact on investors' confidence and global financial markets. Increasing uncertainties in financial markets could adversely affect the Group's treasury investments, and therefore financial condition and results of operations in ways including, but not limited to, the following:

- the value of the Group's investments in equity and debt securities may significantly decrease, in particular, where such investments are in new industries and/or where actual or perceived counterparty risk may arise. For example, as at 30 June 2021, the Group held 83,615,000 shares in China Evergrande New Energy Vehicle Group Limited (Stock Code: 708) ("**Evergrande Vehicle**"), representing 0.86% of its issued shares. The fair value of the Group's investment in Evergrande Vehicle as at 30 June 2021 was HK$2.4 billion, representing 6.8% of the Group's total assets. In terms of performance, the share price of Evergrande Vehicle decreased 4.3% during the six months ended 30 June 2021 and accordingly the Group recognised an unrealised fair value loss of HK$109 million, as compared to an unrealised fair value gain of HK$218 million recorded in the corresponding period in 2020, in the consolidated statement under other comprehensive income. Whilst the Group continuously assesses the performance of its investments generally (including in Evergrande Vehicle) to make timely and appropriate adjustments to maximise its return to the shareholders, the value of such investments may be adversely affected by market forces;

- the Group may be exposed to credit risk with respect to its investments in debt securities;

- financial assets held by the Group may also be subject to price fluctuations as a result of changes in the financial market's assessment of the relevant issuer's creditworthiness, delinquency and default rates and other factors; and

- the Group may not have sufficient access to resources and trading counterparties to effectively implement its trading and investment risk mitigation strategies and techniques.

The Group is subject to the risks associated with renewing leases and re-letting property

The Group is subject to risks associated with the property industry such as competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increase in operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. The Group's business relies on the ability to identify and let property to premium tenants whom the Group targets. Failure to renew leases could adversely affect the business, financial condition and results of operations of the Group and the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

The Group relies on independent consultants, contractors and sub-contractors

The Group engages independent third-party consultants, contractors and sub-contractors to provide various services in connection with its property development, including planning, design, construction of building and infrastructure, fitting-out work, including transportation of materials by air, sea and road. The services rendered by any independent third-party contractor or sub-contractor engaged by the Group may not be completed or satisfactorily completed on schedule. The Group is also exposed to the risk that its contractors and sub-contractors may require additional time to complete the development due to their internal issues or external factors which are out of the Group's control. Furthermore, in view of the tightening of credit facilities provided by banks, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorisms, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors may have an adverse effect on the Group's business, operating results, financial condition and prospects and the ability of the Issuer to satisfy its obligations under the Notes and/or the Guarantor's ability to satisfy its obligations under the Guarantee of the Notes.

Fluctuations in cost of construction materials may adversely affect the Group's results of operations

Construction costs are one of the main components of the Group's cost of sales. Construction costs encompass all costs for the design and construction of a project, including payments to third-party contractors, costs of construction materials, fittings, facilities for utilities and related infrastructure. A general trend in the economy of increased inflationary risk may also have an impact on construction costs and a wider impact on other costs.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement (with the price of steel in particular experiencing significant volatility in recent years). The Group manages the cost of outsourced construction work through third party construction companies. When the Group awards construction contracts to the main contractors and sub-contractors, the prices are normally fixed throughout the contract periods. However, in line with industry practice (depending on specific terms of individual contracts and particularly for contracts with comparatively longer construction periods), the Group may be required to re-negotiate, top up or adjust, depending on the price movement, existing construction contracts with existing contractors. Additionally, should existing contractors fail to perform under their contracts, the Group may be required to pay more to contractors under replacement contracts whilst pursuing claims against the original contractors. Therefore, the Group's profit margin is sensitive to changes in the market prices for construction materials and these profit margins will be adversely affected if the Group cannot pass on all of its increased costs to its customers.

Outbreaks of contagious diseases could have a severe impact on the global economy and financial markets, and could have a material impact on the Group

The outbreak of contagious diseases such as the COVID-19 pandemic could be severe and widespread and may result in protracted volatility in international markets and/or result in a global or local recession. Such outbreaks may have an adverse effect on the UK, Australian, Hong Kong, PRC and global economy, which in turn may affect the Group's business, financial condition and results of operations.

Since late-2019, the outbreak of COVID-19 has resulted in a widespread and global health crisis, restrictions on travel and public transport and prolonged closures of workplaces. Such outbreak affects investment sentiment and results in sporadic volatility in global capital markets and oil prices. It has caused stock markets worldwide to lose significant value and has impacted economic activity worldwide. It is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis, recession or depression despite monetary and fiscal interventions by governments and central banks globally. Any material change in the financial markets or global economy as a result of these events and development may disrupt the Group's business operations and consequently have an adverse effect on its business, financial condition and results of operations.

Concerns about the outbreak and rapid spread of such contagious diseases, including COVID-19, have caused governments to take measures to prevent the spread of the virus. The outbreak of communicable diseases on a global scale has caused significant disruption to economies around the world, and resulted in sporadic volatility in global capital markets. The outbreak of COVID-19 has resulted in restrictions on travel and transportation and prolonged closures of workplaces, businesses, schools and certain public areas. For example, the lockdown associated with the COVID-19 pandemic has required social distancing on site which has contributed to certain construction delays in respect of the Group's Nine Elms Square Project. Such disruptions caused by the outbreak of contagious diseases could adversely affect the Group's business, financial condition and results of operations.

Risks relating to accidents or other hazards may affect the Group's operations

The Group may become subject to liability for hazards such as war, civil disorder, and other natural disasters. Any losses may significantly affect the Group's business operation and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards. In addition, any payments the Group makes to cover any losses, damages or liabilities may have an adverse effect on its business, operating results, financial condition and prospects. Further, notwithstanding the Group's insurance coverage, any damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fires, floods, water damage, explosions, power losses, typhoons and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, whilst every care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents or incidents may expose the Group to liability or other claims by its customers and other third parties. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

The Group is subject to external risks over which it has no control

A natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt, including the Notes. The Group's operations are based in jurisdictions which are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. If any of the Group's assets are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these or similar events could decrease the value of the Group's investment and development properties, or increase the costs associated with the Group's operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues and cash flows. Risks of substantial costs and liabilities are inherent in the Group's principal operations and the Group may incur significant costs and liabilities, including those relating to claims for damages to property or persons.

The Group's insurance coverage may not be sufficient to cover all risks

The Group maintains insurance coverage for risks in most of its operations commensurate with such forms of insurance as is usual for a prudent company engaging in the types of operations undertaken by the Group. Such policies of insurance include, but are not limited to, damage to property and assets, employee insurance and third-party liability, where insurance is available on what it considers to be reasonable commercial terms.

Although the Group believes that it has adequate insurance arrangements in place to cover foreseeable eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements or where the extent of the loss exceeds the levels of insurance maintained by the Group. The insurance coverage maintained by the Group may not fully indemnify it for all potential losses, damages or liabilities relating to property or business operations, particularly those arising from or as a result of war, civil unrest, terrorism, pollution, fraud, professional negligence and acts of God. Further, the Group may become subject to liability for hazards that it cannot generally insure against or which it may elect not to insure against because of premium costs disproportionate to the level of risks concerned or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to events such as war, civil disorder and acts of terrorism. The occurrence of any such accidents or incidents which are not adequately covered or not covered at all by insurance may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group's operations are subject to legal and regulatory considerations

The operations of the Group are subject to various laws and regulations in the jurisdictions in which the Group's operations are located. The Group's activities on its investment and development properties are limited by zoning ordinances, other regulations and policies (including those applicable to foreign investors) enacted by the authorities in different jurisdictions. Developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. The Group's properties are subject to routine inspections by the authorities with regard to various safety and environmental issues. The Group may not be able to comply with such regulations or pass such inspections.

From time to time, changes in law and regulations or the implementation thereof may require the Group to obtain additional approvals, permits and licences from the relevant authorities for the conduct of its operations. In such event, the Group may incur additional expenses to comply with such requirements. This will in turn affect the Group's financial performance as its business costs will increase.

Furthermore, the Group may not be able to obtain such approvals, permits or licences or there can be no assurance that such approvals, permits or licences will be granted to the Group promptly or at all. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals, permits or licences, it may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group may not be able to retain key personnel

Identifying premium development projects requires a high level of know-how, skills and expertise. As such, the Group's success depends in part on its continued ability to attract, retain and motivate highly qualified management and other personnel, and its selection of appropriately skilled and experienced individuals is critical to the Group's success (see "*Business – Strengths*"). The Group is highly dependent upon its ability to attract, retain and incentivise talent for both permanent and contract employment. The loss of the services of any of these individuals or of one or more other members of senior management could have a material adverse impact on the Group's ability to successfully identify and tender for future development projects. In addition, if the Group fails to attract and retain qualified personnel to support the growth of the Group's business, its business and prospects may be adversely affected.

Fluctuations in foreign exchange rates may affect the Group's results of operations

The Group's current operations are primarily located in the United Kingdom, Australia and the PRC. Revenue and expense items for, and assets and liabilities of, overseas subsidiaries that are denominated in local currencies are converted into HK dollar to facilitate consolidation when preparing the Group's consolidated financial statements, and could be affected by fluctuations in exchange rates at the time of exchange. Similarly, the Notes are denominated in U.S. dollars in which payments made thereunder will need to be converted into U.S. dollars. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong or U.S. dollars could adversely affect the Group's financial condition or results of operations.

Potential liability for environmental problems could result in additional costs to the Group

The Group is subject to various laws and regulations concerning the protection of the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, its environmental condition, the present and former uses of the site, as well as any adjoining properties. Environmental laws and conditions may result in delays to the Group's property developments, may cause the Group to incur compliance and other costs and can prohibit or severely restrict project development activity in environmentally sensitive regions or areas.

Each project the Group develops may be required under applicable laws and regulations of such jurisdiction in which the relevant project of the Group is located to undergo environmental assessments. Further, an environmental impact assessment document may be required to be submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request the Group to submit additional environmental impact documents, issue orders to suspend the construction and/or impose penalties for any projects that have not, prior to the commencement of construction, received approval following the submission of the environmental impact assessment documents. If the Group fails to obtain the relevant approvals for its property developments, these developments may not proceed on schedule, and its business and financial condition may be adversely affected.

Risks associated with the Guarantor's holding company structure

The Issuer and the Guarantor may require cash from subsidiaries in order to meet its payment obligations under the Notes or the Guarantee of the Notes, as the case may be. The Guarantor is a holding company that operates through subsidiaries and joint ventures. It is principally a holding company with limited operations of its own. The Guarantor depends, to a significant extent, upon the receipt of dividends and/or the repayment of shareholders' loans from its subsidiaries and associates to meet its overhead expenses and to make payments with respect to its obligations, including its obligations under the Guarantee of the Notes, and in order to provide funds to its subsidiaries and associates. The ability of subsidiaries and associates of the Guarantor to pay dividends and/or repay shareholders' loans to their respective shareholders (including the Guarantor) is subject to the performance and cash flow requirements of such subsidiaries and associates and to applicable law and restrictions contained in debt instruments of such subsidiaries and associates, if any. The Guarantor's obligations under the Guarantee of the Notes will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associates, other than the Issuer. All claims of creditors of these subsidiaries and associates, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Guarantor and its creditors, including Noteholders as beneficiaries of the Guarantee of the Notes. No assurance can be given that the Guarantor will have sufficient cash flow from dividends and/or the repayment of shareholders' loans to satisfy its obligations, including its obligations under the Guarantee of the Notes or otherwise to enable the Issuer to make payments under the Notes, or that its subsidiaries and associates will pay dividends and/or repay shareholders' loans at all.

The Guarantor is controlled by a single major shareholder

The Guarantor is majority owned by Mr. Cheung, the Chairman and Executive Director of the Guarantor, through his controlled entities, as to over 50% of all the issued shares of the Guarantor as at 30 June 2021. Mr. Cheung, as the Guarantor's controlling shareholder, through his voting control, could have influence in determining the outcome of any corporate transactions or other matters requiring approval of the shareholders of the Guarantor, including mergers, consolidations, amendments to the constitutional documents of the Guarantor, the sale of the assets of the Group and payment of dividend and distribution. Such voting control may discourage certain types of transactions.

The strategic goals and interests of Mr. Cheung may not be aligned with the strategy and interests of the Group or the Noteholders. There can be no assurance that Mr. Cheung will act in the interests of the Noteholders or that possible conflicts of interests will be resolved in favour of the Noteholders.

If the Group is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause the repayment of the Group's debt to be accelerated

If the Group is unable to comply with the restrictions and covenants in the Notes or its current or future financing and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the relevant debt could terminate their commitments to lend to the Group, accelerate the debt obligation and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, certain debt agreements, including the Notes, may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements. If any of these events should occur, there can be no assurance that the Group's assets and cash flow would be sufficient to repay in full all indebtedness, or that alternative financing could be found. Even if alternative financing can be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

The Group has indebtedness and contingent liabilities and may incur further additional indebtedness and contingent liabilities in the future

The Group now has, and will continue to have indebtedness and incur contingent liabilities. As at 30 June 2021, the Group's total indebtedness (being the sum of interest-bearing bank and other borrowings and notes payable) was HK$14 billion. Such indebtedness and contingent liabilities could have important consequences, including the following:

- exposing the Guarantor to risks arising from increases in interest rates;
- limiting the Guarantor's ability to satisfy its obligations under its debts;
- increasing the Guarantor's vulnerability to adverse general economic and industry conditions;
- requiring the Guarantor and the relevant subsidiary to dedicate a substantial portion of their cash flow from operations to servicing and repaying such indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures and other general corporate purposes;

- limiting the Group's flexibility in planning for, or reacting to, changes in its businesses and the industries in which it operates;

- placing the Group at a competitive disadvantage compared to its competitors with less debt by comparison;

- limiting, along with the financial and other restrictive covenants of the relevant subsidiary's indebtedness, among other things, the Group's ability to borrow additional funds; and

- increasing the cost of additional financing.

Furthermore, if the Guarantor or the relevant member of the Group is unable to comply with the restrictions and covenants in its current or future debt or other agreements, there could be a default under the terms of such agreements. In the event of a default under such agreements, the holders of the debt could terminate their commitments to lend to the Guarantor or the relevant members of the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing arrangements entered into by the Guarantor or the relevant members of the Group contain cross-acceleration or cross-default provisions. As a result, a default under one debt agreement may cause the acceleration of debt or result in a default under other debt agreements. If any of these events occur, there can be no assurance that the Group's assets and cash flow would be sufficient to repay in full all of such indebtedness, or that the Group would be able to find alternative financing on acceptable terms or at all.

The Group has pledged certain of its shareholding interests in certain principal subsidiaries and joint venture entities and property interest

The Group has pledged the shareholding interests of certain of its subsidiaries and joint venture entities and property interests in order to secure financing for its ordinary course of businesses and operations (please see "*Description of the Group – Information about principal subsidiaries*"). Should there be a default under the terms of the relevant financing arrangements for which the Group has pledged such shareholding interests, the relevant creditors may be entitled to enforce such pledges and the Guarantor could lose such shareholding interests and/or the property interest, as the case may be. There can be no assurance that a material adverse impact on the Group's business, assets, revenue and financial condition would not occur if, individually or in aggregate, the relevant shareholding interest pledges or property interest pledges are enforced.

The Group may not effectively implement risk management and internal control policies and procedures to manage its financial risks

Financial risks are inherent in the Group's businesses. Although systems and procedures are in place to identify and report on a timely basis the liquidity, foreign exchange, interest rate and credit risks arising from the activities of its businesses, there can be no assurance that these systems and procedures will prevent any loss that affects the Group's financial conditions. In addition, many of the current systems have a significant manual component. There are additional risks inherent in any manual risk management system, including human error. The reliability of the systems and the information generated from them depends on, *inter alia*, the configuration and design of the systems, the built-in system control features and the internal control measures surrounding them. Any failure of internal controls could have a material adverse effect on the Group's businesses, results of operations and financial conditions.

The appraised value, as obtained from independent property valuers, of each of the Group's properties is based on various assumptions, and the price at which the Group is able to sell these properties may be different from the appraised value or the initial acquisition price of the Group's properties

The valuation of each of the Group's properties as shown in the published financial statements or otherwise is prepared by independent property valuers. The valuation is based on certain assumptions, which, by their nature, are subjective and uncertain and may differ materially from actual measures of the market. In addition, property valuations generally, and the valuation conducted by the independent property valuer in particular, include a subjective determination of certain factors relating to each of the Group's properties, such as its relative market position, financial and competitive strengths, location, and physical condition. Accordingly, there can be no assurance that the assumptions are accurate measures of the market or that its valuation of each of the Group's properties is accurate. Further, the appraised value of a property is not an indication of, and does not guarantee, a sale price at that value at present or in the future. The price at which the Group may sell any of its properties or any portion thereof may be lower than the appraised value or the initial acquisition price of that property.

Legislation enacted in Bermuda in response to the European Union's review of harmful tax competition could adversely affect our operations

During 2017, the European Union Economic and Financial Affairs Council released a list of non-cooperative jurisdictions for tax purposes. The stated aim of this list, and accompanying report, was to promote good governance worldwide in order to maximise efforts to prevent tax fraud and tax evasion. To address concerns relating to economic substance, Bermuda enacted The Economic Substance Act 2018 which came into effect on 31 December 2018. Such legislation requires certain entities in Bermuda engaged in "relevant activities" to maintain a substantial economic presence in Bermuda and to satisfy economic substance requirements. The list of "relevant activities" includes carrying on as a business any one or more of: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service centre, intellectual property and holding entities. The introduction of the substance regime in Bermuda may present difficulties for us. As a result of the introduction of such legislation we may be required to be directed and managed in Bermuda, have an adequate level of qualified employees in Bermuda, incur an adequate level of annual expenditure in Bermuda, maintain physical offices and premises in Bermuda or perform core income-generating activities in Bermuda. To the extent we are required to increase our substance in Bermuda to satisfy such requirements, it could result in additional costs that could adversely affect our financial condition or results of operations.

Legislation enacted in the British Virgin Islands as to Economic Substance may affect our operations

Pursuant to the Economic Substance (Companies and Limited Partnerships) Act, 2018 of the British Virgin Islands ("**BVI ES Act**") that came into force on 1 January 2019, a "legal entity" carrying on "holding business" (which is one of the "relevant activities" as defined in the BVI ES Act and means purely holding equity participations in other entities and only earning dividends and capital gains), is required to establish economic substance in the British Virgin Islands unless it is tax resident in another jurisdiction (other than a "blacklisted" jurisdiction). According to the BVI ES Act, a business company may be considered as outside the definition of "holding business" if it carries on any other business (for example, owns properties), even if part of its business is holding equity participants in other entities and earning dividends and capital gains.

To the extent any BVI company is a legal entity carrying on 'holding business', such BVI company may need to comply with existing statutory obligations and it will need to have in the BVI adequate employees and premises for holding equitable interests or shares and, where it manages those equitable interests or shares, it will need to have adequate employees and premises for carrying out that management.

Risks Relating to the Group's Businesses in the PRC

The PRC is a competitive market for property development and it may be difficult to acquire suitable sites for development in the future

The Group may not be able to obtain additional sites that meet its development criteria. The Group's development criteria necessitate a longer period of time for negotiation with the local municipal government. The local municipal government may also have policy constraints, township planning, environment protection and other development considerations.

The supply of substantially all of the land in the PRC is controlled and regulated by the PRC Government. The land supply policies adopted by the PRC Government directly impact the Group's ability to acquire land use rights for development and the costs of such acquisitions. The PRC Government also exercises significant control over the economic growth of the PRC through the allocation of resources, controlling the payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

In recent years, a large number of property developers based in the PRC have begun to undertake property development and investment projects in the PRC. In addition, a number of international developers have expanded their operations into the PRC, including a number of leading Hong Kong real estate development and investment groups. Many of these developers, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition between property developers is intense and may result in, among other things, increased costs for the acquisition of land for development, oversupply of properties in certain parts of the PRC, a decrease in property prices, a slowdown in the rate at which new property development projects will be approved and/or reviewed by the relevant government authorities, an increase in construction costs, and difficulty in obtaining high quality contractors and qualified employees. The consequences of any such risks eventuating may adversely affect the Group's business, results of operations and financial position. In addition, the real estate market in the PRC is rapidly changing. If the Group cannot respond to changes in market conditions more swiftly or effectively than the Group's competitors are able to, the ability of the Group to generate revenue, financial condition and results of operations of the Group will be adversely affected.

Highly regulated market in the PRC

The Group's business is exposed to the risks surrounding continued economic growth in the PRC. The PRC Government, in the past, has imposed restrictions on direct foreign investment in the property sector to curtail the overheating economy. Property developers in the PRC must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC Government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business. The Group must obtain various permits, certificates and relevant approvals from the relevant administrative authorities at different levels at various stages of development, including land use rights documents, planning permits, construction permits and confirmation of completion and acceptance, receipt of which cannot be assured. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. The Group can give no assurance that it will not encounter material delays or other impediments in fulfilling the conditions precedent to obtain these approvals.

Fluctuations in the value of Renminbi may have an adverse effect on the Group's financial condition and results of operations

The value of Renminbi against the Hong Kong dollar and other currencies may fluctuate and is affected by, among other factors, changes in international and national political and economic conditions and the foreign exchange policy adopted by the PRC Government. Some of the Group's income and expenses are denominated in Renminbi, and its assets in the PRC are also denominated in Renminbi. Any fluctuation in the exchange rate between Renminbi and the Hong Kong dollar could result in foreign currency conversion losses for financial reporting purposes.

Interpretation and enforcement of laws in the PRC may involve uncertainties

The Group's operations in the PRC are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law systems, past court judgments in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC Government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organisation and management, commercial transactions, tax and trade. The promulgation of changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the Group's business and prospects. In addition, as these laws and regulations are still evolving and because of the limited number and non-binding nature of published cases, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the interpretation of PRC laws may be subject to political and policy changes. Moreover, some regulatory requirements issued by certain PRC government authorities may not be consistently applied by other government authorities, including local government authorities, thus making strict compliance with all regulatory requirements impractical, or in some circumstances, impossible. The imposition of new laws and the interpretation of existing laws may lead to an increase in regulatory requirements, which could in turn adversely affect the Group's business, financial condition and results of operations.

It may be difficult to enforce any judgments obtained from non-PRC courts against the Group

The Group has subsidiaries and certain assets in the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including the United Kingdom. Therefore, it may be difficult or impossible for Noteholders to enforce any judgments obtained from non-PRC courts against the Group in the PRC.

The Group may not be able to obtain land use right certificates with respect to future acquisition in the PRC of land in which it has acquired an interest

The Group has signed land grant contracts or transfer documents for, or otherwise holds other forms of interests in, certain land parcels for one project for which the Group has not yet obtained land use rights certificates. As of 30 June 2021, these parcels of land occupied an aggregate site area of approximately 15.5 million square feet. The Group cannot assure that it will not be subject to a late payment penalty. If the Group fails to complete the acquisition of these parcels of land, it will not be able to develop and sell properties on such land. The Group may not be able to acquire replacement land on terms commercially acceptable to it, or at all, which could have a material adverse effect on its business, financial condition, results of operations and business prospects.

In addition, under PRC law, if a developer fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, land use or the time for commencement and completion of the development of the land), the relevant local government authority may give a warning to or impose a monetary penalty on the developer or require the developer to forfeit the land granted to the developer. Although the Group has never been subject to any such penalties, there can be no assurance that circumstances leading to possible forfeiture of land or delays in the completion of a project may not arise in the future.

Risks Relating to the Notes and the Guarantee of the Notes

The Issuer was established primarily for the purpose of raising finance for the Group and has no business activities save for the issuance of debt securities

The Issuer was established specifically for the purpose of raising finance for the Group and will on-lend the net proceeds from the offering of the Notes to the Guarantor and/or any other members of the Group which will be used for general working capital of the Group. The Issuer does not and will not have any business activities other than the issue of debt securities, and its ability to make payments under the Notes will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries and/or other members of the Group.

The Notes and the Guarantee of the Notes are unsecured obligations

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Notes constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. As a result, claims of secured creditors, whether senior or junior, with respect to assets securing their financings will rank above the Noteholders' claims with respect to those assets. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or if there is a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness or there is an acceleration of any of the Issuer's or the Guarantor's indebtedness (including the Notes), these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Issuer's and the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then principal, interest or other sums payable under all or a portion of the Notes then outstanding would remain unpaid.

The Notes do not contain restrictive financial or operating covenants

Other than Condition 3 (*Negative Pledge*), neither the Notes nor the Guarantee of the Notes will contain any covenants intended to benefit the interests of Noteholders and that, among other things, limit the Issuer's or the Guarantor's ability (or that of their respective subsidiaries) to incur liens or consolidate or merge with or into, or sell substantially all of their respective assets to, another person, or which restrict their ability to incur or guarantee additional indebtedness, pay dividends or make distributions on capital stock, make investments or enter into transactions with affiliates. As a result, each of the Issuer and the Guarantor are able to incur a significant amount of indebtedness, make significant amounts of investments and provide significant amounts of guarantees to third parties under the terms of the Notes, any of which may affect their ability to satisfy their respective obligations under the Notes and the Guarantee of the Notes.

The Notes may not be a suitable investment for all investors

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Notes unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Notes must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the currency in which the potential investor's financial activities are principally denominated;

(iv) understands thoroughly the terms and conditions of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(v) is able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

Changes in interest rates may have an adverse effect on the price of the Notes

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rate s fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in the U.S. dollar interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

The Issuer may not be able to repurchase or redeem the Notes

The Issuer may (and at maturity, will) be required to redeem all of the Notes upon occurrence of certain events as set out in the Conditions, including upon a Change of Control. If any such event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer or the Guarantor would constitute an event of default under the Notes, which may also constitute a default under the terms of the Group's other indebtedness.

The Notes will be represented by the Global Note Certificate and holders of a beneficial interest in the Global Note Certificate must rely on the procedures of the Clearing Systems

The Notes will be represented by beneficial interests in the Global Note Certificate. The Global Note Certificate will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (each, a "**Clearing System**" and together, the "**Clearing Systems**"). Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive individual Note certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Note Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in the Global Note Certificate must rely on the procedures of the Clearing Systems to receive payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in the Global Note Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

The Issuer may issue additional Notes in the future

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see Condition 13 (*Further Issues*)) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

An active trading market may not develop for the Notes, and there are restrictions on the resale of the Notes

The Notes are a new issue of securities with no established trading market. The Joint Lead Managers are not obligated to make a market in the Notes and may discontinue its market-making activities at any time at its discretion without notice. Although an application has been made to the Hong Kong Stock Exchange for the listing of the Notes on the Hong Kong Stock Exchange, there can be no assurance that the Issuer will obtain or be able to maintain a listing on the Hong Kong Stock Exchange, or that, if listed, a liquid trading market will develop. Liquidity of the Notes may be adversely affected if the Notes are held or allocated to a limited number of investors (see also "*– One or more initial investors that are related and/or connected parties of the Guarantor are expected to subscribe for a substantial proportion of the aggregate principal amount of the Notes*"). In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for securities and by changes in the Group's financial performance or prospects of companies in its industry in general. As a result, there can be no assurance that an active trading market will develop or be maintained for the Notes. If a market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Please see the section entitled "*Subscription and Sale*".

One or more initial investors that are related and/or connected parties of the Guarantor are expected to subscribe for a substantial proportion of the aggregate principal amount of the Notes

One or more initial investors that are related and/or connected parties of the Guarantor are expected to subscribe for a substantial proportion of the aggregate principal amount of the Notes. Any such holders may collectively be able to exercise considerable voting power on their own.

The Notes are subject to modification by a majority of Noteholders without the consent of all Noteholders

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Issuer may modify the Conditions of the Notes without the consent of the Noteholders in cases of, *inter alia*, manifest error. For further details of such matters and the relevant majorities required at meetings of Noteholders, see Condition 12 (*Meetings of Noteholders; Modification*) and the corresponding provisions of the Fiscal Agency Agreement.

The price of the Notes following the offering may be volatile

The price and trading volume of the Notes may be highly volatile. The Notes may trade at prices that are higher or lower than the price at which the Notes have been issued. The price at which the Notes trade depends on many factors, including:

- prevailing interest rates and interest rate volatility;
- the Group's results of operations, financial condition and future prospects;
- changes in the real property industry and competition;
- the market conditions for similar securities; and
- general economic conditions (nationally or internationally).

Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There can be no assurance that these developments will not occur in the future.

The Notes are subject to optional redemption by the Issuer and may have a lower market value than Notes that cannot be redeemed at the option of the Issuer

In the event that: (i) the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands, Bermuda or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax; or (ii) the Issuer exercises its option pursuant to Condition 5(d) (*Redemption at the option of the Issuer*), the Issuer may redeem all outstanding Notes in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

A change in English law which governs the Notes may adversely affect Noteholders

The Conditions are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

The insolvency laws of the British Virgin Islands, Bermuda and other local insolvency laws may differ from the insolvency laws of other jurisdictions with which the Noteholders are familiar

As the Issuer and the Guarantor are incorporated under the laws of the British Virgin Islands and Bermuda respectively, any insolvency proceedings relating to the Issuer or, as the case may be, the Guarantor, regardless of where they were brought, would likely involve (in the case of the Issuer) British Virgin Islands and (in the case of the Guarantor) Bermuda insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of insolvency laws in other jurisdictions with which the Noteholders are familiar.

Investors in the Notes may be subject to foreign exchange risks

The Notes are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Notes, due to, among other things, economic, political and other factors over which the Group has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Notes below their stated coupon rate s and could result in a loss when the return on the Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Notes.

There may be less publicly available information about the Group than is available for public companies in certain other jurisdictions

The Group will follow the applicable disclosure requirements for debt securities listed on the Hong Kong Stock Exchange, which requirements may be different from those applicable to debt securities listed on the stock exchanges in certain other countries or jurisdictions. As a result, the level of information that is available in respect of the Notes may not correspond to what the potential investors of the Notes and/or the Noteholders are accustomed to.

TERMS AND CONDITIONS OF THE NOTES

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Conditions:

The U.S.$300,000,000 5.20 per cent. Guaranteed Notes due 2025 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 13 *(Further Issues)* and forming a single series therewith) of Perfect Point Ventures Limited (the "**Issuer**") are constituted by a deed of covenant dated 20 September 2021 (as amended or supplemented from time to time, the "**Deed of Covenant**") entered into by the Issuer and are the subject to and with the benefit of (a) a deed of guarantee dated 20 September 2021 (as amended or supplemented from time to time, the "**Deed of Guarantee**") entered into by C C Land Holdings Limited (the "**Guarantor**") and, (b) a fiscal agency agreement dated 20 September 2021 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), The Bank of New York Mellon, London Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the transfer agent named therein (the "**Transfer Agent**", which expression includes any successor or additional transfer agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). References herein to the "**Agents**" are to the Registrar, the Fiscal Agent, the Transfer Agents and the Paying Agents and any reference to an "**Agent**" is to any one of them. Certain provisions of these terms and conditions (the "**Conditions**") are summaries of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee applicable to them. Copies of the Agency Agreement, the Deed of Covenant and Deed of Guarantee are available to Noteholders during normal business hours from the Specified Office (as defined in the Agency Agreement) of the Fiscal Agent and each Paying Agent, the initial Specified Offices of which are set out below.

1. **Form, Denomination, Status and Guarantee**

(a) *Form and denomination*: The Notes are in registered form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Notes*: The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) *Guarantee of the Notes*: The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the "**Guarantee of the Notes**") constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2. Register, Title and Transfers

(a) *Register:* The Registrar will maintain a register (the "**Register**") in respect of the Notes outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title:* The Holder of each Note shall (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

(c) *Transfers:* Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed and signed by the Noteholder or his attorney duly authorised in writing, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or (as the case may be) the Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until entered on the Register.

(d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (free of charge to the Holder and at the Issuer's (failing which the Guarantor's) expense airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer, the Registrar or (as the case may be) such Transfer Agent may require) in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer, (ii) the Registrar or (as the case may be) the Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application, and (iii) the Issuer and/or the Registrar and/or the Transfer Agent being satisfied that the Regulations (as defined in the Agency Agreement) concerning the transfer of Notes have been complied with.

(f) *Closed periods:* A Noteholder may not require a transfer of a Note to be registered:

(i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes;

(ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (*Redemption for tax reasons*) or Condition 5(d) (*Redemption at the option of the Issuer*); and

(iii) after a Change of Control Put Exercise Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 5(c) (*Redemption for Change of Control*).

(g) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Fiscal Agent and the Registrar. A copy of the current regulations will be made available for inspection by the Registrar at its Specified Office Holders during normal business hours (being between 9:00 a.m. and 3:00 p.m.) following prior written request and satisfactory proof of holding.

3. **Negative Pledge**

So long as any Note remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of the Material Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In these Conditions:

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Material Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than 10 per cent. of the consolidated profit, consolidated gross revenue, or, as the case may be, the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Guarantor, **provided that**:

   (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;

   (ii) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross revenue and gross assets (consolidated, if applicable) shall be determined on the basis of *pro forma* consolidated financial statements (consolidated, if applicable) prepared for this purpose; and

   (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or

(b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (b) the transferee Subsidiary shall immediately become a Material Subsidiary, **provided that** on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above.

A report by an authorised signatory of the Guarantor that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued with the intention on the part of the issuer thereof that it should be, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. **Interest**

The Notes bear interest from 20 September 2021 (the "**Issue Date**") at the rate of 5.20 per cent. per annum, (the "**Rate of Interest**") payable semi-annually in arrear on 20 March and 20 September in each year (each, an "**Interest Payment Date**"), beginning on 20 March 2022, subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment to the relevant Noteholder under these Conditions).

The amount of interest payable on each Interest Payment Date shall be U.S.$5,200.00 in respect of each Note of U.S.$200,000 denomination and U.S.$26.00 in respect of each Note of U.S.$1,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where "**Calculation Amount**" means U.S.$1,000 and "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

5. **Redemption and Purchase**

(a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 20 September 2025 (the "**Maturity Date**"), subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders, the Registrar and the Fiscal Agent (which notice shall be irrevocable) at their principal amount, together with interest accrued to, but excluding, the date fixed for redemption, if:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 14 September 2021; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of Bermuda or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 14 September 2021; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. Such certificate and opinion shall (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Agents and the Noteholders and no liability will attach to the Agents in connection with the exercise or non-exercise by any of them of their powers, duties and discretions for such purposes.

Upon the expiry of any such notice as is referred to in this Condition 5(b) (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b) (*Redemption for tax reasons*).

(c) *Redemption for Change of Control*: At any time following the occurrence of a Change of Control, the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Notes on the Change of Control Put Date at 101 per cent. of their principal amount, together with accrued interest to, but excluding the Change of Control Put Date. To exercise such right, the holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the

Note Certificates evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 14 (*Notices*), the Registrar and the Fiscal Agent. The "**Change of Control Put Date**" shall be the 14th day after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders, the Registrar and the Fiscal Agent in accordance with Condition 14 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 5(c) (*Redemption for Change of Control*).

In this Condition 5(c) (*Redemption for Change of Control*):

a "**Change of Control**" occurs when

(i) the Controlling Shareholder ceases to hold, directly or indirectly, at least 50 per cent. of the voting rights of the issued share capital of the Guarantor;

(ii) the Controlling Shareholder ceases to be the largest single shareholder of the Guarantor; or

(iii) any Person or Persons, other than the Controlling Shareholder, acting together acquires Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date; or

(iv) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity.

"**Control**" means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise and the terms "**Controlling**" and "**Controlled**" shall have meanings correlative to the foregoing.

"**Controlling Shareholder**" means the aggregate shareholdings of Mr. Cheung Chung Kiu ("**Mr. Cheung**") and:

(i) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Mr. Cheung and/or any of their associated companies (as defined in the Listing Rules of the Stock Exchange of Hong Kong Limited); or

(ii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners, owners or Persons are, or are controlled by, Mr. Cheung and/or such other Persons referred to in paragraph (i) above.

a “**Person**”, as used in this Condition 5(c) (*Redemption for Change of Control*), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

(d) *Redemption at the option of the Issuer:* The Issuer may, at any time during the period:

(i) from (and including) 20 September 2023 to (but excluding) 20 September 2024, redeem the Notes, in whole, but not in part, at 102% of their principal amount, together with interest accrued to the date fixed for redemption;

(ii) from (and including) 20 September 2024 to (but excluding) the Maturity Date, redeem the Notes, in whole, but not in part, at 101% their principal amount, together with interest accrued to the date fixed for redemption,

in each case, on giving not less than 30 days’ nor more than 60 days’ notice to the Noteholders, the Registrar and the Fiscal Agent (which shall be irrevocable).

(e) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Issuer)* above. If there is more than one notice of redemption given in respect of any Note (which shall include any notice given by the Issuer pursuant to Condition 5(b) (*Redemption for tax reasons*) and any Change of Control Put Exercise Notice given by a Noteholder pursuant to Condition 5(c) (*Redemption for Change of Control*)) the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

(f) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries, the holding company of the Issuer or the Guarantor or any other Subsidiaries of such holding company may at any time purchase Notes in the open market or otherwise and at any price.

(g) *Cancellation*: All Notes which are redeemed by the Issuer, the Guarantor or any of their respective Subsidiaries, the holding company of the Issuer or the Guarantor or any other Subsidiaries of such holding company shall be cancelled and may not be reissued or resold.

(h) *No verification by Agents*: None of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Noteholders or any other person for not doing so.

6. **Payments**

(a) *Principal*: Payments of principal shall be made by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue

Code of 1984 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing System (as defined in the Global Certificate), each payment in respect of the Global Certificate will be made to the person shown as the Noteholder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where ***"Clearing System Business Day"*** *means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

7. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands, Bermuda or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

(a) *Other connection:* held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or, as the case may be, payments made by the Guarantor by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or

(b) *Presentation more than 30 days after the Relevant Date:* where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands, Bermuda and/or Hong Kong, references in these Conditions to the British Virgin Islands, Bermuda and/or Hong Kong shall be construed as references to the British Virgin Islands, Bermuda and/or (as the case may be) Hong Kong and/or such other jurisdiction.

None of the Agents shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 (*Taxation*) or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. **Events of Default**

If any of the following events occurs:

(a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within seven days of the due date for payment thereof; or

(b) *Breach of other obligations:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Paying Agent; or

(c) Cross-acceleration of Issuer, Guarantor or Subsidiary:

(i) any Indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or

(iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or subparagraph (ii) above and/or the amount payable under any Guarantee referred to in subparagraph (iii) above, individually or in the aggregate, exceeds U.S.$12 million (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment:* one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer, the Guarantor or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced:* a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary; or

(f) *Insolvency, etc.:* (i) the Issuer, the Guarantor or any of their respective Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any Material Subsidiary or the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary is appointed (or application for any such appointment is made), (iii) the Issuer, the Guarantor or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or materially all of its business; or

(g) *Winding up, etc*.: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Material Subsidiary (otherwise than, in the case of a Material Subsidiary only, for the purposes of or pursuant to amalgamation, reorganisation or restructuring whilst solvent); or

(h) *Government intervention:* (i) all or any substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer, the Guarantor or any of their respective Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues; or

(i) *Failure to take action etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes, the Deed of Covenant and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates, the Deed of Covenant or the Deed of Guarantee admissible in evidence in the courts of the British Virgin Islands and Bermuda is not taken, fulfilled or done; or

(j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Deed of Covenant or the Deed of Guarantee; or

(k) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or

(l) *Controlling shareholder*: the Issuer ceases to be a wholly-owned direct or indirect Subsidiary of the Guarantor; or

(m) *Analogous event*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) *(Unsatisfied judgment)* to (h) *(Government intervention)* above,

then Noteholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Notes may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders.

The Agents need not do anything to ascertain whether any Event of Default has occurred and will not be responsible to Noteholders or any other person for any loss arising from any failure by it to do so, and, unless and until an Agent otherwise has notice in writing to the contrary, that Agent may assume that (i) no such event has occurred and (ii) that each of the Issuer and the Guarantor is performing all of its obligations under the Agency Agreement and the Conditions.

9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date. The Agents shall not be responsible or liable for any amounts so prescribed.

10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Guarantor and/or the Registrar may require.

Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. **Agents**

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or fiscal agent and additional or successor paying agents and transfer agents.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. **Meetings of Noteholders; Modification**

(a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes.

The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to amend the percentage of Notes outstanding required to call an Event of Default, to amend the terms of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum.

In addition, the Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of Holders of not less than 75 per cent. of the aggregate principal amount of Notes outstanding and (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of Holders of not less than 75 per cent. of the aggregate principal amount of Notes outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution.

(b) *Modification:* The Notes, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Noteholders to correct a manifest error or any such modification which is of a formal, minor or technical nature, or which is, in the opinion of the Issuer, not materially prejudicial to the interests of the Noteholders. Any determination as to material prejudice applying to the interests of the Noteholders shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination. Any modification shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with Condition 14 (*Notices*).

13. **Further Issues**

The Issuer may from time to time pursuant to the Agency Agreement, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date and the date for, and amount of, the first payment of interest) so as to form a single series with the Notes.

14. **Notices**

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail (at the Issuer's, failing which, the Guarantor's expense) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing System (as defined in the Global Certificate), notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

16. **Governing Law and Jurisdiction**

16.1 Governing Law

The Agency Agreement, the Deed of Guarantee, the Deed of Covenant and the Notes and any noncontractual obligations arising out of or in connection with the Agency Agreement, the Deed of Guarantee, the Deed of Covenant or the Notes are governed by, and construed in accordance with, English law.

16.2 Submission to Jurisdiction

(a) Subject to Condition 16.2(c) (*Appointment of Process Agent*) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes (a "**Dispute**") and each of the Issuer, the Guarantor and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition, each of the Issuer and Guarantor waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Noteholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

16.3 Appointment of Process Agent

Each of the Issuer and the Guarantor irrevocably appoints London Central Services Ltd at 4, Old Park Lane, London W1K 1QW, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of London Central Services Ltd being unable or unwilling for any reason so to act, each of the Issuer and the Guarantor will immediately appoint another person as its agent for service of process in England in respect of any Dispute. Each of the Issuer and the Guarantor agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this Condition shall affect the right to serve process in any other manner permitted by law.

16.4 Other Documents and the Guarantor

Each of the Issuer and, where applicable, the Guarantor have in the Agency Agreement, the Deed of Covenant and the Deed of Guarantee submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

17. Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL NOTE CERTIFICATE

The Global Note Certificate contains the following provisions which apply to the Notes in respect of which they are issued while they are represented by the Global Note Certificate, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in the paragraphs herein.

The Notes will be represented by a Global Note Certificate which will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream, Luxembourg.

For so long as the Notes are represented by the Global Note Certificate and such Global Note Certificate is held on behalf of a clearing system, subject as provided in the Fiscal Agency Agreement, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as to the holder of a particular aggregate principal amount of the Notes (each an **"Accountholder"**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such aggregate principal amount of such Notes for all purposes other than with respect to any payments on the Notes, for which purpose the registered Holder shall be deemed to be the holder of such aggregate principal amount of the Notes in accordance with and subject to the terms of the Global Note Certificate. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the registered Holder.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates shall be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Note Certificate, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange shall be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

(a) Individual Note Certificates have not been issued and delivered by 5:00 p.m. in the city in which the Fiscal Agent has its specified office ("**Local Time**") on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or

(b) any of the Notes evidenced by the Global Note Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Note Certificate on the due date for payment in accordance with the terms of the Global Note Certificate, then, at 5:00 p.m. (Local Time) on such thirtieth day (in the case of (a) above) or at 5:00 p.m. (Local Time) on such due date (in the case of (b) above) the Accountholder shall acquire Direct Rights in accordance with the deed of covenant dated 20 September 2021 (the "**Deed of Covenant**"), without prejudice to the rights which the Holder may have under the Global Note Certificate or under the Deed of Covenant.

Notices: Notwithstanding Condition 14 (*Notices*), so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**"), notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes are U.S.$300,000,000. The proceeds, after deducting underwriting commissions and expenses, will be used for refinancing of existing indebtedness and the remaining proceeds will be on-lent by the Issuer to the Guarantor and/or other members of the Group, which will be used for general working capital of the Group.

CAPITALISATION AND INDEBTEDNESS

As at 30 June 2021, the authorised share capital of the Guarantor was HK$2 billion consisting of 20 billion ordinary shares of HK$0.10 each and an issued and fully paid up share capital of HK$388.2 million consisting of 3,882,334,668 ordinary shares of HK$0.10 each.

The following table sets out the actual consolidated capitalisation and indebtedness of the Group as at 30 June 2021, and as adjusted to give effect to the principal of the Notes being offered hereby. This table should be read in conjunction with the financial information and the accompanying notes included in this Offering Circular.

	As at 30 June 2021			
	Actual		As Adjusted	
	HK$'000	*US$'000*	*HK$'000*	*US$'000*
Interest-bearing bank and other borrowings – current	8,867,538	1,136,864	8,867,538	1,136,864
Notes payable – current	1,931,882	247,677	1,931,882	247,677
Interest-bearing bank borrowings – non-current	3,157,699	404,833	3,157,699	404,833
The Notes offered hereby[1]	–	–	2,340,000	300,000
	13,957,119	**1,789,374**	**16,297,119**	**2,089,374**
Equity				
Issued capital	388,233	49,773	388,233	49,773
Reserves	20,253,058	2,596,546	20,253,058	2,596,546
	20,641,291	**2,646,319**	**20,641,291**	**2,646,319**
Total capitalisation[2]	**23,798,990**	**3,051,152**	**26,138,990**	**3,351,152**
Total current indebtedness[3] and total capitalisation	**34,598,410**	**4,435,693**	**36,938,410**	**4,735,693**

(1) Represents the aggregate principal amount of the Notes

(2) Total capitalisation represents total interest-bearing bank borrowings – non-current, equity and the Notes offered hereby.

(3) Total current indebtedness represents interest-bearing bank and other borrowings – current and notes payable – current.

There has been no material change in the capitalisation of the Guarantor since 30 June 2021.

DESCRIPTION OF THE ISSUER

Formation

Perfect Point Ventures Limited is a limited liability company incorporated under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 1992313). It was incorporated in the British Virgin Islands on 13 September 2018. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is an indirectly wholly-owned subsidiary of the Guarantor.

Business Activity

The Issuer was established with unrestricted objects and powers as set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since its date of incorporation, other than those incidental to its incorporation and establishment as an indirectly wholly-owned subsidiary of the Guarantor and those incidental to the issuance of the Notes and the U.S.$250,000,000 6.35% Guaranteed Notes due 2022.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep records and underlying documentation, including accounts, that are sufficient to show and explain its transactions and which will enable the financial position of the Issuer to be determined with reasonable accuracy.

Directors and Officers

The directors of the Issuer are Dr. Lam How Mun Peter, Mr. Wong Chi Keung, Mr. Leung Chun Cheong and Mr. Leung Wai Fai and each of their business addresses is c/o 25/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer. The Issuer does not have any employees and has no subsidiaries.

Capitalisation

The issued share capital of the Issuer consists of one share at U.S.$1.00, which is held by Marvel Leader Investments Limited, a directly wholly-owned subsidiary of the Guarantor.

DESCRIPTION OF THE GROUP

Introduction

The Guarantor is a limited liability company incorporated in Bermuda and its shares are listed on the Main Board of the Hong Kong Stock Exchange under the Stock Code: 1224. As at 30 June 2021, the Guarantor had a market capitalisation of approximately HK$7.4 billion. The Group is principally engaged in the property development and investment businesses, along with treasury investment. The Group's primary operations are based in Hong Kong, with significant investments in the United Kingdom, Australia and the PRC.

The principal business activities of the Group are as follows:

- ***Investment Properties***: The Group's strategy is to invest in premium quality real estate investment projects in prime locations of major cities globally. Currently, the Group has a high quality portfolio of investment properties comprising two office buildings in the United Kingdom held through its subsidiaries and one office building in Australia held through a joint venture. The Group derives stable and recurring rental income from such investment properties, namely, The Leadenhall Building and One Kingdom Street in the United Kingdom and 85 Spring Street, Melbourne in Australia.

- ***Development Properties***: The Group has about 15 years of property development experience in the PRC. It has been actively looking to expand its investment portfolio by acquiring premium quality real estate projects in major cities globally for development. As at 30 June 2021, the Group had over 1.1 million square feet of attributable development space in London, 0.2 million square feet in Hong Kong and approximately 9.4 million square feet in the PRC. These projects, namely, the Nine Elms Square Project, the Whiteleys Shopping Centre Project, the Harbourside HQ Project, the Chongqing Bishan Project (重慶璧山項目), the Jiangsu Yancheng Project (江蘇鹽城項目) and the Guangdong Jiangmen Project (廣東江門市項目), are operated through joint ventures.

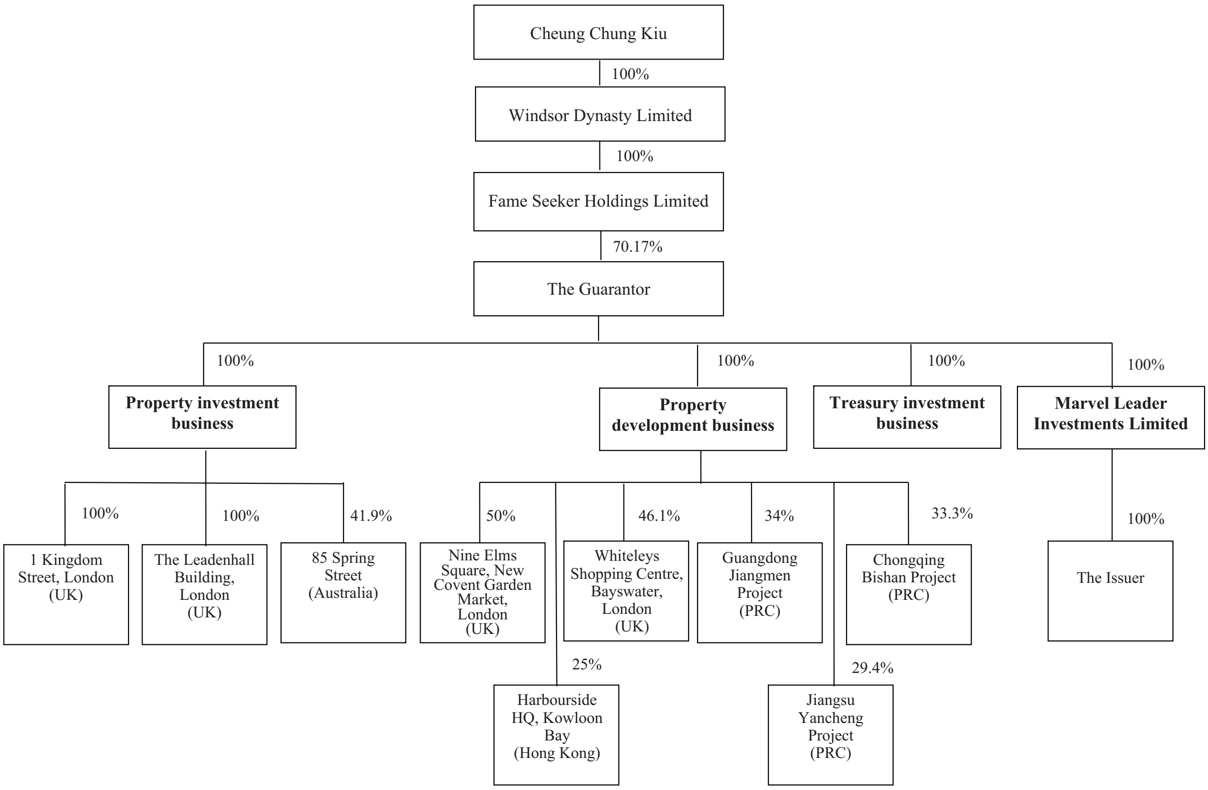
- ***Treasury Investment***: The Group also engages in treasury investment business which mainly includes investments in securities and notes receivables and the provision of financial services.

Corporate Information

The Guarantor is a limited liability company incorporated in Bermuda, with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business in Hong Kong of the Guarantor is located at 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The following chart sets forth an overview of the Group's organisational structure as at the date of this Offering Circular:

C C Land – Organisational Structure



Recent History and Business Outlook of the Group

Recent History of the Group

The Guarantor was formerly known as Qualipak International Holdings Limited, which was a company listed on the Hong Kong Stock Exchange and focused on the manufacturing and trading of packaging products. In 2006, the Group began developing into a PRC-focused property business following the acquisition of a PRC property company, which was at the time one of the largest property developers in Chongqing and was wholly owned by Mr. Cheung. At the same time, Mr. Cheung was introduced as Chairman and major shareholder of the Guarantor. The Group has subsequently developed a strong recognition for its residential property projects and grew into a strong regional developer in Western China.

In 2007, the Guarantor conducted a placement of 360 million existing and newly issued shares at HK$8.10 per share.

The Guarantor completed a further placement of 428 million existing and newly issued shares at HK$5.92 in 2009.

The Group spun off its packaging business in 2012 to focus mainly on property development and investment business.

In mid-2015, the Group initiated its strategy of international diversification by strategically disposing of its properties in Western China. Between 2017 and 2018, the Group acquired two investment properties in the United Kingdom and one in Australia, as well as one development property in Hong Kong. The Group further acquired an interest in a development site in London, namely, the Nine Elms Square Project.

In April 2017, the Guarantor successfully completed a HK$2.58 billion rights issue.

In 2018, the Group invested in two PRC development projects through joint venture investments.

In June 2019, the Group (through the Issuer) issued U.S.$250,000,000 6.35% notes due 2022.

In December 2019, the Group entered into a joint venture whose main purpose is to own and carry out the redevelopment of Whiteleys Shopping Centre in London.

In the first half of 2021, the Group invested in two PRC development projects through joint venture investments.

Recent Developments and Outlook

COVID-19 was declared a global pandemic in 2020. The Group acted swiftly to tackle issues caused by the pandemic with its office tenants, allowing broader pragmatic options of rent deferrals to mitigate the commercial and financial impact of the pandemic on its businesses. While the pandemic may continue to have longer-term social and economic consequences, the immediate impact has been particularly significant on the retail segments. Fortunately, the Group's two office buildings located in London, which form a major part of the Group's rental income portfolio, have seen only a minimal impact. Although the Group's annual transaction numbers in the London office market sector were below the pre-pandemic average, there is still little evidence of downward pressure on headline rents as new and refurbished space remains in short supply. Demand conditions are mixed across the United Kingdom, but supply remains limited, and hence the rents are relatively stable. The Group expects there may be an unsteady economic climate in the short term, but the United Kingdom has a resilient financial system and businesses will adapt to the different working conditions.

The impact of the COVID-19 pandemic on the Group's performance or financial position has so far been minimal. The Group's property asset values, as determined independently, are only slightly lowered when compared with the pre-COVID-19 levels, showing the resilience and strength of the properties' long-term lease covenants. Financially, the Group's business is in robust shape with gearing at a prudent level and is well protected to withstand market volatility.

Strengths

Proven track record with strong brand recognition in property development and investment businesses

The Group has established a solid investment track record for identifying premium development and investment properties in the United Kingdom, Australia, Hong Kong and the PRC. As at 30 June 2021, the Group held a portfolio of three commercial properties, totalling 1,182,000 square feet 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.

The Group's current portfolio consists of high quality commercial properties, covering office, retail and car parking spaces in the United Kingdom and Australia which benefit from strong recurring income. Revenue from rental income has been generally been stable. For the years ended 31 December 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group generated rental income of HK$477.1 million, HK$481.0 million, HK$236.1 million and HK$266.9 million, respectively, from its investment properties in London. These properties are almost fully leased to reputable major tenants.

Since 2006, the Group has sold approximately HK$39.1 billion worth of repositioned and redeveloped properties, generating an aggregate of over HK$10.6 billion in gross profits, giving an average gross profit margin of approximately 27% on each property sold. As at 30 June 2021, the Group held investment and development properties across the United Kingdom, Australia, Hong Kong and the PRC, with a total attributable carrying value of HK$22.4 billion. The Group has also been developing an investment property portfolio of projects across the United Kingdom and Australia, which looks to develop and further increase value whilst creating synergies for its existing portfolio, as well as to generate additional recurring income in the future.

In 2016, the Group disposed of its interest in a mixed development project situated in Xi'an. The project was sold for HK$621 million, representing profit attributable to the Group of HK$67 million over the acquisition price. In 2017 and 2019, the Group disposed of its interests in two property development projects situated in Sichuan. The projects were sold for HK$206.7 million and HK$316.6 million, respectively, representing overall profit attributable to the Group of HK$108.4 million. In 2019, the Group disposed of its interest in a joint venture residential project in Zhuzhou, Hunan, comprising gross floor area of 9.5 million square feet. The sale was for HK$331 million, representing profit attributable to the Group of HK$28 million over the acquisition price.

Diversified development and investment properties in major cities globally

The Group has a diversified development project portfolio which does not have set geographical mandates. The Group is therefore able to take a selective approach to investing in development projects, taking into consideration factors including potential returns, local property market conditions and project development timetable, and is able to consider development projects of any type and in any location solely on its merits. In addition, the Group also places an emphasis on investment properties situated in regions with mature and stable political, economic and social conditions, which enhances the Group's ability to deliver consistent investment returns. The Group maintains a disciplined and prudent strategy when selecting development projects to tender for, or with respect to, land acquisitions. Prior to acquiring land for a project, the Group performs a comprehensive feasibility study covering targeted selling price, total investment, gross profit margin and project return. As a result, the Group is able to take an opportunistic approach in selecting premium high quality investment and development properties with the most potential for high returns. This further enhances the Group's brand and enables the Group to efficiently allocate its resources to such projects.

The Group also has a strong pipeline of development projects, with a particular emphasis on projects in the United Kingdom, Hong Kong and the PRC, which include the Nine Elms Square Project, the Whiteleys Shopping Centre Project, the Harbourside HQ Project, the Chongqing Bishan Project (重慶璧山項目), the Jiangsu Yancheng Project (江蘇鹽城項目) and the Guangdong Jiangmen Project (廣東江門市項目):

- The Nine Elms Square Project began in 2017 when the initial construction began on the 10.3 acre site. The overall construction consists of 12 (mixed-use) buildings, including three primary towers which extend upwards over 54 storeys. The project will be developed in two phases. Upon completion, most of the units will enjoy a panoramic view of the River Thames.

- The Whiteleys Shopping Centre Project involves the regeneration and redevelopment of Whiteleys, a former shopping centre in London constructed in 1908. The project is a mixed-use scheme which secured planning permission in 2016. Under current plans, the project with about 580,000 square feet will deliver 153 residential apartments, a hotel, a cinema, retail, and restaurant spaces in its prime location in Central London.

- Harbourside HQ is a 28-storey Grade A office building with a total marketable gross floor area of approximately 795,000 square feet, 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 Mass Transit Railway Kwun Tong line and the Shatin to Central Link. The development is near to the Tate's Cairn Tunnel and the Eastern Harbour Crossing, making it easily accessible and well connected to different districts of Hong Kong.

- The Chongqing Bishan Project (重慶璧山項目) is located in the Bishan District (璧山區) of Chongqing, situated on the main line of Daishan Avenue (黛山大道). Transportation facilities include high-speed railway, highways and an elevated monorail train which was constructed and was successfully launched in May 2020. The project development will comprise 7.0 million square feet of commercial, retail and residential spaces.

- The Jiangsu Yancheng Project (江蘇鹽城項目) is a development project in Jiangsu with a planned total investment of RMB496 million. The project has a site area of about 687,000 square feet. When fully developed, it will comprise 1.45 million square feet of residential and commercial saleable area. The project is located at the intersection of Yanzhen Road (鹽枕路) and Houde Road (厚德路) in close proximity to the city government office building, the airport and railway station.

- The Guangdong Jiangmen Project (廣東江門市項目) is a development project in Jiangmen City, Guangdong Province with a total investment cost of RMB703 million. The project has a site area of about 15.5 million square feet and is positioned for commercial and residential developments, providing a total gross floor area of about 19.6 million square feet. The project is located on the west bank of the Guangdong-Hong Kong-Macao Greater Bay Area, at the core of the Taishan (台山) coastal resort area.

Solid credit profile with strong recurrent cash flows and prudent financial management

While pursuing these commercial objectives, the Group has been successful in maintaining its focus on financial discipline, through efficient use of capital and focusing on disciplined expense management. As a result of the Group's strategy in entering into long-term leases with its tenants of its investment properties, which enhances the Group's ability to deliver strong and stable recurring income and cashflow, the Group has a conservative capital structure and adopts a balanced approach to maintain an optimal mix of equity and debt financing. The Group had a net gearing ratio (calculated by net debt (total debt (including long-term and short-term bank borrowings) minus total cash) divided by total equity) of 21.8%, 32.6% and 39.8% as at 31 December 2019 and 2020 and 30 June 2021, respectively. The Group's low gearing level, combined with its strong balance sheet is expected to allow the Group to invest more in the property sector globally.

Separately, the Group maintained a total cash (which includes bank balances and cash, restricted bank deposits and pledged deposits) to total assets ratio of 16.1% as at 30 June 2021. In addition, it is the Group's policy to maintain a prudent amount of cash and bank balances at all times in order to ensure, among other things, liquidity and credit-worthiness, as well as to provide funds towards project acquisition when opportunities arise. The Group had consolidated cash and bank balances of HK$5.7 billion and marketable securities held for sale of HK$5.0 billion as at 30 June 2021. In addition to its internally generated cash flow, the Group has access to diversified sources of funding for its operations, ranging from equity fund-raising to external borrowings. The Group's ability to obtain funding from a variety of sources, both internally and externally, allows it to maintain a competitive advantage under volatile market conditions. These factors enable the Group to maintain a strong financial position with a healthy level of liquidity. The Group also has a prudent dividend policy which takes into account cash requirements, investment and growth plans, future prospects, general economic and business conditions and also peer group norms.

Stable professional management team with deep industry experience

The Group has a highly experienced management team, which has achieved a consistent track record of success in property development and investment in Hong Kong, the PRC and more recently the United Kingdom and Australia. The Group's management team has on average more than 20 years of relevant experience in the industry, providing the Group with both expertise and continuity.

Moreover, the Guarantor's Board of Directors includes several members who have served in leadership positions across the industry. The Group believes the experience and knowledge of its management team are essential to its success and enable it to capitalise on market opportunities, formulate effective business strategies, evaluate and control risks, implement management plans and enhance its profitability. The Group believes its strong management team is, and will continue to be, a solid foundation of its success.

The Group is also able to draw on this combination of varied and broad experience to drive growth and react quickly to shifts in the market. Additionally, the Group believes that it benefits from the local and regional relationships of the members of its executive management team and its Board of Directors in attracting and retaining talent, growing its business and capitalising on business opportunities.

The Group believes it has a strong team with a proven track record to execute the Group's business plans and strategies.

Strategies

Pursue quality investment properties in major cities to grow recurring income base and to maximise value

The Group's approach to its investment properties portfolio focuses on premium high quality large scale properties which are located in major cities globally which fit its investment parameters and are expected to provide strong recurring income and long-term value gains for the Group. Since 2015, the Group has strategically disposed of its property portfolio in Western China to orientate its focus towards the property investment business and to expand into the international market. It is the Group's policy to hold its investment properties with a view principally to deriving rental income and generating positive free cash flow. The Group is not constrained by jurisdiction or class of development, allowing it to be opportunistic and flexible. The Group intends to continue building on this unique differentiating factor as compared to other property developers to ensure that it continues to identify projects with high potential and value.

The Group also plans to actively manage its property portfolio to maximise value creation. The Group intends to manage its completed properties actively (including better optimising the mix of tenants), to maintain consistently high levels of service, and to maintain high occupancy rates and strong rental cash flow in the long term. The Group plans to continue to explore opportunities to carry out asset improvement activities on its properties to generate organic growth, including reconfiguration of certain retail and office units and renegotiating terms around the letting of the Group's leasable space, as well as undertaking refurbishments to enhance the overall positioning of these properties. The Group's business model seeks to attract premium tenants to improve the overall offering of the Group's projects, which also allow renegotiation of existing lease agreements to be conducted with a view to increasing the Group's rental cash flow as well as the capital value of the Group's properties. The Group also plans to continue to work closely with property managers to actively manage lease renewals and market the properties to prospective tenants in desired target groups, in order to achieve the optimal mix of types of tenants in addition to diversification within each type of tenant (for example, office tenants and food & beverage tenants are accommodated separately).

Selectively acquire land for property development projects in prime locations of major cities and cities with strong growth potential

The Group currently has ongoing projects across different jurisdictions and is not constrained by any geographic mandates or limitations on its scope of operations. The Group has, to date, completed or is in the process of completing development projects in the United Kingdom, Australia and the PRC, and is continually looking for opportunities in prime locations of major cities and in other cities with strong growth potential. The Group reviews from time to time various opportunities in property development and investment projects. The Group plans to continue to adopt a focused, systematic and selective approach to land acquisitions and it intends to continue to seek opportunities to acquire appropriate and quality new development sites for development of commercial and residential projects to provide additional revenue, operating profit and returns for the Group.

The Group's long-term focus is to continue to develop its commercial and residential presence globally by continuing to build and develop high-quality projects.

Maintain a prudent financial management policy

The Group plans to continue to adopt a prudent financial management policy with a view to delivering long-term value to all of its shareholders and various stakeholders by capturing the strong growth in the mature property markets. The Group plans to manage its exposure to debt closely, seeking to maintain the strength of its balance sheet and an appropriate level of interest cover, achieving low gearing and a healthy credit profile.

Continue to leverage on industry knowledge and relationship network in order to identify and invest in properties that fit within the Group's value enhancement business model

The Group intends to continue to utilise its extensive network of property brokers and business relationships to identify under-performing properties and draw on its on-the-ground industry knowledge, structuring expertise and strong execution capabilities to seize development opportunities. The Group actively seeks investment properties and opportunities in partnership with well-established local developers. The Group also demonstrates a competitive advantage with the speed and ease of its decision-making due to the size and closeness of its senior management, which allows the Group to identify potential acquisitions and execute transactions within a relatively short time frame. The Group's close relationships with property brokers, which have been developed over a number of years, often allows the Group first access to view properties for sale and in advance of other investors, allowing the Group to identify mispricing opportunities earlier than its competitors.

The Group intends to expand its business footprint in the PRC's affluent "Tier 1" cities to take advantage of these markets' robust macroeconomic fundamentals and long term growth potential. The Group has achieved significant steps in identifying potential development projects in the PRC and has built up a portfolio of real estate business through investing in joint ventures, which it intends to further expand.

Business Operations

The principal business activities of the Group are as follows:

- ***Investment Properties***: The Group's strategy is to invest in premium quality real estate investment projects in prime locations of major cities globally. Currently, the Group has a high quality portfolio of investment properties comprising two office buildings in the United Kingdom held through its subsidiaries and one office building in Australia held through a joint venture. The Group derives stable and recurring rental income from such investment properties.

- ***Development Properties***: The Group has about 15 years of property development experience in the PRC. It has been actively looking to expand its investment portfolio by acquiring premium quality real estate projects in major cities globally for development. As at 30 June 2021, the Group had over 1.1 million square feet of attributable development space in London, 0.2 million square feet in Hong Kong and approximately 9.4 million square feet in the PRC. These projects, namely, the Nine Elms Square Project, the Whiteleys Shopping Centre Project, the Harbourside HQ Project, the Chongqing Bishan Project (重慶璧山項目), the Jiangsu Yancheng Project (江蘇鹽城項目) and the Guangdong Jiangmen Project (廣東江門市項目), are operated through joint ventures.

- ***Treasury Investment***: The Group also engages in treasury investments business which mainly includes investments in securities and notes receivables and the provision of financial services.

The Group's business activities are separated into two reportable segments of (a) "property development and investment segment" and (b) "treasury investment segment". The Group's 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 and head office and corporate income and expenses are excluded from such measurement.

The following tables set forth the revenues and results for the reportable segments of the Group for the periods indicated:

	For the year ended 31 December 2020			For the year ended 31 December 2019			For the year ended 31 December 2018		
	Property development and investment	Treasury investment	Total	Property development and investment	Treasury investment	Total	Property development and investment	Treasury investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue									
Revenue from external customers	480,990	107,825	588,815	477,140	87,496	564,636	490,119	160,985	651,104
Segment results	574,067	485,796	1,059,863	645,751	114,548	760,299	532,291	(31,136)	501,155
Corporate and unallocated expenses			(63,566)			(80,107)			(64,711)
Finance costs			(374,096)			(278,426)			(245,874)
Profit before tax			622,201			401,766			190,570

	For the six months ended 30 June 2021			For the six months ended 30 June 2020		
	Property development and investment	Treasury investment	Total	Property development and investment	Treasury investment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue						
Revenue from external customers	266,899	76,585	343,484	236,141	41,299	277,440
Segment results	246,163	225,227	471,390	113,365	104,472	217,837
Corporate and unallocated expenses			(28,515)			(28,259)
Finance costs			(202,048)			(180,453)
Profit before tax			240,827			9,125

The following table sets out information about geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets.

Revenue from external customers

	For the years ended 31 December		
	2020	**2019**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
United Kingdom	480,990	477,140	490,119
Mainland China	1,290	132	53,960
Hong Kong	106,535	87,364	107,025
	588,815	564,636	651,104

	For the six months ended 30 June	
	2021	**2020**
	HK$'000	*HK$'000*
United Kingdom	266,899	236,141
Mainland China	5,126	1,180
Hong Kong	71,459	40,119
	343,484	277,440

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

Non-current assets

	As at 30 June	As at 31 December		
	2021	**2020**	**2019**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United Kingdom	21,692,814	19,705,504	17,206,199	16,311,664
Mainland China	44,590	70,815	205,134	1,306,683
Hong Kong	925,261	699,845	727,320	626,499
Australia	263,195	329,560	241,871	192,266
	22,925,860	20,805,724	18,380,524	18,437,112

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

Overview

For the six months ended 30 June 2021, the Group recorded revenue of HK$343.5 million, an increase of 23.8% compared to HK$277.4 million for the six months ended 30 June 2020. For the year ended 31 December 2020, the Group recorded revenue of HK$588.8 million, an increase of 4.3% compared to HK$564.6 million in 2019. Revenue for the year ended 31 December 2018 was HK$651.1 million. The stable increase in revenue reflected the strategic deployment of the Group's resources to build up an international investment property portfolio in previous years, creating a stable recurrent rental income of HK$481.0 million in 2020 as compared against HK$477.1 million in 2019, representing an increase of 0.8%. The decrease in revenue in 2019 was mainly due to the depreciation of approximately 4% of the average exchange rate of the British pound sterling against the Hong Kong dollar compared with the previous year resulting in a lower rental revenue, which was partially offset by the increased revenue contributed by lease renewals and rent reviews during the year.

For the six months ended 30 June 2021, the Group recorded net profit of HK$230.6 million compared to a net loss of HK$1.9 million for the corresponding period in 2020. The Group recorded net profit of HK$588.2 million for the year ended 31 December 2020 compared to HK$414.0 million in 2019, representing an increase of 42.1%. For the year ended 31 December 2018, it recorded net profit of HK$171.1 million.

For the six months ended 30 June 2021, the Group's treasury investment segment recorded a gain of HK$218.9 million as compared to HK$99.9 million for the corresponding period in 2020. The dividends and interests earned from investments and loans receivable amounted to HK$76.6 million for the six months ended 30 June 2021 as compared to HK$41.3 million for the corresponding period in 2020. For the six months ended 30 June 2021, the fair value gain and realised gain from its investment portfolio amounted to HK$129.6 million and HK$31.5 million, respectively, as compared to fair value gain of HK$84.0 million and nil realized gain for the corresponding period in 2020. For the year ended 31 December 2020, the Group's treasury investment segment recorded a realised profit of HK$3.9 million and a fair value gains of HK$445.7 million, compared to a realised gain of HK$100.7 million and a fair value losses of HK$5.7 million for the year ended 31 December 2019, arising from its investment portfolio covering both equity shares and fund investments during the year.

Investment Properties

As at 30 June 2021, the Group had a portfolio of two commercial properties in the United Kingdom and one commercial property in Australia.

United Kingdom

As at 30 June 2021, the Group's core commercial property investment included two properties located in the prime financial and insurance district of London, the United Kingdom, namely, The Leadenhall Building and One Kingdom Street. The Group holds 100% interest in these two properties. Together, these two commercial properties offer approximately 875,000 square feet of leasable area. Both properties were almost fully leased with lease tenors of 10 to 20 years as at 30 June 2021.

The Group's acquisition of One Kingdom Street and The Leadenhall Building was completed on 27 January 2017 and 25 May 2017, respectively. For the years ended 31 December 2019 and 2020, the Group generated a rental income of HK$477.1 million and HK$481.0 million, respectively, from these investment properties.

The Leadenhall Building

The Leadenhall Building is an iconic award-winning building situated in the prime financial and insurance districts of London. The building was completed in 2014 and was acquired by the Group in May 2017 for GBP1,150 million. It has 46 floors and carries approximately 610,000 square feet of office and retail spaces, which are practically fully multi-let with a weighted average unexpired lease term of approximately 9.5 years with 7.4 years on a term-certain basis as at 30 June 2021. The occupancy rate as at 30 June 2021 was 98%. The building's tenant base includes a number of renowned international insurance companies alongside other financial institutions, technology, and professional service businesses. The annual contracted rental income of The Leadenhall Building for the years ended 31 December 2019 and 2020 amounted to GBP40.5 million and GBP39.7 million, respectively. The annual contracted rental income of The Leadenhall Building as at 30 June 2021 was in the region of GBP39.8 million. For the year ended 31 December 2020 and the six months ended 30 June 2021, the rental income generated represented an equivalent annual yield of 3.5% at cost. The building is serviced throughout by the Group's local management team in the United Kingdom.

The Leadenhall Building received the 2018 RIBA London Award and was shortlisted for the National Awards. To maintain the building as an iconic international building, a proactive public relations campaign was carried out to allow more people to experience in person the design of the building and its spacious and high-tech interior facilities. The public relations campaign included a successful social media campaign via Instagram, as well as a Team BRIT (a competitive motor racing team consisting of disabled drivers) charity event held at the building's public galleria in March 2018. The Leadenhall Building also organised an event in collaboration with Care's International (an organisation which works around the world to save lives, fight poverty and achieve social justice) named "Stairs And The City" in March 2018. The event saw a group of female participants climb 48 floors (1,258 steps), and was the United Kingdom's first women-only tower-running challenge. In April 2018, the Group was one of the headline sponsors of HitClub18, a white-collar amateur boxing event, where young professionals trained intensely to participate in, and raise money for a series of charities. In September 2018, the Group continued its support of the "Lord Mayor's Appeal" event, which was held at The Leadenhall Building. In November 2018, the Group sponsored the 6th International Real Estate Finance and Investment Conference held within the building.

The TLB App (a smartphone application) was launched in the first quarter of 2020, which coincided with the introduction of the United Kingdom's first nationwide lockdown in response to the COVID-19 pandemic. 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 TLB App and reschedule this to 2021. Since its launch, the TLB 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 of The Leadenhall Building, 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.

One Kingdom Street

One Kingdom Street is located in London's Paddington area and was acquired by the Group on 27 January 2017 for a total consideration of GBP292 million. It provides approximately 265,000 square feet of Grade A office accommodation and some parking spaces. The occupancy rate as at 30 June 2021 was 100%. The annual contracted rental income as at 30 June 2021 was approximately GBP15.3 million, representing an equivalent annual yield of 5.2%. The annual contracted rental income of One Kingdom Street for the years ended 31 December 2019 and 2020 amounted to GBP15.0 million and GBP15.0 million respectively. For the year ended 31 December 2020, the rental income generated represented an equivalent annual yield of 5.1% at cost.

One Kingdom Street is positioned between a railway line, a major through road, and two bridges with high traffic volume, and is within a few minutes' walking distance from Paddington Station in Central London. With the introduction of the Crossrail System, the Paddington area is expected to become an important hub in London's West End. The building forms part of the Paddington Central Redevelopment Scheme.

The building is set around Sheldon Square, which comprises a theatre, cafes and restaurants, office accommodation, residential blocks, hotel, retail, and entertainment amenities. Following the acquisition of One Kingdom Street, the Group conducted a careful review of the building. In consultation with the tenants, it was determined that the reception should be remodelled and refurbished in order to bring the building up to the highest standard with a modern bright space of high ceilings and a high-quality functional entrance environment. An artisan coffee operator has been introduced at the reception, together with a new seating area at the base of the atrium for break out meetings and building events. The refurbishment was completed on 13 August 2018 at a cost of just under GBP2 million.

Australia

Just before the end of 2018, the Group's 34.5% owned joint venture completed the disposal of the office building at 72 Christie Street, St Leonards, Sydney, Australia at a pre-tax profit of approximately AUD45 million (AUD15.5 million (HK$86.0 million) being attributable to the Group). Constructed in 1990, 72 Christie Street, St Leonards is a modern Grade A office building consisting of about 119,510 square feet of office accommodation over 8 floors and 220 underground secured car bays on a site of about 30,289 square feet. The investment cost for the Group for this property was approximately HK$123 million.

85 Spring Street, Melbourne

The Group re-invested the sales proceeds in the acquisition of an office building with a lettable area of approximately 110,000 square feet on 85 Spring Street, which is located in central business district of Melbourne, Australia. The acquisition, at a cost of approximately AUD112 million, was completed on 1 April 2019.

This commercial building is located at a prominent location in Melbourne with unobstructed parkland views, and is surrounded by international retailers and restaurants. The building provides a lettable area of approximately 110,000 square feet across the ground floor and 15 upper office levels, with basement parking for 23 cars. The building has a site area of about 13,358 square feet and benefits from dual street frontage, with direct access to the underground Parliament train station.

The building is currently vacant and a series of upgrading and refurbishment works are expected to be undertaken to bring it to Grade A specification after completion. Approval has been obtained for the plan to redevelop the site into a commercial office tower of 307,000 square feet of net lettable office accommodation (an increase of 197,000 square feet). The Group has an effective interest of 41.9% in this project.

Development Properties

As at 30 June 2021, the Group had over 1.1 million square feet of attributable development space in London, 0.2 million square feet in Hong Kong and approximately 9.4 million square feet in the PRC. These projects, namely, the Nine Elms Square Project, the Whiteleys Shopping Centre Project, the Harbourside HQ Project, the Chongqing Bishan Project（重慶璧山項目）, the Jiangsu Yancheng Project（江蘇鹽城項目）and the Guangdong Jiangmen Project（廣東江門市項目）, are operated through joint ventures.

Nine Elms Square – London

The Nine Elms Square Project is held by a joint venture, in which the Group has a 50% interest. The project was acquired at a consideration of GBP520 million, with GBP260 million being attributable to the Group.

Nine Elms Square is situated on the South Bank of the River Thames, with a panoramic view of Central London, and is located close to the new American Embassy. It occupies a ten-acre area, and comprises twelve buildings including three tall towers, and is expected to be a residential landmark on the South Bank.

This mostly residential project is expected to be developed in two phases. The ground breaking ceremony of the project was held in July 2018. Construction of the first phase of the project is progressing well but development activity has slowed due to COVID-19. The first phase of the project will be developed through 2023. More than eighty units have been taken up as at end of 2020 since the launch of presale in early 2020. The COVID-19 pandemic has had 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 when fully developed. The whole project is expected to provide about 1,500 residential units with a total saleable area of approximately 1.7 million square feet.

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

Whiteleys Shopping Centre – London

The Whiteleys Shopping Centre Project is held by a joint venture in which the Group has approximately 46% interest but 50% voting right. The Group has committed to invest GBP182 million in this project. As at 30 June 2021, the capital investment contributed by the Group amounted to GBP169 million.

The Whiteleys Shopping Centre Project involves the regeneration and redevelopment of Whiteleys, a former shopping centre in London constructed in 1908. The project is a mixed-use scheme which secured planning permission in 2016. Under current plans, the project with about 580,000 square feet will deliver 153 residential apartments, a hotel, a cinema, retail, and restaurant spaces in its prime location in Central London.

The marketing suite for the project was opened in April 2021. Planning has been submitted for the development while the design process continues.

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 square feet, 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 Mass Transit Railway Kwun Tong line and the Shatin to Central Link, as well as near to the Tate's Cairn Tunnel 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. In 2018, the Group invested HK$1.9 billion into the Harbourside HQ Project.

The building was 71% leased out as at 30 June 2021 with an average lease term of two years. The cost of acquisition was HK$7.5 billion in which the Group has a 25% interest.

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.

Chongqing Bishan – PRC

The Chongqing Bishan Project (重慶璧山項目) is located in the Bishan District (璧山區) of Chongqing, situated on the main line of Daishan Avenue (黛山大道). Transportation facilities include high-speed railway, highways and an elevated monorail train which was constructed and was successfully launched in May 2020. The project development will comprise 7.0 million square feet of commercial, retail and residential spaces. Presale of the project commenced in 2020 and completion is expected in September 2022. The Group has a participation interest of 33.33% in this project with an investment of about RMB800 million.

Jiangsu Yancheng – PRC

The Group entered into an agreement to participate in a 29.4% interest in a joint venture of the Jiangsu Yancheng Project (江蘇鹽城項目) with a planned total investment of RMB496 million. The project has a gross floor area of about 1.45 million square feet and a site area of about 687,000 square feet. When fully developed, it will comprise 1.45 million square feet, of residential and commercial saleable area. The project is located at the intersection of Yanzhen Road (鹽枕路) and Houde Road (厚德路) in close proximity to the city government office building, the airport and railway station. Construction work commenced in June 2021 and presale is scheduled in September 2021. Completion of the project is due at the end of 2023.

Guangdong Jiangmen – PRC

The Group entered into an agreement to take up a 34% interest in a joint venture of the Guangdong Jiangmen Project (廣東江門市項目) with a total investment cost of RMB703 million. The project has a site area of about 15.5 million square feet and is positioned for commercial and residential developments, providing a total gross floor area of about 19.6 million square feet. The project is located on the west bank of the Guangdong-Hong Kong-Macao Greater Bay Area, at the core of the Taishan (台山) coastal resort area. Construction of the first phase is expected to commence in the second half of 2021.

Treasury Investment Business

As part of its treasury investment business, the Group invested its surplus cash in a diversified portfolio of investments with an aggregate carrying value of HK$5,024.7 million at 30 June 2021. The portfolio is comprised of listed equity securities, unlisted investment funds and debt investments. The Group also conducts certain money lending activities through its subsidiary, C C Land Finance Limited, a licensed money lender under the Money Lenders Ordinance (Cap.163) ("**MLO**") in Hong Kong. The objectives of the Group's treasury investment business are to minimise risk while retaining liquidity, as well as to achieve a market rate of return on its investments.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the treasury investment segment of the Group recorded a loss of HK$54.7 million, gains of HK$126.2 million, HK$477.6 million, HK$99.9 million and HK$218.9 million, respectively. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the dividends and interests earned from investments and loans receivable amounted to HK$135.2 million, HK$93.5 million, HK$107.8 million, HK$41.3 million and HK$76.6 million, respectively.

For the year ended 31 December 2018, the realised gains and unrealised losses on equity investments at fair value through profit or loss amounted to HK$72.8 million and HK119.7 million, as compared to realised gains of HK$100.7 million and unrealised losses of HK$5.7 million for the same period in 2019 and realised profits of HK$3.9 million and unrealised gains of HK$445.7 million for the same period in 2020. For the six months ended 30 June 2021, the fair value gain and realised gain from the Group's investment portfolio amounted to HK$129.6 million and HK$31.5 million, respectively, as compared to HK$84.0 million and nil, respectively, for the corresponding period in 2020.

Liquidity and Financial Resources

The Group adopts a conservative financial management policy to maintain a strong liquidity position with sufficient financial resources available for expansion and investment, by centrally monitoring its liquidity requirements on short term to five-year term bases and arranging its bank and other borrowings and notes payable accordingly.

As at 31 December 2020, the Group had bank borrowings and notes payable amounting to HK$12,401.5 million, as compared with HK$10,016.9 million and HK$10,870.8 million as at 31 December 2018 and 2019 respectively. As at 30 June 2021, the Group had bank and other borrowings and notes payable amounting to HK$13,957.1 million.

As at 30 June 2021, the maturity profile of the Group's bank and other borrowings and notes payable was as follows:

	As at 30 June 2021
	HK$ 'million
Within one year	10,799.4
In the second year	3,157.7
Total	**13,957.1**

The Group had a net gearing ratio (calculated by net debt (total debt (including long-term and short-term bank and other borrowings and notes payable) minus total cash) divided by total equity) of 21.8%, 32.6% and 39.8% as at 31 December 2019 and 2020 and 30 June 2021, respectively.

Information about Principal Subsidiaries

The following sets forth an overview of the Guarantor's principal subsidiaries as at 30 June 2021:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Guarantor	Principal activities
C C Land Finance Limited	Hong Kong	Ordinary HK$2	100	Treasury investment
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
C C Land Portfolio Inc.#	British Virgin Islands ("**BVI**")	Ordinary US$1	100	Treasury investment
Captain Fantastic Limited#	BVI	Ordinary US$1	100	Investment holding
Classical Noble Limited#	BVI	Ordinary US$1	100	Investment holding
Ever Channel Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Everwin Global Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Fancy Style Investments Limited#	BVI	Ordinary US$200	100	Vessel management
Fortune Point Holdings Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Fortune Sail International Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Global Palace Investments Limited	BVI/Hong Kong	Ordinary US$1,000	100	Property holding
Green Charm Investments Limited#/####	BVI	Ordinary US$1	100	Investment holding
Honour Sky Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Treasury management
Jubilee Summer Limited#	BVI	Ordinary US$1	100	Investment holding
Marvel Leader Investments Limited#	BVI	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	BVI	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Mighty Gain Enterprises Limited#	BVI	Ordinary US$1	100	Investment holding
Novel Sky International Limited#	BVI	Ordinary US$1	100	Investment holding
Oceanic Front Limited#	BVI	Ordinary US$2	100	Vessel investment
Perfect Gain Enterprises Limited#	BVI	Ordinary US$1	100	Treasury investment
Perfect Point Ventures Limited#	BVI	Ordinary US$1	100	Treasury management
Profit Vast Investment Limited	Hong Kong	Ordinary HK$1	100	Treasury investment
Season Fit Limited#	BVI	Ordinary US$1	100	Investment holding
Smart Harmony Developments Limited#	BVI	Ordinary US$1	100	Investment holding
Sun Vessel Global Limited#	BVI	Ordinary US$200	100	Yacht investment
Universal Mission Limited#	BVI	Ordinary US$1	100	Investment holding
Win Mount Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Worthwell Investments Limited	BVI/Hong Kong	Ordinary US$50,000	100	Treasury investment
Chengdu Hui Fan Yue Sheng Enterprise Management Consulting Co., Ltd (成都滙帆悅昇企業管理有限司)*/###	PRC	RMB10,000,000	100	Investment holding
Sichuan Zhong Yu Real Estate Company Limited (四川中渝置地有限公司)*/##	PRC	Registered US$15,000,000	100	Property development and investment
Tibet Huixing Yuejing Corporate Management Services Limited (西藏匯星悅景企業管理服務有限公司)*/###	PRC	Registered RMB20,000,000	100	Investments holding and management

These companies have no specific principal place of operations.

This company is registered as a wholly foreign-owned enterprise under PRC law.

These companies are registered as limited liability companies under PRC law.

At 30 June 2021, the equity interests of these companies were pledged to certain banks to secure bank borrowings of HK$8,602,481,000 granted to the Group.

* English names of these companies are for identification purposes only.

Except for Marvel Leader Investments Limited and Mighty Gain Enterprises Limited, the equity interests of all principal subsidiaries are indirectly held by the Guarantor.

Investments in Joint Ventures

The following sets forth an overview of the Group's principal joint ventures as at 30 June 2021 (all of the following joint ventures are unlisted and indirectly held by the Guarantor):

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing
Instant Glory International Limited (“**Instant Glory**”)	Ordinary shares of US$1 each	BVI	50	50	50
Excel Winner UK Limited (“**Excel Winner UK**”)	Ordinary shares of GBP1 each	England & Wales	50	50	50
Beauty Bay International Limited (“**Beauty Bay**”)	Ordinary shares of US$1 each	BVI	48.98	50	48.98
Whiteley JV S.à r.l. (“**Whiteley JV**”)	Ordinary shares of GBP1 each	Grand Duchy of Luxembourg	46.08	50	46.08
Whiteley Hotel PropCo Limited (“**Whiteley PropCo**”)	Ordinary shares of GBP0.01 each	Guernsey	46.08	50	46.08
Whiteley Hotel Apartments Limited (“**Whiteley Apartments**”)	Ordinary shares of GBP0.01 each	England & Wales	46.08	50	46.08
Whiteley Retail Limited (“**Whiteley Retail**”)	Ordinary shares of GBP0.01 each	Guernsey	46.08	50	46.08
Queens Road W2 Limited (“**QRW2**”)	Ordinary shares of HK$1 each	Hong Kong	46.08	50	46.08
Ocean Beyond Investments Limited (“**Ocean Beyond**”)	Ordinary shares of US$1 each	BVI	42.5	33.33	42.5
Proprium Holding Trust (“**Proprium**”)	Ordinary shares of AUD1 each	Australia	41.9	50	41.9

Instant Glory is an investment holding company which holds directly and indirectly the entire 100% equity interest of Excel Winner UK. Excel Winner UK is a property development company.

Whiteley JV is an investment holding company that holds indirectly the entire 100% equity interest of Whiteley PropCo, Whiteley Apartments, Whiteley Retail and QRW2. Whiteley JV and its subsidiaries are principally engaged in property development and investment.

Ocean Beyond is an investment holding company which holds indirectly 98.5% equity interest of Proprium. Proprium is a property investment company.

Investments in Associates

The following sets forth an overview of the Group's principal associates as at 30 June 2021 (all of the following associates are unlisted and indirectly held by the Guarantor):

Name	Place of incorporation/ registration and business	Particulars of issued shares held	Percentage of ownership interest attributable to the Group 2020	Percentage of ownership interest attributable to the Group 2019	Principal activities
Fine Ahead Limited	BVI	Ordinary shares of US$1 each	35%	35%	Investment holding
Champion Maker Limited (“**Champion Maker**”)	BVI	Ordinary shares of US$1 each	30%	30%	Investment holding
Next Olympic Limited (“**Next Olympic**”)	BVI	Ordinary shares of US$1 each	30%	30%	Investment holding
Modern Crescent Limited (“**Modern Crescent**”)	BVI	Ordinary shares of US$1 each	25%	25%	Investment holding
Health Link Investment Limited (“**Health Link**”)	Hong Kong	Ordinary shares of HK$1 each	25%	25%	Property investment

Champion Maker is an investment holding company which holds directly the entire 100% equity interest of Next Olympic. Next Olympic is an investment holding company.

Modern Crescent is an investment holding company which holds indirectly the entire 100% equity interest of Health Link. Health Link is a property investment company.

Insurance

The Group has taken out various insurance policies arranged with reputable insurance agents, which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites and public liability in respect of its properties.

The Group believes that, as at the date of this Offering Circular, its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage (if any) to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons and other natural disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations.

Government Regulations

The operations of the Group are subject to various laws and regulations of the countries and regions in which it has operations. The Group's activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties require government permits, some of which may take longer to obtain than others. The Group's properties are subject to routine inspections by government officials with regard to various safety and environmental issues. The Group believes that, as at the date of this Offering Circular, it is in compliance in all material respects with government safety regulations currently in effect.

The Group also conducts certain money lending activities through its subsidiary, C C Land Finance Limited, a licensed money lender under the MLO in Hong Kong. Such operations are subject to regulations in Hong Kong. The MLO and the Money Lenders Regulations (Cap. 163A) of Hong Kong constitute the primary legal and regulatory framework governing the Group's Consumer Finance operations in Hong Kong.

Environmental and Social Responsibilities ("ESR")

It is the Group's primary objective regarding ESR to promote sustainable development that meets the Group's business goals without compromising the needs of the environment, society and the economy. This coincides with the Group's recognition that environmental, social and economic concerns are all indispensably linked to the businesses which the Group operates and its long term development.

The Group's priority within the ESR scope is to incorporate such objectives into the Group's daily operations and to devise measures and monitoring systems to enhance its sustainability performance as a part of its business development strategy. In meeting such objective, the Group's approach to ESR management is to ensure consistency and acceptable balances between its corporate actions and the interests of the environment, society and sustainable development.

The Group believes that, as at the date of this Offering Circular, it is in compliance in all material respects with applicable environmental regulations in the relevant jurisdictions in which it operates. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

Environmental

Emissions

The Group is committed to reducing air and greenhouse gas ("**GHG**") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste in compliance with applicable laws and regulations.

The Group's offices do not involve any direct GHG emissions. For the year ended 31 December 2020, the Group's total indirect GHG emissions were approximately 77.94 tonnes of carbon dioxide equivalent ("**CO_2-e**") arising principally from the Group's consumption of electricity, use of paper and business travel outside Hong Kong. Details of the Group's GHG emissions are as follows:

Sources of GHG emission	**GHG emission (in tonne CO_2-e)**	**GHG emission by scope (in tonne CO_2-e)**
Direct emissions (Scope 1)	–	–
Indirect Emissions (Scope 2)		71.80
– Electricity	71.80	
Other indirect emissions (Scope 3)		6.14
– Paper consumption	3.58	
– Business travel outside Hong Kong	2.56	

* *GHG emission is calculated according to the Reporting Guidance on Environmental Key Performance Indicators published by the Hong Kong Stock Exchange.*

As a green initiative, the Group supports the "Indoor Temperature Energy Saving Charter" to improve energy efficiency of its operations. The Group's employees are encouraged to reduce frequency of business trips by making use of alternative facilities such as telephone calls instead of attending face-to-face meetings as and when practicable. In December 2020, the Group participated in supporting the "Hong Kong Green Building Week 2020", co-organised by Construction Industry Council and the Hong Kong Green Building Council. With a 7-day campaign themed "Green Buildings TEAM UP for a Zero-carbon Future", the campaign was aimed to bring the construction industry, the government and the public together for a zero-carbon future through green buildings.

Waste

The Group's offices do not involve the generation of any hazardous waste. The Group's major non-hazardous waste source pertains to general office waste including domestic waste and paper waste. The Group's domestic waste is disposed of by the relevant property management entities of the buildings in which the Group's offices are located as part of their property management services. As a green initiative, the Group has set up designated collection points in the offices to collect recyclable paper waste whether generated internally or otherwise for recycling. During the year ended 31 December 2020, a total of approximately 1.09 tonnes of recyclable paper waste had been collected. In addition to recyclable paper waste, other office recyclable consumables, such as used toner cartridge, light bulbs and fluorescent tubes will also be collected for proper recycling or disposal.

There are no particular environmental laws or regulations relating to GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that are specifically applicable to the Group's operations in Hong Kong. The Group is not aware of any non-compliance with other laws or regulations generally applicable to the operation of its offices as at the date of this Offering Circular.

Use of Resources

The Group strives to use its resources, particularly energy and paper which are the two major categories of resources consumed in its offices, in an efficient manner by adhering to the principles of reducing, reusing and recycling. During the year ended 31 December 2020, the Group consumed paper equivalent to a total of 290 reams of A4 size paper. As part of the Group's use of resources efficiency initiatives, the Group encourages its employees to use electronic copies instead of printed copies of materials and to choose double-sided printing or copying options in order to reduce the use of paper wherever practicable.

For the year ended 31 December 2020, total electricity consumption of the Group's offices was approximately 4.4 kWh per square feet or 39.8 kWh per working hour, representing a total electricity consumption of approximately 88,637 kWh. Total electricity consumption per employee was approximately 1,406.9 kWh. As part of the Group's energy use efficiency initiatives, its employees are encouraged to switch off lights and electrical appliances whenever they are not in use. The Group also promotes the adoption of energy-efficient electrical appliances in its offices wherever applicable.

The Group uses water mainly for drinking and general cleaning purposes in its offices. Total tap water consumption of the Group's office during the year ended 31 December 2020 was approximately 697 cubic metres, representing a total annual tap water consumption per employee of approximately 11.1 cubic metres. Despite the Group's temporary work arrangements including telecommuting in response to the COVID-19 pandemic, enhanced office cleaning protocol was implemented resulting in the slight increase in the overall tap water consumption during the reporting year. The Group also provided its employees with refillable bottled distilled water for drinking. For the year ended 31 December 2020, the Group's offices consumed a total of approximately 0.5 cubic metre of distilled water. All emptied bottles were collected by the supplier for reuse. A water filtration and purification system had been installed to provide the Group's employees with filtered potable water as an alternative source for drinking consumption in order to reduce the Group's reliance on bottled distilled water as part of its green initiatives. Accordingly, tap water had become the main source for the Group's water consumption. For the year ended 31 December 2020, the Group had not encountered any issue in sourcing water that is fit for day-to-day office use.

The Group's offices do not involve the use of any packaging materials for any finished products.

The Environment and Natural Resources

The Group is committed to minimising the impact of its operations on the environment and natural resources. In addition to the Group's initiatives aiming to use resources efficiently, it has adopted a policy of using environmentally friendly materials where applicable. Beginning from 2016, the Group's interim and annual reports have been printed on Forest Stewardship Council certified papers. The Group has also implemented a number of green initiatives to raise its staff's conservation awareness. The Group has introduced measures of energy savings, waste-less and low carbon living style throughout the workplace, including displaying prominent signs in conspicuous locations to remind staff to use energy and water more efficiently or to reduce the amount of services used.

The Group understands the inevitable impact of property development and operations on climate and local environment, and as such, the Group opts for environmentally friendly architectural designs and operational measures wherever practicable to improve the environmental performance of its property developments and investments.

Employment

As at 30 June 2021, the Group employed a total of 126 employees located in Hong Kong, the PRC and the United Kingdom for its principal business. Remuneration cost for the year ended 31 December 2020 and the six months ended 30 June 2021 (excluding directors' emoluments) amounted to approximately HK$127 million and HK$53 million, respectively.

The Group ensures that the pay levels of its employees are competitive to the market and that employees are rewarded according to their performance. The Group's employees' compensation also includes a range of fringe benefits including medical and dental insurance coverage, paid annual leave, maternity leave and paternity leave.

On 21 May 2015, the Guarantor adopted a share option scheme, pursuant to which, employees (including directors) of the Group are eligible to be granted shares options under the share option scheme at the discretion of the board of directors of the Guarantor.

Health and Safety

The Group strives to provide a safe working environment in its offices, free from any occupational hazards, for its employees, in compliance with relevant laws and regulations relating to occupational safety and health.

As at the date of this Offering Circular, the Group is not aware of any non-compliance with relevant laws and regulations relating to occupational health and safety that have a significant impact on the Group's operation in Hong Kong relating to providing a safe working environment and protecting employees from occupational hazards in its offices.

Risk Management and Internal Controls

The board of directors of the Guarantor (the "**Board**") is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. The Board recognises that the Group's risk management and internal control systems play a key role in the identification, evaluation and management of risks faced by the Group, the assurance of continued compliance with laws and regulations by the Group, and the provision of reasonable assurance on the Group against material misstatement, error, loss or fraud. The Board appreciates that the Group is exposed to risks in achieving its business objectives and strives to maintain such risks at acceptable level through the design, implementation and monitoring of effective risk management and internal control systems.

The risk management and internal control systems are established within the Guarantor and its subsidiaries for facilitating effective operations, for safeguarding assets against unauthorised use, for maintaining proper accounting records, for ensuring the reliability of financial reporting and information, and for ensuring compliance with applicable laws and regulations. The establishment of risk management and internal control systems involves identifying the key functions carried out by the Group, the individual activities undertaken within those functions, the risks associated with each activity in achieving the Group's business objectives, evaluating the potential impact and acceptable level of such risks, developing and monitoring the effectiveness of procedures to manage and to minimise the identified risks, having regard to the particular circumstances of the Group including business operations, operating environment, compliance with applicable laws and regulations and financial reporting requirements. As part of the risk management and internal control systems, functional reporting and financial reporting procedures appropriate to the business of the Guarantor's subsidiaries are established for application within the Group. These procedures are designed to enable timely and reliable functional and financial reporting by subsidiaries of the Guarantor, and to facilitate proper handling and dissemination of inside information. A formal annual review of these procedures is carried out by the Board. In addition, the Board also receives updates from the Internal Audit department on areas that specifically affect the Guarantor.

The Guarantor has maintained an internal audit function which forms part of the permanent establishment of the Group and is internally resourced and staffed by qualified accounting personnel with suitable experience. The internal audit function carries out analysis and independent appraisal on the adequacy and effectiveness of the Group's risk management and internal control systems. These procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board is responsible for ensuring that recommendations made by the internal audit function are properly implemented.

The Audit Committee keeps under review the Group's risk management and internal control systems and the effectiveness of the internal audit function. Based on its review, the Audit Committee advises the Board on the effectiveness of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Guarantor's accounting and financial reporting function.

The Board also conducts annual reviews of the effectiveness of the Group's risk management and internal control systems, and considers the work of the internal audit function and advice from the Audit Committee in this regard.

Legal Proceedings and Regulatory Compliance

The operations of the Group are subject to various laws and regulations in Australia, Hong Kong, the PRC and the United Kingdom. The Group's activities in respect of its investment and development properties are limited by zoning ordinances and other regulations. Developing properties, refurbishment and other redevelopment projects require government permits, some of which may take a longer time to obtain than others and may be subject to conditions. The Group's properties are subject to routine inspections by government officials in relation to various safety and environmental issues. The Group believes that, as at the date of this Offering Circular, it is in compliance in all material respects with government safety regulations currently in effect where its properties are located. As at the date of this Offering Circular, the Group is not aware of any significant problems with any regulation with regard to these issues, and is not aware of any pending legislation on these issues that might have a material adverse effect on its properties or business, results of operations or financial position.

Legal Proceedings

As at the date of this Offering Circular, the Group is not aware that the Guarantor or its subsidiaries is involved in any litigation which would have a material adverse effect on the business, results of operations or financial position of the Group.

DIRECTORS OF THE GUARANTOR

Board of Directors

The table below sets out the names of the current directors of the Guarantor and their current positions, as at 30 June 2021:

Executive Directors

Name	Position
Mr. CHEUNG, Chung Kiu	Executive Director and Chairman
Dr. LAM, How Mun Peter	Executive Director, Deputy Chairman and Managing Director
Mr. WONG, Chi Keung	Executive Director and Deputy Chairman
Mr. LEUNG, Chun Cheong	Executive Director
Mr. LEUNG, Wai Fai	Executive Director

Independent Non-executive Directors

Name	Position
Mr. LAM, Kin Fung Jeffrey, GBS, JP . .	Independent Non-Executive Director
Mr. LEUNG, Yu Ming Steven.	Independent Non-Executive Director
Dr. WONG, Lung Tak Patrick, BBS, JP .	Independent Non-Executive Director

The business address of the directors is 25/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The following are particulars of the qualifications and experience of the directors of the Guarantor as at 30 June 2021:

Executive Directors

Mr. CHEUNG Chung Kiu was first appointed Executive Director of the Guarantor on 22 June 2000 and became Chairman on 22 November 2006. He also serves as a Director of several subsidiaries of the Guarantor. As Chairman, Mr. Cheung oversees the Group's entire business and is responsible for leading the Board and managing its work to ensure that the Board effectively operates and fully discharges its responsibilities. Mr. Cheung has a wide range of experience in investment and business management, including over 25 years of property development and investment experience, mainly in Hong Kong and in the PRC as well as other major cities globally including London and Sydney. In addition, Mr. Cheung is the Chairman and Managing Director of Y. T. Realty Group Limited ("**Y.T. Realty**") and Chairman of The Cross-Harbour (Holdings) Limited ("**Cross-Harbour**"), the shares of which are listed on the Hong Kong Stock Exchange. He is also a director of Windsor Dynasty Limited and Fame Seeker Holdings Limited.

Dr. LAM How Mun Peter was first appointed Executive Director of the Guarantor on 3 June 1998 and became Managing Director and Deputy Chairman on 9 April 1999 and 22 November 2006 respectively. Dr. Lam is one of the founders of the Group established in 1989. He also serves as a Director of several subsidiaries of the Guarantor. As Managing Director, Dr. Lam oversees the Group's business and is responsible for overseeing the Group's day-to-day management, recommending strategies to the Board, and determining and implementing operational decisions. Dr. Lam graduated from the University of Hong Kong with a bachelor's degree in Medicine and Surgery in 1972. He is a fellow of the Royal College of Surgeons of Edinburgh and the American College of Surgeons. In addition to his extensive experience in medical practice, Dr. Lam has over 30 years of extensive experience in corporate management, real estate and investment.

Mr. WONG Chi Keung was appointed Executive Director and Deputy Chairman of the Guarantor on 1 March 2016. He also serves as a Director of several subsidiaries of the Guarantor. Mr. Wong oversees the Group's property development and investment business and is responsible for recommending investment strategies to the Board. He holds a degree of Doctor of Philosophy in Business from Honolulu University and is a professional member of the Royal Institution of Chartered Surveyors, and a member of The Hong Kong Institute of Housing and the Chartered Institute of Housing. He is a fellow member of Hong Kong Institute of Real Estate Administrators and The Hong Kong Institute of Directors and an honorary fellow of Guangxi Academy of Social Sciences. Mr. Wong has held senior executive positions with various leading property companies and property consultant firms in Hong Kong in the past 30 years. In addition, Mr. Wong is currently an Executive Director of Cross-Harbour and an Independent Non-executive Director of Water Oasis Group Limited, the shares of which are also listed on the Hong Kong Stock Exchange.

Mr. LEUNG Chun Cheong was appointed Executive Director of the Guarantor on 3 June 1998. He also serves as a Director of several subsidiaries of the Guarantor. Mr. Leung joined the Group in 1995. He is mainly responsible for overseeing the Group's financial management and financial functions and governance. Prior to joining the Group, Mr. Leung had held senior positions in multi-national companies and the audit profession in Hong Kong. He has over 35 years of extensive experience in auditing, governance and management. Mr. Leung is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants.

Mr. LEUNG Wai Fai was appointed Executive Director of the Guarantor on 3 December 1999. He also serves as a Director of several subsidiaries of the Guarantor. Mr. Leung is mainly responsible for the financial planning of the Group's business as well as overseeing its corporate finance and management. Mr. Leung graduated from the University of Wisconsin-Madison, the United States of America with a bachelor's degree in Business Administration in 1985, and is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 30 years of extensive experience in planning and advisory as well as accounting and financial reporting. In addition, Mr. Leung is an Executive Director of Cross-Harbour.

Independent Non-Executive Directors

Mr. LAM Kin Fung Jeffrey, GBS, JP was appointed Independent Non-executive Director of the Guarantor on 3 June 1998. Mr. Lam holds a bachelor's degree in mechanical engineering from Tufts University in the United States. He has over 30 years of experience in the toy industry and is currently the Managing Director of Forward Winsome Industries Limited which is engaged in toy manufacturing. Mr. Lam was awarded a Gold Bauhinia Star by the Government of the HKSAR in 2011. He also holds a number of public and community service positions including Member of the National Committee of the Chinese People's Political Consultative Conference, Member of the Legislative Council and Non-Official Member of the Executive Council in Hong Kong, Chairman of Independent Commission Against Corruption Complaints Committee, Director of The Hong Kong Mortgage Corporation Limited, and General Committee Member of the Hong Kong General Chamber of Commerce. In addition, Mr. Lam is an Executive Director of Hong Kong Aerospace Technology Group Limited and is an Independent Non-executive Director of Analogue Holdings Limited, China Overseas Grand Oceans Group Ltd., China Strategic Holdings Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited, i-CABLE Communications Limited, Wing Tai Properties Limited and Wynn Macau, Limited. The shares of all these companies are listed on the Hong Kong Stock Exchange.

Mr. LEUNG Yu Ming Steven was appointed Independent Non-executive Director of the Guarantor on 1 October 2007. Mr. Leung holds a master's degree in Accountancy from Charles Sturt University in Australia and a bachelor's degree in Social Science from the Chinese University of Hong Kong. He is an associate of the Institute of Chartered Accountants in England and Wales, a certified practicing accountant of CPA Australia and a fellow of the Association of Chartered Certified Accountants in the United Kingdom, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of

Hong Kong. Mr. Leung is a practicing certified public accountant in Hong Kong. He previously worked in Nomura International (Hong Kong) Limited as an Assistant Vice-President in the International Finance and Corporate Finance Department. He commenced public practice in auditing and taxation in 1990 and is currently the senior partner of a firm of certified public accountants. He has over 30 years of experience in assurance, accounting, taxation, financial management and corporate finance. Mr. Leung is an Independent Non-executive Director of Suga International Holdings Limited, Y.T. Realty and Cross-Harbour, the shares of all these companies are listed on the Hong Kong Stock Exchange.

Dr. WONG Lung Tak Patrick, BBS, JP was appointed Independent Non-executive Director of the Guarantor on 1 October 2007. Dr. Wong is a Certified Public Accountant (Practicing) and a Certified Tax Adviser in Hong Kong and also a Chartered Secretary in the United Kingdom and in Hong Kong. He is currently the Managing Practising Director of Patrick Wong CPA Limited. He has over 40 years' experience in the accountancy profession. Dr. Wong holds a Doctor of Philosophy in Business degree, was awarded a Badge of Honour by the Queen of England in 1993 and was appointed a Justice of the Peace in 1998. He was also awarded a Bronze Bauhinia Star by the Government of the HKSAR in 2010. Dr. Wong is an Independent Non-executive Director of Galaxy Entertainment Group Limited, Li Bao Ge Group Limited, Sino Oil and Gas Holdings Limited, Water Oasis Group Limited and Winox Holdings Limited, the shares of which are all listed on the Hong Kong Stock Exchange.

Board Committee

The Board has set up the Executive Committee which comprises all executive directors on the Board. Under its terms of reference, the Executive Committee is responsible for overseeing the management and daily operations of the Group and any other matters delegated by the Board. In addition to the Executive Committee, the Board has set up the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board does not have a Corporate Governance Committee and its functions would be carried out by the Board as a whole.

Audit Committee

The Audit Committee currently comprises three independent Non-executive Directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Lam Kin Fung Jeffrey. The Audit Committee advises the Board on the effectiveness of the Group's risk management and internal control systems, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Guarantor's accounting and financial reporting function.

The Audit Committee has reviewed, together with the management and independent auditors, the accounting policies and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including reviewing the Group's consolidated results for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021. When reviewing the Guarantor's interim and annual reports, the Audit Committee has focused not only on the impact of the changes in accounting policies and practices, but also on the compliance with applicable accounting standards, the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and relevant legal requirements. It has also reviewed the financial statements before submission to the Board.

The Audit Committee has reviewed with the management, among other matters, the risk management and internal control systems covering all material controls, including financial, operational and compliance controls and risk management functions and the arrangements for employees to raise concerns in confidence about possible improprieties in financial reporting, internal control and other matters. The Audit Committee has reviewed the engagement of independent auditors and the effectiveness of the audit process.

Remuneration Committee

The Remuneration Committee currently comprises two Executive Directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent Non-executive Directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Leung Yu Ming Steven. The duties of the Remuneration Committee include, among others, making recommendations to the Board on the Guarantor's policy and structure for all Director's and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

The remuneration policy for executive directors of the Guarantor is determined with reference to the Group's operating results, duties and level of responsibility of the executive directors and the prevailing market conditions, which are reviewed annually in order to provide competitive remuneration and compensation packages to attract, retain and motivate high quality executives to serve the Group. The fee for non-executive directors is determined with reference to each of their duties and level of responsibility with the Guarantor, and is reviewed on an annual basis.

Nomination Committee

The Nomination Committee currently comprises two Executive Directors, Mr. Cheung Chung Kiu and Dr. Lam How Mun Peter, and three independent Non-executive Directors, Mr. Lam Kin Fung Jeffrey, Mr. Leung Yu Ming Steven and Dr. Wong Lung Tak Patrick. It is chaired by Mr. Cheung Chung Kiu.

The Nomination Committee is responsible for the nomination of directors pursuant to the Nomination Policy adopted by the Guarantor. The Nomination Committee shall take into account all of the following criteria when evaluating an individual for nomination or appointment as director:

- whether the individual is qualified to serve as a director and, where applicable, will qualify as an independent non-executive director under applicable laws and regulations including the Listing Rules;
- whether the individual is willing and able to serve as a director and to commit sufficient time and attention to the affairs of the Guarantor;
- whether and how the individual can contribute to the Board, taking into account such factors including without limitation the individual's business and professional experience and qualifications, skills, education, knowledge, character and integrity;
- potential conflict of interests;
- the requirement for Board diversity in accordance with the Guarantor's policy on Board diversity; and
- such other factors as the Nomination Committee may from time to time consider appropriate and in the best interests of the Guarantor and its shareholders as a whole.

The Nomination Committee shall select or make recommendations to the Board on the selection of the most appropriate candidates for election or appointment, including the proposed terms and conditions of appointment.

The Guarantor has adopted a Board Diversity Policy setting out the approach to achieve a diverse Board. Taking into account factors including the size of the Board, its composition of executive and non-executive directors, and the Guarantor's principal activities and needs, election of candidates shall be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointments will be based on meritocracy, and candidates will be considered based on objective criteria, having due regard for the benefits of diversity on the Board.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2021, details of the interests and short positions of each of the Directors and the Chief Executive of the Guarantor in the shares, underlying shares and debentures of the Guarantor 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 Guarantor under Section 352 of the SFO, or otherwise notified to the Guarantor and the Hong Kong 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 Listing Rules were as follows:

(A) ***Long Positions***

(a) *Interests in shares of the Guarantor (long positions)*

Name of Director	Capacity in which interests are held	Number of shares held	Approximate percentage[4]
Cheung Chung Kiu	Interest of controlled corporation	2,724,239,906[1]	70.17
Lam How Mun Peter	Beneficial owner	486,753	0.01
Leung Chun Cheong	Beneficial owner	667,000	0.02

(b) *Interests in shares and debentures of the Guarantor's associated corporation (long positions)*

(i) Shares

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares held	Approximate percentage[4]
Cheung Chung Kiu.	The Cross-Harbour Holdings Limited	Interest of controlled corporation	255,753,585[2]	68.62

(ii) Debentures

Name of Director	Name of associated corporation	Capacity in which interests are held	Number of shares held	Amount of debentures in same class in issue
Cheung Chung Kiu.	Perfect Point Ventures Limited	Interest of controlled corporation	U.S.$18,000,000[3]	U.S.$250,000,000

(1) Such Shares were held directly by Fame Seeker Holdings Limited, which was wholly-owned by Windsor Dynasty Limited ("**Windsor Dynasty**"), which was in turn wholly-owned by Cheung Chung Kiu ("**Mr. Cheung**").

(2) Such Shares were held directly by Rose Dynamics Limited, which was wholly-owned by Windsor Dynasty.

(3) Such debentures were held directly by Gold Faith Investments Limited, which was wholly-owned by Konco Limited, which was in turn wholly-owned by The Cross-Harbour Holdings Limited.

(4) Approximate percentage refers to the aggregate interests of a Director in the shares of such company expressed as a percentage (rounded to two decimal places) of the issued share capital of such company as at 30 June 2021.

(B) ***Share Options***

On 21 May 2015, the Company adopted a share option scheme. No share options have been granted under the scheme since its adoption and up to 30 June 2021.

Interest and Short Positions of Shareholders

As at 30 June 2021, details of the interests and short positions of every person, other than Directors or the Chief Executive of the Guarantor, in the shares and underlying shares of the Guarantor as recorded in the register required to be kept by the Guarantor under Section 336 of the SFO were as follows:

Name	Capacity	Number of Ordinary Shares	Approximate percentage[(2)]
Windsor Dynasty	Interest of controlled corporation	2,724,239,906[(1)]	70.17

---

(1) Such Shares were held directly by Fame Seeker Holdings Limited, which was wholly-owned by Windsor Dynasty, which was in turn wholly-owned by Mr. Cheung.

(2) Approximate percentage refers to the aggregate interest which the shareholder held or had short positions in the shares of the Guarantor expressed as a percentage (rounded to two decimal places) of the issued share capital of the Guarantor as at 30 June 2021.

(3) All of the interests disclosed above represent long positions.

Directors' Interest in Competing Business

Mr. Cheung was (and still is up to the date of this Offering Circular) an executive director and substantial shareholder of Y. T. Realty (the shares of which are listed on the Main Board of the Hong Kong Stock Exchange). Y.T. Realty is an investment holding company and the principal activities of its subsidiaries include property investment and property trading. Mr. Cheung is a director and/or substantial shareholder in certain private companies, which together with their subsidiaries engaged directly or indirectly in property investment and property management services businesses. The Directors are aware of their fiduciary duties to the Guarantor and that they must, in the performance of their duties as directors, avoid actual and potential conflicts of interest and duty, and not to profit themselves to the detriment of the Guarantor. Further, there are provisions in the Bye-laws prohibiting a Director from voting, or being counted in the quorum, on any resolution of the Board approving any contract or arrangement or any other proposal in which the Director or any of his/her associate(s) is materially interested in except for certain permitted matters. The Board also has a sufficient number of independent non-executive directors to ensure that the interests of the general body of shareholders will be adequately represented. The Directors are therefore of the view that the Guarantor is capable of carrying on the Group's business independently of, and at arm's length from, such business in which any Director is regarded as being interested and which may compete with the business of the Group.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that neither the Issuer, the Guarantor nor any other persons involved in the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

Bermuda

Tax

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Guarantor or by its shareholders who are resident outside Bermuda. The Guarantor has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to the Guarantor or to any of its operations or to its shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by the Guarantor in respect of real property owned or leased by the Guarantor in Bermuda.

Stamp duty

As an exempted company, the Guarantor is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates essentially to real and personal property physically situated in Bermuda, including shares in local (as opposed to exempted) companies. None of the Guarantor, the shareholders and the Noteholders, as the case may be (other than persons ordinarily res ident in Bermuda), are subject to stamp duty or other similar duty in relation to the Notes (including the transfer thereof).

British Virgin Islands

As a company incorporated under the BVI Business Companies Act, the Issuer is exempt from all provisions of the Income Tax Act of the British Virgin Islands (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Issuer to persons who are not persons resident in the British Virgin Islands). Capital gains realised with respect to any shares, debt obligations or other securities of the Issuer by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer, save for interest payable to or for the benefit of an individual resident in the European Union. The Issuer is required to pay an annual government fee which is determined by reference to the amount of shares the Issuer is authorised to issue.

Hong Kong

The following summary of certain Hong Kong tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, decisions and practice now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisers concerning the application of Hong Kong tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap.112) of Hong Kong (the "**Inland Revenue Ordinance**"), as it is currently applied in the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside Hong Kong; or

(b) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong; or

(c) interest on the Notes is derived from Hong Kong and is received by or accrues to a person (other than a corporation) carrying on a trade, profession or business in Hong Kong and such interest is derived from Hong Kong and is in respect of the funds of the trade, profession or business; or

(d) in relation to a corporation, other than a financial institution, interest on the Notes arises through or from carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the Inland Revenue Ordinance), even if the moneys in respect of which the interest is received or accrues are made available outside Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and where the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired or disposed of. Sums received by or accrued to a corporation (other than a financial institution) by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (as defined in section 1 6(3) of the Inland Revenue Ordinance) from the sale, disposal or redemption of the Notes will be subject to profits tax.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Note.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch (UBS AG is incorporated in Switzerland with limited liability), Haitong International Securities Company Limited, Credit Suisse (Hong Kong) Limited, The Bank of East Asia, Limited and China CITIC Bank International Limited (the "**Joint Lead Managers**") dated 14 September 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to issue, the Guarantor has agreed to guarantee and each of the Joint Lead Managers has agreed with the Issuer and the Guarantor to subscribe for the principal amount of the Notes set forth opposite its name below:

Joint Lead Manager	**Principal amount of Notes to be subscribed**
The Hongkong and Shanghai Banking Corporation Limited	U.S.$60,000,000
UBS AG Hong Kong Branch	U.S.$60,000,000
Haitong International Securities Company Limited	U.S.$60,000,000
Credit Suisse (Hong Kong) Limited	U.S.$60,000,000
The Bank of East Asia, Limited	U.S.$30,000,000
China CITIC Bank International Limited	U.S.$30,000,000
Total	**U.S.$300,000,000**

The Joint Lead Managers are offering the Notes in accordance with the terms of the Subscription Agreement and subject to certain conditions contained in the Subscription Agreement, including, *inter alia*, the receipt by the Joint Lead Managers of documentation related to the issuance and sale of the Notes and legal opinions. The Subscription Agreement may be terminated by the Joint Lead Managers in certain circumstances at any time up to the time when the proceeds of the offering have been received and the Notes are issued. The Subscription Agreement provides that the Issuer and the Guarantor will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The Issuer or, as the case may be, the Guarantor will pay the Joint Lead Managers' customary fees and commissions in connection with the offering and will reimburse the Joint Lead Managers for certain fees and expenses incurred in connection with the offering. In addition, the Issuer has agreed to pay to certain private banks a commission based on the principal amount of the Notes purchased by private bank clients.

The Joint Lead Managers proposes initially to offer the Notes at the Issue Price set forth on the cover page of this Offering Circular and for resale in transactions not requiring registration under the Securities Act pursuant to Regulations S.

The Chairman of the Guarantor is expected to subscribe for a substantial proportion of the aggregate principal amount of the Notes.

Price Stabilisation and Short Positions

In connection with the offering, the Joint Lead Managers or any person acting on their respective behalf may, to the extent permitted by applicable laws and directives, engage in transactions that stabilise or otherwise affect the market price of the Notes. These transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Notes. If the Joint Lead Managers or their respective agents create a short position in the Notes in connection with the offering (i.e. if the Joint Lead Managers or their respective agents sell more Notes than are set forth on the cover page of this Offering Circular), the Joint Lead Managers or their respective agents may reduce that short position by purchasing Notes in the open market. In general, purchases of a Note for the purpose of stabilisation or to reduce a short position could cause the price of the Notes to be higher than it might be in the absence of such purchases. However, stabilisation may not necessarily occur.

Neither the Issuer, the Guarantor nor the Joint Lead Managers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Issuer, the Guarantor nor the Joint Lead Managers make any representation that the Joint Lead Managers or their respective agents will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Other Relationships

The Joint Lead Managers or their respective affiliates may purchase the Notes for its or their own account and enter into transactions, including, without limitation, credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer, the Guarantor and their respective subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchaser of the Notes). The Joint Lead Managers and/or their respective affiliate(s) may also place orders for and purchase, be allocated and trade Notes for asset management and/or proprietary purposes, acting as investor for their own accounts and not with a view to distribution and such orders, allocations or trading of the Notes may be material. Such persons may in that capacity retain, purchase or sell for their own accounts such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor or related investments and, therefore, they may offer or sell the Notes or other securities or investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates as investors for their own account. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. If such transactions occur, the trading price and liquidity of the Notes may be impacted. Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained. The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Notes amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

The Joint Lead Managers and its affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associates from time to time. They have received, and may in the future receive, customary fees and commissions for these transactions. In addition to the transactions noted above, the Joint Lead Managers and its affiliates may, from time to time, engage in other transactions with, and perform services for, the Issuer, the Guarantor or their respective subsidiaries, jointly controlled entities or associates in the ordinary course of their business. In addition, the Joint Lead Managers and certain of their subsidiaries and affiliates may hold shares or other securities in the Issuer or the Guarantor as beneficial owners, on behalf of clients or in the capacity of investment advisers.

United States

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. The Joint Lead Managers have represented and agreed that it has not offered or sold, and will not offer or s ell, any Notes constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act or pursuant to another exemption from the registration requirements of the Securities Act.

The Joint Lead Managers have represented and agreed that their respective affiliates or any person acting on their behalf have not engaged and will not engage in any directed selling efforts with respect to the Notes.

Terms used in the paragraphs above have the meanings given to them by Regulation S under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000, as amended (the "**FSMA**") to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of English law by virtue of the EUWA; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each Joint Lead Manager has further represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) (the "**SFO**") of Hong Kong and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

PRC

Each Joint Lead Manager has represented and agreed that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC (excluding Hong Kong, Macau and Taiwan) as part of the initial distribution of the Notes.

Singapore

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, Each Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold Notes and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other relevant laws and regulations of Japan.

Bermuda

Each Joint Lead Manager has acknowledged that: (i) this Offering Circular, the Notes and any other document relating to the Notes are not subject to, and have not received approval from either the Bermuda Monetary Authority or the Registrar of Companies in Bermuda and no statement to the contrary, explicit or implicit, is authorised to be made in this regard; (ii) for the purposes of the Companies Act 1981 of Bermuda (as amended), the Notes being offered hereby are being offered on a private basis to investors who satisfy the criteria outlined in any of the documents relating to the Notes; (iii) the Notes may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 of Bermuda (as amended); (iv) non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorised to do so under applicable Bermuda legislation; and (v) engaging in the activity of offering or marketing the securities being offered in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

British Virgin Islands

This Offering Circular does not constitute and shall not be construed as an offer or solicitation to the public in the British Virgin Islands to subscribe for the Notes. The Notes shall not be acquired for the account or benefit of any person who is a resident of, or who is domiciled in, the British Virgin Islands, other than a Business Company incorporated pursuant to the BVI Business Companies Act in the British Virgin Islands that is not resident in the British Virgin Islands, nor to a custodian, nominee or trustee of any such person. Each Joint Lead Manager has represented, warranted and agreed that it has not and will not make any invitation to the public or any member of the public in the British Virgin Islands to purchase the Notes and the Notes may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Notes is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Notes, or possession or distribution of the Offering Circular, any amendment or supplement thereto issued in connection with the proposed res ale of the Notes or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither the Offering Circular nor any other offering material or advertisements in connection with the Notes may be distributed or published, by the Issuer, the Guarantor or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor or the Joint Lead Managers. If a jurisdiction requires that an offering of Notes be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that juris diction, such offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer or the Guarantor in such jurisdiction.

GENERAL INFORMATION

1. **Clearing Systems:** The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The securities codes for the Notes are as follows:

   ISIN: XS2380365424

   Common Code: 238036542

2. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 254900E8TYNVH14GNB75.

3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in the British Virgin Islands in connection with the issue and performance of the Notes. The Guarantor has obtained all necessary consents, approvals and authorisations in Bermuda in connection with the Guarantee of the Notes. The issue of the Notes was authorised by a resolution of the board of directors of the Issuer dated 6 September 2021 and the giving of the Guarantee of the Notes was authorised by a resolution of the board of directors of the Guarantor passed on 6 September 2021.

4. **Listing of the Notes:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 21 September 2021.

5. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospects of the Issuer, the Guarantor or the other members of the Group since 31 December 2020.

6. **Litigation:** As at 31 December 2020, neither the Issuer, the Guarantor nor any other member of the Group is involved in any governmental, legal or arbitration proceedings which is material in the context of the issue of the Notes, nor is the Issuer, the Guarantor or any other member of the Group aware that any such proceedings are pending or threatened.

7. **Available Documents:** Copies of the annual reports of the Guarantor for the years ended 31 December 2019 and 2020, the latest annual report and the most recently published consolidated financial statements of the Guarantor may be obtained free of charge, and copies of the Agency Agreement (which includes the form of the Global Note Certificate), the Deed of Covenant and the Deed of Guarantee, will be available for inspection at the specified office of the Guarantor at 25/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong during normal business hours, so long as any of the Notes are outstanding.

8. **Auditor:** The consolidated financial statements of the Guarantor for each of the years ended 31 December 2018, 2019 and 2020 have been audited by Ernst & Young, Certified Public Accountants.

9. **Issuer's Financial Statements:** Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any of its financial statements. The Issuer is, however, required to keep proper books of account as are sufficient to show and to explain its transactions and which will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

INDEX TO FINANCIAL STATEMENTS

The following are extracted from: (i) the audited consolidated financial statements of the Guarantor and its subsidiaries for the years ended 31 December 2018, 2019 and 2020 together with their respective independent auditor's reports as they appear in the 2019 and 2020 annual reports of the Group, respectively, as the case may be; and (ii) the unaudited interim condensed consolidated financial information of the Guarantor and its subsidiaries for the six months ended 30 June 2020 and 2021 as they appear in the 2021 interim report of the Group.

References to page numbers in the audited consolidated financial statements and the unaudited interim condensed consolidated financial information refer to the original page numbers in the 2019 and 2020 annual reports and, as the case may be, the 2021 interim report of the Group, and cross-references to page numbers included in each applicable independent auditor's report are to such original page numbering.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR FOR THE SIX MONTHS ENDED 30 JUNE 2021

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR FOR THE YEAR ENDED 31 DECEMBER 2019

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

	Notes	Six months ended 30 June 2021 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)
REVENUE			
Interest income	4	**75,798**	40,802
Revenue from other sources	4	**267,686**	236,638
Total revenue		**343,484**	277,440
Cost of services provided		**(10,418)**	(1,331)
Gross profit		**333,066**	276,109
Other income and gains, net	4	**275,943**	132,028
Administrative expenses		**(152,967)**	(131,679)
Reversal of impairment losses/(impairment losses) on financial assets, net	5	**(56,250)**	6,743
Other expenses		**(42,507)**	(82,649)
Finance costs		**(202,048)**	(180,453)
Share of profits and losses of:			
Joint ventures		**88,770**	(19,988)
Associates		**(3,180)**	9,014
PROFIT BEFORE TAX	5	**240,827**	9,125
Income tax expense	6	**(10,251)**	(10,992)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**230,576**	(1,867)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		**HK5.94 cents**	(HK0.05 cents)

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Six months ended 30 June 2021 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	**230,576**	(1,867)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(46,313)**	(12,678)
Reclassification adjustment for gains included in the consolidated statement of profit or loss – Reversal of impairment losses	**(7,904)**	–
	(54,217)	(12,678)
Exchange differences:		
Translation of foreign operations	**241,257**	(697,334)
Share of other comprehensive loss of joint ventures	**(6,680)**	(1,458)
Share of other comprehensive income of associates	**2,429**	1,628
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**182,789**	(709,842)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments at fair value through other comprehensive income:		
Changes in fair value	**(108,700)**	218,235
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(108,700)**	218,235
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**74,089**	(491,607)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	**304,665**	(493,474)

Consolidated Statement of Financial Position

30 June 2021

	Notes	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment	9	**218,873**	249,204
Investment properties		**15,541,376**	15,327,772
Golf club membership		**10,540**	10,540
Investments in joint ventures		**6,651,467**	4,700,270
Investments in associates		**503,604**	517,938
Financial assets at fair value through other comprehensive income		**2,704,175**	2,842,090
Financial assets at fair value through profit or loss		**1,798,689**	1,850,497
Prepayments, deposits and other receivables		**293,935**	5,567
Deferred tax assets		**10,898**	986
Total non-current assets		**27,733,557**	25,504,864
CURRENT ASSETS			
Trade receivables	10	**9,121**	13,557
Loans and interest receivables	11	**168,172**	309,169
Prepayments, deposits and other receivables		**1,536,899**	1,230,374
Financial assets at fair value through other comprehensive income		**–**	955,430
Financial assets at fair value through profit or loss		**521,837**	375,023
Derivative financial instruments		**522**	–
Prepaid income tax		**2,965**	2,558
Pledged deposits		**680,859**	26,427
Restricted bank balances		**202,746**	194,475
Cash and cash equivalents		**4,856,972**	5,528,650
Total current assets		**7,980,093**	8,635,663
CURRENT LIABILITIES			
Other payables and accruals		**339,523**	475,018
Derivative financial instruments		**35,320**	–
Interest-bearing bank and other borrowings	12	**8,867,538**	535,668
Notes payable	13	**1,931,882**	–
Tax payable		**722,767**	761,246
Total current liabilities		**11,897,030**	1,771,932
NET CURRENT ASSETS/(LIABILITIES)		**(3,916,937)**	6,863,731
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,816,620**	32,368,595
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	**3,157,699**	9,936,900
Notes payable	13	**–**	1,928,892
Other payables		**4,280**	10,552
Derivative financial instruments		**13,004**	77,632
Deferred tax liabilities		**346**	346
Total non-current liabilities		**3,175,329**	11,954,322
Net assets		**20,641,291**	20,414,273
EQUITY			
Issued capital	14	**388,233**	388,233
Reserves		**20,253,058**	20,026,040
Total equity		**20,641,291**	20,414,273

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity owners of the Company							
	Issued capital HK$'000 (Unaudited)	Share premium account HK$'000 (Unaudited)	Exchange fluctuation reserve HK$'000 (Unaudited)	Cash flow hedge reserve HK$'000 (Unaudited)	Fair value reserve (recycling) HK$'000 (Unaudited)	Fair value reserve (non-recycling) HK$'000 (Unaudited)	Retained profits HK$'000 (Unaudited)	Total equity HK$'000 (Unaudited)
At 1 January 2021	**388,233**	**11,977,078***	**607,342***	**(13,540)***	**(171)***	**2,343,961***	**5,111,370***	**20,414,273**
Profit for the period	–	–	–	–	–	–	**230,576**	**230,576**
Other comprehensive income/(loss) for the period:								
Debt investments at fair value through other comprehensive income:								
Changes in fair value	–	–	–	–	**(46,313)**	–	–	**(46,313)**
Reclassification adjustment for gains included in the consolidated statement of profit or loss – Reversal of impairment losses	–	–	–	–	**(7,904)**	–	–	**(7,904)**
Equity investments at fair value through other comprehensive income:								
Changes in fair value	–	–	–	–	–	**(108,700)**	–	**(108,700)**
Share of other comprehensive loss of joint ventures	–	–	**(6,680)**	–	–	–	–	**(6,680)**
Share of other comprehensive income/(loss) of associates	–	–	**(241)**	**2,670**	–	–	–	**2,429**
Exchange differences:								
Translation of foreign operations	–	–	**241,257**	–	–	–	–	**241,257**
Total comprehensive income/(loss) for the period	–	–	**234,336**	**2,670**	**(54,217)**	**(108,700)**	**230,576**	**304,665**
Final 2020 dividend approved	–	–	–	–	–	–	**(77,647)**	**(77,647)**
At 30 June 2021	**388,233**	**11,977,078***	**841,678***	**(10,870)***	**(54,388)***	**2,235,261***	**5,264,299***	**20,641,291**

* These reserve accounts comprise the consolidated reserves of HK$20,253,058,000 (31 December 2020: HK$20,026,040,000) in the consolidated statement of financial position.

	Attributable to equity owners of the Company							
	Issued capital HK$'000 (Unaudited)	Share premium account HK$'000 (Unaudited)	Exchange fluctuation reserve HK$'000 (Unaudited)	Fair value reserve (recycling) HK$'000 (Unaudited)	Fair value reserve (non-recycling) HK$'000 (Unaudited)	Share option reserve HK$'000 (Unaudited)	Retained profits HK$'000 (Unaudited)	Total equity HK$'000 (Unaudited)
At 1 January 2020	388,233	11,977,078	83,046	(11,295)	468,477	138,819	4,462,030	17,506,388
Loss for the period	–	–	–	–	–	–	(1,867)	(1,867)
Other comprehensive income/(loss) for the period:								
Financial assets at fair value through other comprehensive income:								
Changes in fair value	–	–	–	(12,678)	218,235	–	–	205,557
Share of other comprehensive loss of joint ventures	–	–	(1,458)	–	–	–	–	(1,458)
Share of other comprehensive income of associates	–	–	1,628	–	–	–	–	1,628
Exchange differences:								
Translation of foreign operations	–	–	(697,334)	–	–	–	–	(697,334)
Total comprehensive income/(loss) for the period	–	–	(697,164)	(12,678)	218,235	–	(1,867)	(493,474)
Final 2019 dividend approved	–	–	–	–	–	–	(77,647)	(77,647)
At 30 June 2020	388,233	11,977,078	(614,118)	(23,973)	686,712	138,819	4,382,516	16,935,267

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Note	Six months ended 30 June 2021 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		**260,580**	1,025,792
Interest received		**78,809**	44,805
Dividend received		**787**	497
Tax paid, net		**(60,390)**	(43,931)
Interest paid		**(177,410)**	(168,008)
Net cash flows from operating activities		**102,376**	859,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of debt investments at fair value through other comprehensive income		**968,750**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**64,690**	–
Purchases of financial assets at fair value through profit or loss		**–**	(663,250)
Decrease/(increase) in pledged deposits		**(656,217)**	965,000
Return of capital from joint ventures		**37,300**	31,724
Decrease in amount due from a joint venture		**237,359**	–
Investment in joint ventures		**(1,832,317)**	(738,444)
Return of capital from associates		**61,756**	89,529
Investment in associates		**(47,820)**	(30,527)
Increase in amount due from associates		**(919,732)**	(572,856)
Interest received from bank deposits		**5,226**	34,224
Other cash flows used in investing activities		**(185)**	(3,825)
Net cash flows used in investing activities		**(2,081,190)**	(888,425)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments		**(8,053)**	(7,791)
Dividends paid	7	**(77,647)**	(77,647)
New bank and other borrowings		**1,830,844**	4,058,086
Repayment of bank and other borrowings		**(444,359)**	(2,792,319)
Net cash flows from financing activities		**1,300,785**	1,180,329
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(678,029)**	1,151,059
Cash and cash equivalents at beginning of period		**5,528,650**	6,039,851
Effect of foreign exchange rate changes, net		**6,351**	(23,856)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**4,856,972**	7,167,054
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**4,805,599**	7,014,002
Non-pledged time deposits with original maturity of less than three months when acquired		**51,373**	153,052
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		**4,856,972**	7,167,054

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 information.

The unaudited interim condensed consolidated financial information of the Group has 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 information does 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 2020.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those adopted in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, 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 information.

In preparing the unaudited interim condensed consolidated financial information, the directors of the Company have given due consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$3,916,937,000 and capital commitment of HK$1,338,157,000 as at 30 June 2021, which included the following:

(a) The net current liability position was caused by reclassification of certain non-current liabilities to current portion due to the maturity dates of respective loans and the directors of the Company believe that the Group is able to refinance these current liabilities, which mainly arose from a mortgage loan pledged by the Group's investment property, by taking into account the investment property's fair value;

(b) The Group's non-current portion of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income in the aggregate amount of HK$4,502,864,000 are of highly liquid investments and could be realised within a short period of time to meet its liabilities when they fall due; and

(c) The Group has several sources of finance available to fund its operations and has unutilised banking facilities of HK$720,000,000 as at 30 June 2021. The directors of the Company believe that the revolving bank loan of HK$300,000,000 as at 30 June 2021 will continue to be made available to the Group and will not be withdrawn unexpectedly within the next twelve months from the end of the reporting period.

Accordingly, the unaudited interim condensed consolidated financial information has been prepared on a going concern basis.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

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

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

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

(a) *(continued)*
The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate ("HIBOR") and the London Interbank Offered Rate ("LIBOR") as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment on 1 January 2021 and the amendment did not have any impact on the Group's unaudited interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

Property development and investment segment	–	Development and investment of properties
Treasury investment segment	–	Investments in securities and notes 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 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**	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Segment revenue						
Revenue from external customers	**266,899**	236,141	**76,585**	41,299	**343,484**	277,440
Segment results	**246,163**	113,365	**225,227**	104,472	**471,390**	217,837
Corporate and unallocated expenses					**(28,515)**	(28,259)
Finance costs					**(202,048)**	(180,453)
Profit before tax					**240,827**	9,125

4. REVENUE, OTHER INCOME AND GAINS, NET

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

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue		
Interest income		
Interest income from debt investments	**63,822**	19,086
Interest income from loans receivable	**11,976**	21,716
	75,798	40,802
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**–**	539
Other lease payments, including fixed payments	**266,899**	235,602
	266,899	236,141
Dividend income from listed equity investments	**787**	497
	267,686	236,638
	343,484	277,440
Other income and gains, net		
Bank interest income	**5,226**	34,224
Interest income from amounts due from associates	**59,460**	–
Fair value gains on investment properties	**–**	13,751
Fair value gains on financial assets at fair value through profit or loss, net	**129,642**	84,025
Gain on disposal of financial assets at fair value through profit or loss, net	**31,507**	–
Fair value gains on derivative financial instruments – transaction not qualifying as hedges	**30,980**	–
Foreign exchange gains, net	**12,448**	–
Gain on disposal of an investment in a joint venture	**6,184**	–
Others	**496**	28
	275,943	132,028

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Depreciation of owned assets	**19,872**	18,294
Depreciation of right-of-use assets	**10,796**	10,531
	30,668	28,825
Fair value losses/(gains) on investment properties, net	**42,507***	(13,751)
Fair value losses/(gains) on derivative financial instruments – transaction not qualifying as hedges	**(30,980)**	71,011*
Foreign exchange differences, net	**(12,448)**	11,638*
Impairment losses/(reversal of impairment losses) on financial assets, net		
Reversal of impairment losses on debt investments at fair value through other comprehensive income	**(7,904)**	–
Reversal of impairment losses on loans and interest receivables, net	**(6,887)**	(5,008)
Impairment losses/(reversal of impairment losses) on financial assets included in prepayments, deposits and other receivables, net	**71,041**	(1,735)
	56,250	(6,743)
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**71,345**	65,216
Pension scheme contributions	**3,798**	3,467
	75,143	68,683

* These expenses are included in "Other expenses" in the consolidated statement of profit or loss.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the periods ended 30 June 2021 and 30 June 2020, 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 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%). Corporation tax in the United Kingdom ("UK") has been provided at a rate of 19% (2020: 19%) according to the requirements set forth in the relevant UK tax laws and regulations. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Current charge for the period		
Hong Kong	**5,512**	3,788
UK	**7,351**	6,378
Elsewhere	**6,945**	–
Underprovision in prior periods	**355**	–
Deferred tax	**(9,912)**	826
Total tax charge for the period	**10,251**	10,992

7. DIVIDENDS

During the six months ended 30 June 2021, 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 2020 which was paid on 4 June 2021.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

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

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

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

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2021 as the Group had no potentially dilutive ordinary shares in issue during the period.

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

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

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	**230,576**	(1,867)

	Number of shares	
	Six months ended 30 June	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation	**3,882,334,668**	3,882,334,668

9. ADDITIONS TO PROPERTY AND EQUIPMENT

During the six months ended 30 June 2021, the Group incurred HK$185,000 (six months ended 30 June 2020: HK$9,002,000) on the additions of items of property and equipment.

10. TRADE RECEIVABLES

	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Trade receivables	**9,121**	13,557

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 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Within 1 month	**–**	5,092
1 to 3 months	**3,314**	1,084
3 to 6 months	**2,602**	3,561
Over 6 months	**3,205**	3,820
	9,121	13,557

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

11. LOANS AND INTEREST RECEIVABLES

	Notes	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Loans receivable – unsecured	(i)	**168,054**	310,815
Interest receivable		**1,314**	6,455
		169,368	317,270
Less: Impairment allowance	(ii)	**(1,196)**	(8,101)
		168,172	309,169

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.

11. LOANS AND INTEREST RECEIVABLES *(continued)*

Notes:

(i) The loans receivable was stated at amortised cost with fixed interest rate. The credit terms of the loans receivable range from 1 month to 1 year (31 December 2020: 3 months to 1 year).

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

	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
At the beginning of the period/year	**8,101**	14,012
Impairment losses/(reversal of impairment losses), net		
Loans repaid/derecognised	**(6,887)**	(14,012)
New loans granted	**–**	8,101
	(6,887)	(5,911)
Exchange realignment	**(18)**	–
At the end of the period/year	**1,196**	8,101

As at 30 June 2021, loans and interest receivables of HK$169,368,000 (31 December 2020: HK$317,270,000), before impairment allowance, were within its credit period and all these balances were categorised within Stage 1 for the measurement of expected credit losses.

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 2021, the probability of default applied ranged from 1.98% to 5.29% (31 December 2020: 1.98% to 5.29%) and the loss given default was estimated to be approximately 62% (31 December 2020: 62%).

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021 (Unaudited)			31 December 2020 (Audited)		
	Contractual interest rate	Maturity	HK$'000	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans – secured	HIBOR+(1% to 1.5%) & LIBOR+0.5%	On demand	963,040	N/A	N/A	–
	LIBOR+1.5%	2022	6,679,581	N/A	N/A	–
Long term bank loans repayable on demand – secured	N/A	N/A	–	HIBOR+1%	On demand	22,750
Current portion of long term bank loans						
– secured	LIBOR+1.35%	2021 to 2022	71,485	LIBOR+1.35%	2021	70,126
– unsecured	HIBOR+1.85%	2021 to 2022	444,629	HIBOR+1.85%	2021	442,792
Other loans – unsecured	3.85%	2021 to 2022	708,803	N/A	N/A	–
			8,867,538			535,668
Non-current						
Bank loans						
– secured	LIBOR+1.35%	2022	1,551,415	LIBOR+(1.35% to 1.5%)	2022	8,107,773
– unsecured	HIBOR+1.85%	2022	1,606,284	HIBOR+1.85%	2022	1,829,127
			3,157,699			9,936,900
			12,025,237			10,472,568
Analysed into:						
Bank borrowings repayable:						
On demand (Note a)			963,040			22,750
Within one year			7,195,695			512,918
In the second year			3,157,699			9,936,900
			11,316,434			10,472,568
Other borrowings repayable:						
Within one year			708,803			–
			12,025,237			10,472,568

12. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) As at 31 December 2020, the Group's term loan containing a repayment on demand clause amounting to HK$22,750,000 has 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 and other borrowings based on the scheduled repayment dates set out in the loan agreements is as follows:

	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Bank borrowings repayable:		
Within one year	**8,158,735**	525,168
In the second year	**3,157,699**	9,947,400
	11,316,434	10,472,568
Other borrowings repayable:		
Within one year	**708,803**	–
	12,025,237	10,472,568

(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 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Property and equipment	**74,131**	75,175
Investment properties	**15,541,376**	15,327,772
Pledged deposits	**653,940**	–

(c) As at 30 June 2021, except for the other borrowings of HK$708,803,000 (31 December 2020: Nil) which bear interest at fixed rates, all bank borrowings bear interest at floating interest rates.

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

	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
HK$	**2,368,414**	2,294,669
GBP	**8,948,020**	8,177,899
RMB	**708,803**	–
	12,025,237	10,472,568

(e) The Group's bank borrowings of HK$8,602,481,000 (31 December 2020: HK$8,177,899,000) are secured by pledges over the equity interests of certain subsidiaries of the Group.

13. NOTES PAYABLE

	Principal at original currency	Contractual interest rate (%) per annum	Maturity	**30 June 2021 HK$'000 (Unaudited)**	31 December 2020 HK$'000 (Audited)
2019 Notes	USD250,000,000	6.35	2022	**1,931,882**	1,928,892

In June 2019, the Group issued guaranteed notes with an aggregate principal amounts of US$250,000,000 (equivalent to HK$1,937,500,000) at a coupon rate of 6.35% per annum, 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 are guaranteed by the Company and 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 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 2021, the fair value for the 2019 Notes amounted to HK$1,959,529,000 (31 December 2020: HK$1,944,281,000), which is based on market price from a financial institution at the reporting date.

14. SHARE CAPITAL

	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Authorised:		
20,000,000,000 ordinary shares of HK$0.10 each	**2,000,000**	2,000,000
Issued and fully paid:		
3,882,334,668 ordinary shares of HK$0.10 each	**388,233**	388,233

15. COMMITMENTS

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

	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Contracted, but not provided for:		
Capital contributions payable to joint ventures	**823,598**	2,043,291
Capital contributions payable to associates	**514,559**	3,975
Property and equipment	–	5,952
	1,338,157	2,053,218

15. COMMITMENTS *(continued)*

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 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Contracted, but not provided for	**3,076,511**	3,460,755

16. FINANCIAL GUARANTEES

(a) As at 30 June 2021, the Group has given a guarantee to a vendor in connection with the acquisition of a freehold land held by a joint venture amounted to HK$215,180,000 (31 December 2020: HK$211,250,000).

(b) As at 30 June 2021, the Group has given a guarantee to a bank in connection with a facility granted to a joint venture up to HK$826,259,000 (31 December 2020: HK$1,042,375,000), and the related banking facility was fully utilised as at 30 June 2021 and 31 December 2020.

(c) As at 30 June 2021, the Group has given guarantees to banks and an independent third party in connection with facilities granted to associates up to HK$1,492,438,000 (31 December 2020: HK$1,502,750,000), and the related facilities were fully utilised as at 30 June 2021 and 31 December 2020.

(d) As at 30 June 2021, the Group has given guarantees to certain financial institutions in connection with the Group's equity contribution commitment in a joint venture up to HK$135,398,000 (31 December 2020: HK$735,123,000), and the cost overrun guarantee in respect of the project developments costs of a joint venture up to HK$887,618,000 (31 December 2020: HK$871,406,000).

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.

17. 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 information.

18. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties before impairment allowances:

	30 June 2021 HK$'000 (Unaudited)	31 December 2020 HK$'000 (Audited)
Due from associates	**1,882,082**	954,648
Due from a joint venture	**–**	236,416
Due to joint ventures	**133,443**	157,833

18. RELATED PARTY TRANSACTIONS *(continued)*

(b) As at 30 June 2021, 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; (iii) independent third parties in connection with loan facilities granted to an associate; (iv) certain financial institutions in connection with the Group's equity contribution commitment in a joint venture and cost overrun guarantee in respect of the project development costs of a joint venture, and the Group has placed a pledged deposit amounting to HK$26,919,000 in a bank in connection with a banking facility granted to a joint venture. Further details of these guarantees are given in note 16 to the condensed consolidated financial information.

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

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**18,823**	18,681
Post-employment benefits	**645**	639
Total compensation paid to key management personnel	**19,468**	19,320

19. FAIR VALUE MEASUREMENT

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, 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, notes payable and the current portion of interest-bearing bank and other 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 value of the non-current portion of interest-bearing bank borrowings 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 and other borrowings and financial liabilities included in other payables as at 30 June 2021 and 31 December 2020 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of interest-bearing bank borrowings and financial liabilities included in other payables approximate to their carrying amounts.

The fair values of listed equity investments and debt investments are based on quoted market prices. The fair values of unlisted fund investments 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.

19. FAIR VALUE MEASUREMENT *(continued)*

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 the forward currency contract 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 the forward currency contract and interest rate swaps are the same as their fair values.

As at 30 June 2021 and 31 December 2020, the mark-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.

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			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
As at 30 June 2021 (Unaudited)				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	**2,416,474**	**–**	**–**	**2,416,474**
Debt investments	**–**	**287,701**	**–**	**287,701**
Financial assets at fair value through profit or loss:				
Listed equity investments	**521,837**	**–**	**–**	**521,837**
Unlisted fund investments	**–**	**1,798,689**	**–**	**1,798,689**
Derivative financial instruments	**–**	**522**	**–**	**522**
	2,938,311	**2,086,912**	**–**	**5,025,223**
As at 31 December 2020 (Audited)				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	2,525,173	–	–	2,525,173
Debt investments	–	1,272,347	–	1,272,347
Financial assets at fair value through profit or loss:				
Listed equity investments	284,382	–	–	284,382
Unlisted fund investments	–	1,850,497	–	1,850,497
Convertible loans	–	–	90,641	90,641
	2,809,555	3,122,844	90,641	6,023,040

19. FAIR VALUE MEASUREMENT *(continued)*

Fair value hierarchy *(continued)*

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

Liabilities measured at fair value:

	Fair value measurement using significant observable inputs (Level 2) HK$'000
As at 30 June 2021 (Unaudited)	
Derivative financial instruments	**48,324**
As at 31 December 2020 (Audited)	
Derivative financial instruments	77,632

During the period, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2020: Nil).

The movements in fair value measurements within Level 3 during the period are as follows:

	2021 HK$'000 (Unaudited)	2020 HK$'000 (Unaudited)
Financial assets at fair value through profit or loss:		
At 1 January	**90,641**	77,419
Disposal	**(64,690)**	–
Total losses recognised in the statement of profit or loss included in other income and gains, net	**(25,951)**	(4,208)
At 30 June	**–**	73,211

20. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This unaudited interim condensed consolidated financial information was approved by the board of directors on 23 August 2021.

EY 安永

To the shareholders of C C Land Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of C C Land Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 39 to 121, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuations of investment properties	
As at 31 December 2020, the Group's investment properties amounted to HK$15,327,772,000 and were measured at fair value. The fair values of the investment properties were determined based on valuations performed by a professional external valuer. Significant estimation is required to determine the fair values of investment properties, which reflect market conditions at the end of the reporting period. Management engaged an external valuer to perform valuations on these investment properties at the end of the reporting period and in the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as the estimated rental value of the relevant properties and made assumptions about the equivalent yield. The accounting estimates and disclosures of valuations of investment properties are included in notes 3 and 15 to the consolidated financial statements, respectively.	Our audit procedures to assess the valuations of investment properties included the following: • obtaining and reviewing the valuation reports prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • involving our internal valuation specialists to assist us to assess the valuation methodologies applied and the key assumptions and estimates including the estimated rental value and equivalent yield adopted in the valuations; • comparing property-related data used as inputs for the valuations with underlying lease agreements and related documentation; and • assessing the adequacy of the disclosures of the valuations of the investment properties in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. CHUNG, Ho Ling.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

22 March 2021

Consolidated Statement of Profit or Loss

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
REVENUE:			
Interest income	5	**106,403**	89,116
Revenue from other sources	5	**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	5	**781,819**	502,842
Administrative expenses		**(343,230)**	(384,899)
Reversal of impairment losses on financial assets, net	8	**957**	13,978
Other expenses	6	**(116,175)**	(110,643)
Finance costs	7	**(374,096)**	(278,426)
Share of profits and losses of:			
Joint ventures		**71,547**	136,532
Associates		**15,995**	(32,913)
PROFIT BEFORE TAX	8	**622,201**	401,766
Income tax credit/(expense)	11	**(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	13		
Basic and diluted		**HK15.15 cents**	HK10.66 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
PROFIT FOR THE YEAR		**588,168**	414,023
OTHER COMPREHENSIVE INCOME			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
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	19	**4,156**	(59)
– gain on redemption		**(3,875)**	(1,163)
		11,124	10,776
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)
		500,654	184,799
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	34	**–**	19,660
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		**521,880**	261,084
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
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		**1,875,484**	(214,562)
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		**2,985,532**	460,545

Consolidated Statement of Financial Position

31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS			
Property and equipment	14	**249,204**	301,405
Investment properties	15	**15,327,772**	14,902,298
Golf club membership		**10,540**	10,540
Investments in joint ventures	17	**4,700,270**	2,589,186
Investments in associates	18	**517,938**	574,221
Financial assets at fair value through other comprehensive income	19	**2,842,090**	816,872
Financial assets at fair value through profit or loss	20	**1,850,497**	605,720
Prepayments, deposits and other receivables	23	**5,567**	8,052
Derivative financial instruments	27	**–**	3,247
Deferred tax assets	30	**986**	2,312
Total non-current assets		**25,504,864**	19,813,853
CURRENT ASSETS			
Trade receivables	21	**13,557**	9,449
Loans and interest receivables	22	**309,169**	899,140
Prepayments, deposits and other receivables	23	**1,230,374**	1,180,852
Financial assets at fair value through other comprehensive income	19	**955,430**	198,615
Financial assets at fair value through profit or loss	20	**375,023**	300,980
Prepaid income tax		**2,558**	4,107
Deposits with brokerage companies	24	**10,267**	10,394
Pledged deposits	25	**26,427**	965,000
Restricted bank balances	25	**194,475**	67,088
Cash and cash equivalents	25	**5,518,383**	6,029,457
Total current assets		**8,635,663**	9,665,082
CURRENT LIABILITIES			
Other payables and accruals	26	**475,018**	312,542
Interest-bearing bank borrowings	28	**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	28	**9,936,900**	7,894,382
Notes payable	29	**1,928,892**	1,922,845
Other payables	26	**10,552**	20,716
Derivative financial instruments	27	**77,632**	–
Deferred tax liabilities	30	**346**	328
Total non-current liabilities		**11,954,322**	9,838,271
Net assets		**20,414,273**	17,506,388
EQUITY			
Issued capital	31	**388,233**	388,233
Reserves	32	**20,026,040**	17,118,155
Total equity		**20,414,273**	17,506,388

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Notes	Attributable to ordinary equity holders of the Company							
		Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve** HK$'000	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2019		388,233	11,977,078	(167,262)	(22,071)	734,924	165,272	4,047,316	17,123,490
Profit for the year		–	–	–	–	–	–	414,023	414,023
Other comprehensive income/(loss) for the year:									
Debt investments at fair value through other comprehensive income:									
Changes in fair value		–	–	–	11,998	–	–	–	11,998
Reclassification adjustment for gains included in the consolidated statement of profit or loss									
– reversal of impairment losses, net		–	–	–	(59)	–	–	–	(59)
– gain on redemption		–	–	–	(1,163)	–	–	–	(1,163)
Equity investments at fair value through other comprehensive income:									
Changes in fair value		–	–	–	–	(214,562)	–	–	(214,562)
Share of other comprehensive income of joint ventures		–	–	47,453	–	–	–	–	47,453
Share of other comprehensive loss of associates		–	–	(1,604)	–	–	–	–	(1,604)
Release of other comprehensive income of an associate upon disposal of a subsidiary	34	–	–	19,660	–	–	–	–	19,660
Exchange differences:									
Translation of foreign operations		–	–	230,004	–	–	–	–	230,004
Hedges of net investments in foreign operations – effective portion of changes in fair value of hedging instruments during the year	42	–	–	(45,205)	–	–	–	–	(45,205)
Total comprehensive income/(loss) for the year		–	–	250,308	10,776	(214,562)	–	414,023	460,545
Final 2018 dividend approved		–	–	–	–	–	–	(77,647)	(77,647)
Lapse of share options	35	–	–	–	–	–	(26,453)	26,453	–
Reclassification adjustment for a gain on disposal of equity investments at fair value through other comprehensive income	19(i)	–	–	–	–	(51,885)	–	51,885	–
At 31 December 2019		388,233	11,977,078*	83,046*	(11,295)*	468,477*	138,819*	4,462,030*	17,506,388

	Note	Attributable to ordinary equity holders of the Company								
		Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve** HK$'000	Cash flow hedge reserve HK$'000	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2020		388,233	11,977,078	83,046	–	(11,295)	468,477	138,819	4,462,030	17,506,388
Profit for the year		–	–	–	–	–	–	–	588,168	588,168
Other comprehensive income/(loss) for the year:										
Debt investments at fair value through other comprehensive income:										
Changes in fair value		–	–	–	–	10,843	–	–	–	10,843
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss										
– impairment losses, net		–	–	–	–	4,156	–	–	–	4,156
– gain on redemption		–	–	–	–	(3,875)	–	–	–	(3,875)
Equity investments at fair value through other comprehensive income:										
Changes in fair value		–	–	–	–	–	1,875,484	–	–	1,875,484
Share of other comprehensive income of joint ventures		–	–	23,265	–	–	–	–	–	23,265
Share of other comprehensive loss of associates		–	–	377	(13,540)	–	–	–	–	(13,163)
Exchange differences:										
Translation of foreign operations		–	–	500,654	–	–	–	–	–	500,654
Total comprehensive income/(loss) for the year		–	–	524,296	(13,540)	11,124	1,875,484	–	588,168	2,985,532
Final 2019 dividend approved		–	–	–	–	–	–	–	(77,647)	(77,647)
Lapse of share options	35	–	–	–	–	–	–	(138,819)	138,819	–
At 31 December 2020		388,233	11,977,078*	607,342*	(13,540)*	(171)*	2,343,961*	–*	5,111,370*	20,414,273

* These reserve accounts comprise the consolidated reserves of HK$20,026,040,000 (2019: HK$17,118,155,000) in the consolidated statement of financial position.

** The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations.

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**622,201**	401,766
Adjustments for:			
Depreciation of owned assets	8	**36,437**	29,424
Depreciation of right-of-use assets	8	**21,307**	21,731
Reversal of impairment losses on financial assets, net	8	**(957)**	(13,978)
Finance costs	7	**374,096**	278,426
Share of profits and losses of joint ventures		**(71,547)**	(136,532)
Share of profits and losses of associates		**(15,995)**	32,913
Interest income from debt investments	5	**(74,239)**	(47,107)
Interest income from loans receivable	5	**(32,164)**	(42,009)
Interest income from an amount due from an associate	5	**(97,350)**	–
Dividend income from listed equity investments	5	**(1,422)**	(4,419)
Bank interest income	5	**(47,574)**	(89,895)
Fair value losses/(gains) on financial assets at fair value through profit or loss, net	5, 6	**(445,697)**	5,661
Fair value losses on derivative financial instruments – transactions not qualifying as hedges	6	**76,738**	68,306
Fair value losses on ineffectiveness of hedges of net investments in foreign operations	6	**–**	18,311
Fair value losses/(gains) on investment properties, net	15	**39,437**	(165,297)
Gains on disposal of financial assets at fair value through profit or loss, net	5	**–**	(105,565)
Gain on redemption of debt investments at fair value through other comprehensive income	5	**(3,875)**	(1,163)
Loss/(gain) on disposal of items of property and equipment	5, 6	**(48)**	37
Gain on disposal of subsidiaries	5	**–**	(140,290)
Lease incentives	15	**43,384**	64,300
		422,732	174,620
Increase in trade receivables		**(3,586)**	(3,536)
Decrease/(increase) in loans and interest receivables		**595,115**	(321,930)
Decrease/(increase) in prepayments, deposits and other receivables		**103,387**	(17,272)
Decrease/(increase) in financial assets at fair value through profit or loss		**(497)**	37,234
Decrease in deposits with brokerage companies		**127**	844
Decrease/(increase) in restricted bank balances		**(118,458)**	78,214
Increase/(decrease) in other payables and accruals		**62,921**	(130,467)
Cash generated from/(used in) operations		**1,061,741**	(182,293)
Interest received		**72,396**	103,537
Dividends received		**1,422**	4,419
Tax refunded/(paid), net		**(50,026)**	1,930
Interest paid		**(346,556)**	(245,458)
Net cash flows from/(used in) operating activities		**738,977**	(317,865)

	Notes	2020 HK$'000	2019 HK$'000
Net cash flows from/(used in) operating activities		**738,977**	(317,865)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries that are not a business	33	**–**	(73,785)
Proceeds from disposal of subsidiaries	34	**316,570**	330,864
Return of capital from joint ventures		**342,249**	226,804
Investments in joint ventures		**(1,842,820)**	(599,197)
Dividend received from a joint venture		**53,197**	195,918
Investments in associates		**(50,000)**	(118,036)
Increase in an amount due from an associate		**(586,458)**	–
Advance to a joint venture partner for the establishment of an associate		**–**	(310,064)
Distribution received from associates		**109,737**	90,172
Decrease in pledged deposits		**939,979**	362,500
Additions to an investment property	15	**(3,602)**	(315)
Purchases of items of property and equipment	14	**(1,147)**	(42,342)
Purchases of debt investments at fair value through other comprehensive income		**(1,066,594)**	–
Purchases of financial assets at fair value through profit or loss		**(873,985)**	(69,928)
Interest received from bank deposits		**47,574**	85,852
Proceeds from disposal of items of property and equipment		**2,290**	448
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**–**	67,334
Proceeds from redemption of debt investments at fair value through other comprehensive income		**195,688**	78,663
Proceeds from disposal of financial assets at fair value through profit or loss		**9,301**	928,272
Proceeds from the termination of forward currency contracts		**–**	11,780
Net cash flows from/(used in) investing activities		**(2,408,021)**	1,164,940
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of notes payable	29	**–**	1,919,392
Principal portion of lease payments		**(18,905)**	(18,745)
Dividends paid		**(77,647)**	(77,647)
New bank borrowings		**4,058,086**	2,518,767
Repayment of bank borrowings		**(2,833,080)**	(3,842,769)
Net cash flows from financing activities		**1,128,454**	498,998
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(540,590)**	1,346,073
Cash and cash equivalents at beginning of year		**6,029,457**	4,701,508
Effect of foreign exchange rate changes, net		**29,516**	(18,124)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**5,518,383**	6,029,457
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**5,467,048**	4,379,539
Non-pledged time deposits with original maturity of less than three months when acquired		**51,335**	1,649,918
Cash and cash equivalents as stated in the consolidated statement of cash flows		**5,518,383**	6,029,457

1. CORPORATE AND GROUP INFORMATION

C C Land Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of the principal place of business of the Company is 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

(i) property development and investment; and

(ii) treasury investment.

In the opinion of the directors of the Company, the immediate holding company of the Company is Fame Seeker Holdings Limited, which is incorporated in the British Virgin Islands ("BVI"), and the ultimate holding company of the Company is Windsor Dynasty Limited, which is incorporated in the BVI.

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2020 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
C C Land Finance Limited	Hong Kong	Ordinary HK$2	100	Treasury investment
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
C C Land Portfolio Inc.#	BVI	Ordinary US$1	100	Treasury investment
Captain Fantastic Limited#	BVI	Ordinary US$1	100	Investment holding
Classical Noble Limited#	BVI	Ordinary US$1	100	Investment holding
Ever Channel Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Everwin Global Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Fancy Style Investments Limited ("Fancy Style")#	BVI	Ordinary US$200	100	Vessel management
Fortune Point Holdings Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Fortune Sail International Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Global Palace Investments Limited	BVI/Hong Kong	Ordinary US$1,000	100	Property holding
Green Charm Investments Limited#/#####	BVI	Ordinary US$1	100	Investment holding
Honour Sky Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Treasury management
Jubilee Summer Limited#	BVI	Ordinary US$1	100	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2020 are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Marvel Leader Investments Limited ("Marvel Leader")#	BVI	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	BVI	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Mighty Gain Enterprises Limited ("Mighty Gain")#	BVI	Ordinary US$1	100	Investment holding
Novel Sky International Limited#	BVI	Ordinary US$1	100	Investment holding
Oceanic Front Limited ("Oceanic Front")#	BVI	Ordinary US$2	100	Vessel investment
Perfect Gain Enterprises Limited#	BVI	Ordinary US$1	100	Treasury investment
Perfect Point Ventures Limited#	BVI	Ordinary US$1	100	Treasury management
Profit Vast Investment Limited	Hong Kong	Ordinary HK$1	100	Treasury investment
Season Fit Limited#	BVI	Ordinary US$1	100	Investment holding
Smart Harmony Developments Limited#	BVI	Ordinary US$1	100	Investment holding
Sun Vessel Global Limited ("Sun Vessel")#	BVI	Ordinary US$200	100	Yacht investment
Universal Mission Limited#	BVI	Ordinary US$1	100	Investment holding
Win Mount Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Worthwell Investments Limited	BVI/ Hong Kong	Ordinary US$50,000	100	Treasury investment

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2020 are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Chengdu Hui Fan Yue Sheng Enterprise Management Consulting Co., Ltd*/### (成都滙帆悅昇企業管理有限公司)	The People's Republic of China ("PRC")/Mainland China	RMB10,000,000	100	Investment holding
Sichuan Zhong Yu Real Estate Company Limited*/## (四川中渝置地有限公司)	PRC/Mainland China	Registered US$15,000,000	100	Property development and investment
Tibet Huixing Yuejing Corporate Management Services Limited*/### (西藏滙星悅景企業管理服務有限公司)	PRC/Mainland China	Registered RMB20,000,000	100	Investment holding and management

These companies have no specific principal place of operations.

This company is registered as a wholly-foreign-owned enterprise under PRC law.

These companies are registered as limited liability companies under PRC law.

At 31 December 2020, the equity interests of these companies were pledged to certain banks to secure bank borrowings of HK$8,177,899,000 (2019: HK$7,962,101,000) granted to the Group (note 28).

* The English names of these companies are not official. They are direct translations from the Chinese names and are for identification purposes only.

Except for Marvel Leader and Mighty Gain, the equity interests of all principal subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

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 ("HKICPA"), 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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

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.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate ("HIBOR") and the London Interbank Offered Rate ("LIBOR") as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs *(continued)*

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

A party is considered to be related to the Group if: *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets

Buildings	2% or over the unexpired terms of the leases if less than 50 years
Leasehold improvements	20% or over the unexpired terms of the leases if less than 5 years
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20% to 25%
Vessel and yacht	20%

Right-of-use assets

Leasehold land	2% or over the unexpired terms of the leases if less than 50 years
Office properties	Over the lease terms

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment and depreciation *(continued)*

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Golf club membership

Golf club membership acquired is measured on initial recognition at cost and its useful life is assessed to be indefinite.

Golf club membership is tested for impairment annually and not amortised. It is considered as having an indefinite useful life as there is no time limit for which the Group can use the membership, and therefore it will not be amortised until its useful life is determined to be finite upon reassessment annually. Accordingly, its useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). 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. Right-of-use assets are depreciated on a straight-line basis as detailed in the *Property and equipment and depreciation* policy above.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee *(continued)*

(b) *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 exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. 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 its incremental borrowing rate at the lease commencement date because 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 the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in other payables and accruals.

(c) *Short-term leases and leases of low-value assets*
The Group applies the short-term lease recognition exemption to its short-term leases of office properties and staff quarters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee, other than legal title, are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Financial assets designated at fair value through other comprehensive income (equity investments) *(continued)*

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include financial liabilities included in other payables and accruals, financial guarantee contracts, notes payable and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments and hedge accounting *(continued)*

Initial recognition and subsequent measurement *(continued)*

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from other sources

(i) Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred;

(ii) Dividend income is recognised when the shareholders' right to receive payment has been established; and

(iii) Income from the sale of listed securities is recognised on the trade date.

Share-based payments

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 35 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or services conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Schedule.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the assets or liabilities in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of investment properties

The fair values of the Group's investment properties are determined by independent valuers on an open market, existing use basis. In making the judgement of the determination of the fair values, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period, such as the estimated rental value of the relevant properties and appropriate capitalisation rates. Relevant estimates are regularly compared to actual market data. More details are given in note 15 to the financial statements.

4. 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 5)			
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**

4. OPERATING SEGMENT INFORMATION *(continued)*

Reportable segment information *(continued)*

Year ended 31 December 2019

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue (note 5)			
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 investment 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

4. OPERATING SEGMENT INFORMATION *(continued)*

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
	20,805,724	18,380,524

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.

5. 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
Revenue		
Interest income		
Interest income from debt investments	**74,239**	47,107
Interest income from loans receivable	**32,164**	42,009
	106,403	89,116
Revenue from other sources		
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
	480,990	477,140
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
	482,412	475,520
	588,815	564,636
Other income and gains, net		
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 or loss, net	**445,697**	–
Exchange gains, net	**187,229**	–
Fair value gains on investment properties, net (note 15)	**–**	165,297
Gains on disposal of financial assets at fair value through profit or loss, net	**–**	105,565
Gain on disposal of subsidiaries (note 34)	**–**	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

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2020 HK$'000	2019 HK$'000
Fair value losses on investment properties, net (note 15)	**39,437**	–
Fair value losses on derivative financial instruments – transactions not qualifying as hedges	**76,738**	68,306
Fair value losses on financial assets at fair value through profit or loss, net	**–**	5,661
Fair value losses on ineffectiveness of hedges of net investments in foreign operations	**–**	18,311
Exchange losses, net	**–**	18,328
Loss on disposal of items of property and equipment	**–**	37
	116,175	110,643

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 HK$'000	2019 HK$'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

8. PROFIT BEFORE TAX

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

	Notes	2020 HK$'000	2019 HK$'000
Depreciation of owned assets	14	**36,437**	29,424
Depreciation of right-of-use assets	14	**21,307**	21,731
		57,744	51,155
Lease payments not included in the measurement of lease liabilities	16(c)	**1,391**	1,743
Auditor's remuneration		**5,500**	5,320
Employee benefit expense (including directors' remuneration (note 9)):			
Wages and salaries (note)		**202,773**	201,479
Pension scheme contributions		**6,443**	5,344
		209,216	206,823
Foreign exchange differences, net	5, 6	**(187,229)**	18,328
Reversal of impairment losses on financial assets, net			
Impairment losses/(reversal of impairment losses) on debt investments at fair value through other comprehensive income, net	19	**4,156**	(59)
Reversal of impairment losses on loans and interest receivables, net	22	**(5,911)**	(15,654)
Impairment losses on financial assets included in prepayments, deposits and other receivables, net	23	**798**	1,735
		(957)	(13,978)
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		**(477,559)**	(467,799)

Note: Wage subsidies of HK$3,579,000 granted from the Employment Support Scheme under the Anti-Epidemic Fund for the use of paying wages of employees from June to November 2020 had been received during the year ended 31 December 2020. The amount was recognised in "Administrative expenses" and had been offset with the employee benefit expense. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2020 HK$'000	2019 HK$'000
Fees	**2,145**	2,085
Other emoluments:		
Salaries, allowances and benefits in kind	**40,368**	39,066
Discretionary bonuses	**37,800**	36,800
Pension scheme contributions	**1,279**	1,235
	79,447	77,101
	81,592	79,186

During the year, the Group provided a leasehold property in Hong Kong as staff quarters for one of the executive directors of the Company. The estimated monetary value of such accommodation, included in the amount disclosed above, using the rateable value as an approximation, was HK$952,000 (2019: HK$1,002,000).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2019: Nil).

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2020 HK$'000	2019 HK$'000
Mr. Lam Kin Fung Jeffrey	**805**	785
Mr. Leung Yu Ming Steven	**670**	650
Dr. Wong Lung Tak Patrick	**670**	650
	2,145	2,085

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

9. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2020					
Executive directors:					
Mr. Cheung Chung Kiu	**–**	**12,090**	**13,500**	**18**	**25,608**
Dr. Lam How Mun Peter	**–**	**11,326**	**8,000**	**479**	**19,805**
Mr. Leung Chun Cheong	**–**	**3,055**	**2,000**	**141**	**5,196**
Mr. Leung Wai Fai	**–**	**5,967**	**4,300**	**275**	**10,542**
Mr. Wong Chi Keung	**–**	**7,930**	**10,000**	**366**	**18,296**
	–	**40,368**	**37,800**	**1,279**	**79,447**
2019					
Executive directors:					
Mr. Cheung Chung Kiu	–	11,700	13,500	18	25,218
Dr. Lam How Mun Peter	–	11,077	8,000	465	19,542
Mr. Leung Chun Cheong	–	2,964	2,000	137	5,101
Mr. Leung Wai Fai	–	5,785	4,300	267	10,352
Mr. Wong Chi Keung	–	7,540	9,000	348	16,888
	–	39,066	36,800	1,235	77,101

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2019: four) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2019: one) non-director, highest paid employee are as follows:

	2020 HK$'000	2019 HK$'000
Salaries, allowances, and benefits in kind	**4,160**	3,900
Discretionary bonuses	**9,500**	9,000
Pension scheme contributions	**192**	180
	13,852	13,080

The number of non-director, highest paid employee whose remuneration fell within the following band is as follows:

	No. of individuals 2020	2019
HK$13,000,001 to HK$13,500,000	**–**	1
HK$13,500,001 to HK$14,000,000	**1**	–

11. 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 (note 30)	**1,344**	(16,370)
Total tax charge/(credit) for the year	**34,033**	(12,257)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates is as follows:

	2020 **HK$'000**	2019 HK$'000
Profit before tax	**622,201**	401,766
Tax at the statutory tax rates of different jurisdictions	**119,830**	83,450
Lower tax rate enacted by local authority	**(12,758)**	(13,713)
Adjustments in respect of current tax of previous periods	**(106)**	(55,125)
Profits and losses attributable to associates	**(2,639)**	5,431
Profits and losses attributable to joint ventures	**(11,805)**	(22,528)
Income not subject to tax	**(144,923)**	(113,224)
Expenses not deductible for tax	**75,779**	46,785
Effect of withholding tax at 10% on the disposal of the Group's PRC investments	**–**	19,065
Tax losses utilised from previous periods	**(5,951)**	–
Tax losses not recognised	**16,606**	37,602
Tax charge/(credit) at the Group's effective rate	**34,033**	(12,257)

For the year ended 31 December 2020, the weighted average applicable tax rate was 19.3% (2019: 20.8%). The change in the weighted average applicable tax rate was caused by changes in the profitability of the Group in the respective jurisdictions.

The share of tax attributable to associates amounting to HK$9,014,000 (2019: HK$1,421,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss. No share of tax was attributable to joint ventures for the year ended 31 December 2020 (2019: HK$24,183,000).

12. DIVIDENDS

	2020 HK$'000	2019 HK$'000
Proposed final – HK$0.02 (2019: HK$0.02) per ordinary share	**77,647**	77,647

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.

13. 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 amounts presented.

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

	2020 HK$'000	2019 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**588,168**	414,023

	Number of shares 2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**3,882,334,668**	3,882,334,668

14. PROPERTY AND EQUIPMENT

	Owned assets							
	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessel and yacht HK$'000	Total HK$'000	Right-of-use assets HK$'000 (note 16(a))	Total HK$'000
31 December 2020								
At 1 January 2020								
Cost	7,138	38,825	17,716	7,312	145,446	216,437	154,628	371,065
Accumulated depreciation	(1,168)	(5,579)	(4,626)	(5,743)	(21,817)	(38,933)	(30,727)	(69,660)
Net carrying amount	5,970	33,246	13,090	1,569	123,629	177,504	123,901	301,405
At 1 January 2020, net of accumulated depreciation	5,970	33,246	13,090	1,569	123,629	177,504	123,901	301,405
Additions	–	–	550	597	–	1,147	6,355	7,502
Disposals	–	(425)	(1,798)	(19)	–	(2,242)	–	(2,242)
Depreciation provided during the year	(167)	(4,846)	(1,464)	(871)	(29,089)	(36,437)	(21,307)	(57,744)
Exchange realignment	–	13	19	28	–	60	223	283
At 31 December 2020, net of accumulated depreciation	5,803	27,988	10,397	1,304	94,540	140,032	109,172	249,204
At 31 December 2020:								
Cost	7,138	38,423	16,155	7,726	145,446	214,888	161,860	376,748
Accumulated depreciation	(1,335)	(10,435)	(5,758)	(6,422)	(50,906)	(74,856)	(52,688)	(127,544)
Net carrying amount	5,803	27,988	10,397	1,304	94,540	140,032	109,172	249,204
31 December 2019								
At 1 January 2019:								
Cost	7,138	6,232	9,857	7,570	–	30,797	152,186	182,983
Accumulated depreciation	(1,000)	(992)	(3,298)	(5,892)	–	(11,182)	(8,874)	(20,056)
Net carrying amount	6,138	5,240	6,559	1,678	–	19,615	143,312	162,927
At 1 January 2019, net of accumulated depreciation	6,138	5,240	6,559	1,678	–	19,615	143,312	162,927
Additions	–	32,574	8,647	1,121	–	42,342	2,606	44,948
Acquisition of subsidiaries that are not a business (note 33)	–	–	–	–	145,446	145,446	–	145,446
Disposals	–	–	(479)	(6)	–	(485)	–	(485)
Depreciation provided during the year	(168)	(4,583)	(1,639)	(1,217)	(21,817)	(29,424)	(21,731)	(51,155)
Exchange realignment	–	15	2	(7)	–	10	(286)	(276)
At 31 December 2019, net of accumulated depreciation	5,970	33,246	13,090	1,569	123,629	177,504	123,901	301,405
At 31 December 2019:								
Cost	7,138	38,825	17,716	7,312	145,446	216,437	154,628	371,065
Accumulated depreciation	(1,168)	(5,579)	(4,626)	(5,743)	(21,817)	(38,933)	(30,727)	(69,660)
Net carrying amount	5,970	33,246	13,090	1,569	123,629	177,504	123,901	301,405

At 31 December 2020, one of the Group's buildings with a carrying amount of HK$4,354,000 (2019: HK$4,476,000) and its leasehold land, which is included in right-of-use assets, with a carrying amount of HK$70,821,000 (2019: HK$72,788,000) were pledged to secure general banking facilities granted to the Group (note 28).

15. INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
Carrying amount at 1 January	**14,902,298**	14,394,511
Additions	**3,602**	315
Lease incentives	**(43,384)**	(64,300)
Net gain/(loss) from fair value adjustments (notes 5 and 6)	**(39,437)**	165,297
Exchange realignment	**504,693**	406,475
Carrying amount at 31 December	**15,327,772**	14,902,298

The Group's investment properties consist of two commercial properties in the UK. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Knight Frank Petty Limited, a firm of independent professionally qualified valuers, at HK$15,327,772,000. Each year, the management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior personnel from the finance department review the valuations performed by the external valuer for financial reporting purposes and reports directly to senior management. Discussions of valuation processes, assumptions and results are held between the Group's finance personnel and the external valuer twice a year when the valuations are performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

At 31 December 2020, the Group's investment properties with an aggregate carrying value of HK$15,327,772,000 (2019: HK$14,902,298,000) were pledged to secure general banking facilities granted to the Group (note 28).

Further particulars of the Group's investment properties are included on page 123.

Fair value hierarchy

The recurring fair value measurement for all the commercial properties of the Group uses significant unobservable inputs (Level 3) and details of their movements are disclosed below.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000
Carrying amount at 1 January 2019	14,394,511
Additions	315
Lease incentives	(64,300)
Net gain from fair value adjustments (note 5)	165,297
Exchange realignment	406,475
Carrying amount at 31 December 2019 and 1 January 2020	**14,902,298**
Additions	**3,602**
Lease incentives	**(43,384)**
Net loss from fair value adjustments (note 6)	**(39,437)**
Exchange realignment	**504,693**
Carrying amount at 31 December 2020	**15,327,772**

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range 2020	Range 2019
Commercial properties	Income capitalisation approach	Estimated rental value (per square foot per annum)	**GBP60 to GBP125**	GBP60 to GBP125
		Equivalent yield	**3.73% to 4.79%**	3.70% to 4.71%

The fair value of the investment properties which are classified as Level 3 of the fair value hierarchy is determined by using the income capitalisation approach based on capitalisation of net income with due allowance of outgoings and reversionary income potential. Measurement of the fair value is positively correlated to the estimated rental value and inversely correlated to the equivalent yield rate.

16. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land and office properties used in its operations. Lump sum payments were made upfront to acquire the leasehold land in Hong Kong with lease periods of 40 to 54 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties generally have lease terms between 2 and 4 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK$'000	Office properties HK$'000	Total HK$'000
As at 1 January 2019	86,066	57,246	143,312
Additions	–	2,606	2,606
Depreciation charge	(2,715)	(19,016)	(21,731)
Exchange realignment	–	(286)	(286)
As at 31 December 2019 and 1 January 2020	**83,351**	**40,550**	**123,901**
Additions	**–**	**6,355**	**6,355**
Depreciation charge	**(2,292)**	**(19,015)**	**(21,307)**
Exchange realignment	**–**	**223**	**223**
As at 31 December 2020	**81,059**	**28,113**	**109,172**

16. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities (included under other payables and accruals) and the movements during the year are as follows:

	2020 HK$'000	2019 HK$'000
Carrying amount at 1 January	**39,050**	55,292
New leases	**6,355**	2,606
Accretion of interest recognised during the year (note 7)	**1,327**	1,892
Payments	**(20,232)**	(20,637)
Exchange realignment	**207**	(103)
Carrying amount at 31 December	**26,707**	39,050
Analysed into:		
Current portion	**16,155**	18,334
Non-current portion	**10,552**	20,716
	26,707	39,050

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

(c) The amounts recognised in the statement of profit or loss in relation to leases are as follows:

	2020 HK$'000	2019 HK$'000
Interest on lease liabilities	**1,327**	1,892
Depreciation charge of right-of-use assets	**21,307**	21,731
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December (included in administrative expenses)	**1,391**	1,743
Total amount recognised in the statement of profit or loss	**24,025**	25,366

(d) The total cash outflow for leases are disclosed in note 36(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) consisting of two commercial properties in the UK under operating lease arrangements. The terms of the leases generally (i) require tenants to pay rent in advance on a quarterly basis; (ii) provide for rent review; (iii) grant certain lessees a tenant exercisable break clause; and (iv) require certain tenants to pay security deposits. As at 31 December 2020, security deposits received from tenants and held by the Group's property manager on trust for both the Group and the Group's tenants amounted to HK$53,916,000 (2019: HK$52,044,000). Rental income recognised by the Group during the year was HK$480,990,000 (2019: HK$477,140,000), details of which are included in note 5 to the financial statements.

16. LEASES *(continued)*

The Group as a lessor *(continued)*

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods, calculated on the assumption that no tenant exercisable break clause will be exercised, under non-cancellable operating leases with its tenants are as follows:

	2020 HK$'000	2019 HK$'000
Within one year	**560,255**	540,026
After one year but within two years	**563,186**	539,984
After two years but within three years	**504,278**	535,266
After three years but within four years	**451,042**	478,338
After four years but within five years	**392,612**	428,268
After five years	**2,231,711**	2,494,040
	4,703,084	5,015,922

17. INVESTMENTS IN JOINT VENTURES

	2020 HK$'000	2019 HK$'000
Share of net assets	**4,700,270**	2,589,186

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Particulars of the Group's material joint ventures are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of		
			Ownership interest	Voting power	Profit sharing
Instant Glory International Limited ("Instant Glory")	Ordinary shares of US$1 each	BVI	50	50	50
Excel Winner UK Limited ("Excel Winner UK")	Ordinary shares of GBP1 each	England & Wales	50	50	50
Beauty Bay International Limited ("Beauty Bay")*	Ordinary shares of US$1 each	BVI	48.98	50	48.98
Whiteley JV S.à r.l. ("Whiteley JV")	Ordinary shares of GBP1 each	Grand Duchy of Luxembourg	46.08	50	46.08
Whiteley Hotel PropCo Limited ("Whiteley PropCo")	Ordinary shares of GBP0.01 each	Guernsey	46.08	50	46.08
Whiteley Hotel Apartments Limited ("Whiteley Apartments")	Ordinary shares of GBP0.01 each	England & Wales	46.08	50	46.08
Whiteley Retail Limited ("Whiteley Retail")	Ordinary shares of GBP0.01 each	Guernsey	46.08	50	46.08
Queens Road W2 Limited ("QRW2")	Ordinary shares of HK$1 each	Hong Kong	46.08	50	46.08
Ocean Beyond Investments Limited ("Ocean Beyond")	Ordinary shares of US$1 each	BVI	42.5	33.33	42.5
Proprium Holding Trust ("Proprium")	Ordinary shares of AUD1 each	Australia	41.9	50	41.9

* In the opinion of the directors, these joint ventures are no longer considered as material joint ventures of the Group for the year ended 31 December 2020 and therefore, summarised financial information for these joint ventures for the year ended 31 December 2020 is not presented in the financial statements.

Instant Glory is an investment holding company which holds indirectly the entire 100% equity interest of Excel Winner UK (collectively "Instant Glory Group"). Excel Winner UK is a property development company.

Whiteley JV is an investment holding company that holds indirectly the entire 100% equity interest of Whiteley PropCo, Whiteley Apartments, Whiteley Retail and QRW2 (collectively "Whiteley Group"). Whiteley Group is principally engaged in property development and investment.

Ocean Beyond is an investment holding company which holds indirectly 98.5% equity interest of Proprium (collectively "Ocean Beyond Group"). Proprium is a property investment company.

All these joint ventures are unlisted and indirectly held by the Company and are accounted for using the equity method.

17. INVESTMENTS IN JOINT VENTURES *(continued)*

The following tables illustrate the summarised financial information in respect of Instant Glory Group, Beauty Bay, Whiteley Group and Ocean Beyond Group and reconciled to the carrying amount in the consolidated financial statements:

Instant Glory Group

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**36,045**	14,825
Other current assets	**8,956,859**	6,874,727
Current assets	**8,992,904**	6,889,552
Non-current assets	**12,693**	8,985
Current financial liabilities, excluding trade and other payables	**(2,085,557)**	(2,237,414)
Other current liabilities	**(416,488)**	(178,529)
Current liabilities	**(2,502,045)**	(2,415,943)
Non-current liabilities	**(299,259)**	(280,874)
Net assets	**6,204,293**	4,201,720
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**3,102,147**	2,100,860
Carrying amount of the investment	**3,102,147**	2,100,860
Interest expense	**(7,830)**	(2,617)
Loss for the year	**(41,769)**	(38,004)
Total comprehensive loss for the year	**(41,769)**	(38,004)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Beauty Bay

	2019 HK$'000
Cash and cash equivalents	60
Other current assets	588,911
Current assets	588,971
Current liabilities	(480,392)
Net assets	108,579
Reconciliation to the Group's interests	
Proportion of the Group's ownership	48.98%
Group's share of net assets	53,182
Carrying amount of the investment	53,182
Interest income	299,232
Other income	118,621
Income tax expense	(49,373)
Profit for the year	361,176
Other comprehensive income for the year	76,909
Total comprehensive income for the year	438,085
Dividend received	195,918

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Whiteley Group

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**31,705**	64,119
Other current assets	**3,553,982**	3,525,674
Current assets	**3,585,687**	3,589,793
Non-current assets	**806,200**	37,372
Current liabilities	**(122,536)**	(2,675)
Non-current financial liabilities, excluding trade and other payables and provisions	**(1,453,406)**	(1,271,786)
Other non-current liabilities	**(55,036)**	(5,559)
Non-current liabilities	**(1,508,442)**	(1,277,345)
Net assets	**2,760,909**	2,347,145
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**46.08%**	46.08%
Group's share of net assets	**1,272,227**	1,081,564
Paid-up capital contributed by joint venture partner disproportionate to its shareholding	**(393,162)**	(898,634)
Loss not shared by the Group	**308,186**	10,218
Share of preferential return	**81,344**	–
Carrying amount of the investment	**1,268,595**	193,148
Interest income	**–**	2
Other income	**1,216**	719
Interest expense	**(247,567)**	(1,058)
Loss for the year	**(646,633)**	(22,175)
Total comprehensive loss for the year	**(646,633)**	(22,175)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Ocean Beyond Group

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	**46,078**	21,403
Other current assets	**610**	1,338
Current assets	**46,688**	22,741
Non-current assets	**752,535**	638,200
Current financial liabilities, excluding trade and other payables	**(1,360)**	(1,242)
Other current liabilities	**(7,285)**	(3,215)
Current liabilities	**(8,645)**	(4,457)
Non-current financial liabilities, excluding trade and other payables and total non-current liabilities	**(136,302)**	(211,695)
Net assets	**654,276**	444,789
Non-controlling interests	**(5,864)**	(2,669)
Net assets attributable to owners of Ocean Beyond Group	**648,412**	442,120
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**42.5%**	42.5%
Group's share of net assets	**275,575**	187,901
Carrying amount of the investment	**275,575**	187,901
Interest income	**6**	198
Other income	**29,933**	–
Profit/(loss) for the year attributable to owners of Ocean Beyond Group	**19,244**	(34,707)
Other comprehensive income/(loss) for the year attributable to owners of Ocean Beyond Group	**54,706**	(10,010)
Total comprehensive income/(loss) for the year attributable to owners of Ocean Beyond Group	**73,950**	(44,717)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2020 HK$'000	2019 HK$'000
Share of the joint ventures' profit/(loss) for the year	**2,908**	(6,841)
Share of the joint ventures' other comprehensive income	**15**	14,037
Share of the joint ventures' total comprehensive income	**2,923**	7,196
Aggregate carrying amount of the Group's investments in joint ventures	**53,953**	54,095

18. INVESTMENTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Share of net assets	**457,398**	492,531
Amount due from an associate	**60,540**	81,690
	517,938	574,221

The amount due from an associate is unsecured, interest-free and repayable on demand. In the opinion of the directors, the amount is unlikely to be repaid in the foreseeable future and is considered as part of the Group's net investments in the related associate. There was no recent history of default and past due for the amount due from the associate. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

Particulars of the material associates are as follows:

Name	Place of incorporation/ registration and business	Particulars of shares held	Percentage of ownership interest attributable to the Group 2020	2019	Principal activities
Fine Ahead Limited ("Fine Ahead")*	BVI	Ordinary shares of US$1 each	**35%**	35%	Investment holding
Champion Maker Limited ("Champion Maker")	BVI	Ordinary shares of US$1 each	**30%**	30%	Investment holding
Next Olympic Limited ("Next Olympic")	BVI	Ordinary shares of US$1 each	**30%**	30%	Investment holding
Modern Crescent Limited ("Modern Crescent")	BVI	Ordinary shares of US$1 each	**25%**	25%	Investment holding
Health Link Investment Limited ("Health Link")	Hong Kong	Ordinary shares of HK$1 each	**25%**	25%	Property investment
PRECP Development Venture I Limited ("PRECP")*	Cayman Islands	Ordinary shares of US$1 each	**–**	31.75%	Investment holding

* In the opinion of the directors, these associates are no longer considered as material associates of the Group for the year ended 31 December 2020 and therefore, summarised financial information for these associates for the year ended 31 December 2020 is not presented in the financial statements.

Champion Maker is an investment holding company which holds directly the entire 100% equity interest of Next Olympic (collectively "Champion Maker Group"). Next Olympic is an investment holding company.

Modern Crescent is an investment holding company which holds indirectly the entire 100% equity interest of Health Link (collectively "Modern Crescent Group"). Health Link is a property investment company.

The Group's shareholdings in these associates comprise equity shares held through subsidiaries of the Company.

18. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Champion Maker Group, Modern Crescent Group and PRECP and reconciled to the carrying amount in the consolidated financial statements:

Champion Maker Group

	2020 HK$'000	2019 HK$'000
Current assets	**218,726**	255,653
Current liabilities	**(289)**	–
Net assets	**218,437**	255,653
Reconciliation to the Group's interest:		
Proportion of the Group's ownership	**30%**	30%
Group's share of net assets	**65,531**	76,696
Carrying amount of the investment	**65,531**	76,696
Profit/(loss) for the year	**33,285**	(16,648)
Total comprehensive income/(loss) for the year	**33,285**	(16,648)

Modern Crescent Group

	2020 HK$'000	2019 HK$'000
Current assets	**7,783,020**	7,684,285
Current liabilities	**(2,091,732)**	(1,989,950)
Non-current liabilities	**(3,885,140)**	(3,991,951)
Net assets	**1,806,148**	1,702,384
Reconciliation to the Group's interest:		
Proportion of the Group's ownership	**25%**	25%
Group's share of net assets	**451,537**	425,596
Carrying amount of the investment	**451,537**	425,596
Revenue	**160,012**	190,213
Loss for the year	**(41,692)**	(55,807)
Other comprehensive loss for the year	**(54,160)**	–
Total comprehensive loss for the year	**(95,852)**	(55,807)

18. INVESTMENTS IN ASSOCIATES *(continued)*

PRECP

	2019 HK$'000
Current assets	45,240
Non-current assets	173,570
Current liabilities	(9,531)
Net assets	209,279
Reconciliation to the Group's interest:	
Proportion of the Group's ownership	31.75%
Group's share of net assets	66,446
Carrying amount of the investment	66,446
Loss for the year	(11,286)
Other comprehensive loss for the year	(4,428)
Total comprehensive loss for the year	(15,714)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 **HK$'000**	2019 HK$'000
Share of the associates' profit/(loss) for the year	**16,432**	(10,384)
Share of the associates' other comprehensive income/(loss)	**377**	(198)
Share of the associates' total comprehensive income/(loss)	**16,809**	(10,582)
Aggregate carrying amount of the Group's investments in associates	**870**	5,483

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2020 HK$'000	2019 HK$'000
Equity investments designated at fair value through other comprehensive income	(i)	**2,525,173**	649,689
Debt investments at fair value through other comprehensive income	(ii), (iii)	**1,272,347**	365,798
		3,797,520	1,015,487
Portion classified as current assets		**(955,430)**	(198,615)
Portion classified as non-current assets		**2,842,090**	816,872

Notes:

(i) The above equity investments are investments in companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

Assuming the portfolio of the Group's listed equity investments remained unchanged, the market value of the Group's listed equity investments at fair value through other comprehensive income at the date of approval of these financial statements was HK$4,690,802,000.

During the year ended 31 December 2019, the Group partially disposed of one of the equity investments for investment diversification consideration. The fair value of the related shares on the date of sale was HK$67,578,000 and the accumulated gain recognised in other comprehensive income of HK$51,885,000 was transferred to retained earnings.

(ii) At 31 December 2020, the Group held three (2019: two) senior notes with an aggregate principal of US$170,000,000 (equivalent to HK$1,317,500,000) (2019: US$50,000,000 (equivalent to HK$387,500,000)) issued by certain companies listed on the Stock Exchange (the "Issuers"). These senior notes bear interest at rates ranging from 8.75% to 12.375% (2019: 8.75% to 11%) per annum, payable semi-annually and will mature in 2021 to 2025 (2019: 2020 to 2025). The Issuers may redeem all or any part of the senior notes prior to the maturity at redemption prices applicable from time to time.

(iii) Impairment assessment of debt investments at fair value through other comprehensive income

As at 31 December 2020, none of the debt investments were overdue (2019: Nil) and all the debt investments were categorised within Stage 1 for the measurement of expected credit losses. An impairment analysis is performed at each reporting date by considering the expected credit losses, which are estimated by applying the probability of default approach with reference to the risk of default of the Issuers or comparable companies. As at 31 December 2020, the probability of default applied was 0.81% (2019: 3.21%) and the loss given default was estimated to be approximately 63% (2019: 63%).

The movements in the loss allowance for the impairment of debt investments at fair value through other comprehensive income are as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	**6,532**	6,591
Impairment losses/(reversal of impairment losses), net (note 8)		
Changes in risk parameters	**(1,597)**	1,036
New senior notes purchased	**9,151**	–
Redemption of senior notes	**(3,398)**	(1,095)
	4,156	(59)
At 31 December	**10,688**	6,532

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Listed equity investments	**284,382**	223,561
Other unlisted investments	**1,941,138**	683,139
	2,225,520	906,700
Portion classified as current assets	**(375,023)**	(300,980)
Portion classified as non-current assets	**1,850,497**	605,720

The above listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above unlisted investments at 31 December 2020 were fund investments and convertible loans (2019: fund investments and convertible loans). They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

Assuming the portfolio of the Group's listed equity investments remained unchanged, the market value of the Group's listed equity investments at fair value through profit or loss at the date of approval of these financial statements was HK$283,695,000.

21. TRADE RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**13,557**	9,449

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**	–
	13,557	9,449

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 ECLs of these rental receivables are minimal.

22. 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 with fixed interest rate. The credit term of the loans receivable was 1 year.

(ii) These loans receivable was stated at amortised cost with fixed interest rates. 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 (note 8)		
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 considered that there was 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%).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Notes	2020 HK$'000	2019 HK$'000
Prepayments		**7,108**	48,382
Deposits and other receivables		**40,302**	661,865
Due from a joint venture	(a)	**236,416**	480,392
Due from an associate	(b)	**954,648**	–
Total prepayments, deposits and other receivables		**1,238,474**	1,190,639
Less: Impairment allowance		**(2,533)**	(1,735)
		1,235,941	1,188,904
Less: Deposits classified as non-current assets		**(5,567)**	(8,052)
Portion classified as current assets		**1,230,374**	1,180,852

Notes:

(a) The amount due from a joint venture is unsecured, interest-free and repayable on demand. In the opinion of the directors, the credit risk for the amount due from the joint venture is insignificant.

(b) The amount due from an associate was stated at amortised cost with a principal amount of RMB800,000,000 and an effective interest rate of 11% per annum with a maturity date on 14 January 2021. The balance was fully repaid subsequent to 31 December 2020.

Deposits and other receivables mainly represent consideration receivables, rental deposits, deposits with vendors and receivables from counterparties which have no history of default. The financial assets included in the above balances and the amount due from an associate and a joint venture were not overdue and categorised in Stage 1 for the measurement of expected credit losses. Where applicable, 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 counterparties. As at 31 December 2020, the probability of default applied ranged from 0.31% to 0.81% (2019: 0.89%) and the loss given default was estimated to be approximately 62% (2019: 62%).

The movements in the loss allowance for the impairment of financial assets included in prepayments, deposits and other receivables are as follows:

	2020 HK$'000	2019 HK$'000
At 1 January	**1,735**	–
Impairment losses, net (note 8)	**798**	1,735
At 31 December	**2,533**	1,735

24. DEPOSITS WITH BROKERAGE COMPANIES

Deposits with brokerage companies are carried at an average interest rate of 0.002% per annum (2019: 0.023% per annum).

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Notes	2020 HK$'000	2019 HK$'000
Cash and bank balances		**5,687,950**	4,661,627
Time deposits		**51,335**	2,399,918
		5,739,285	7,061,545
Less: Pledged deposits	(a)	**(26,427)**	(965,000)
Restricted bank balances	(b)	**(194,475)**	(67,088)
Cash and cash equivalents		**5,518,383**	6,029,457

Notes:

(a) As at 31 December 2020, the bank balances were pledged to a bank for a banking facility granted to a joint venture (note 39(b)). As at 31 December 2019, the bank balances and time deposits were pledged to banks to secure bank borrowings granted to the Group (note 28(b)).

(b) The restricted bank balances as at 31 December 2020 and 2019 represented deposits placed with banks and the usage of which was restricted to the payments of certain obligations under loan facilities granted by certain banks.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$137,744,000 (2019: HK$1,160,313,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one week and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

26. OTHER PAYABLES AND ACCRUALS

	Notes	2020 HK$'000	2019 HK$'000
Receipts in advance		**113,767**	50,590
Other payables	(a)	**100,009**	94,630
Accruals		**87,254**	89,428
Due to joint ventures	(b)	**157,833**	59,560
Lease liabilities	16(b)	**26,707**	39,050
Total other payables and accruals		**485,570**	333,258
Less: Lease liabilities classified as non-current liabilities	16(b)	**(10,552)**	(20,716)
Portion classified as current liabilities		**475,018**	312,542

Notes:

(a) Other payables are non-interest-bearing and are normally settled within one year.

(b) The amounts due to joint ventures are unsecured, interest-free and repayable on demand.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 Assets/ (liabilities) HK$'000	2019 Assets/ (liabilities) HK$'000
Interest rate swaps	**(77,632)**	3,247

Interest rate swaps

At 31 December 2020, the Group had several interest rate swaps with notional amounts of GBP498,000,000 and HK$2,300,000,000 (2019: GBP498,000,000). For the interest rate swaps with a notional amount of GBP498,000,000, the Group pays interest at a fixed rate of approximately 0.72% (2019: 0.72%) and receives interest at a variable rate equal to the LIBOR on the notional amount. During the year, the Group entered into new interest rate swaps with an aggregate notional amount of HK$2,300,000,000. The Group pays interest at fixed rates ranging from 0.305% to 0.995% and receives interest at a variable rate of HIBOR. These interest rate swaps will mature over the next 2 years (2019: 3 years) and are used to manage its interest rate exposures arising from bank loans at floating rates.

These interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of the non-hedging interest rate derivatives amounting to HK$76,738,000 (2019: HK$68,306,000) were charged to profit or loss during the year.

28. INTEREST-BEARING BANK BORROWINGS

	2020			2019		
	Contractual interest rate	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans – secured	**N/A**	**N/A**	**–**	LIBOR+0.5% & HIBOR+0.5%	On demand	954,330
Long term bank loans repayable on demand – secured	**HIBOR+1%**	**On demand**	**22,750**	HIBOR+1%	On demand	31,500
Current portion of long term bank loans						
– secured	**LIBOR+1.35%**	**2021**	**70,126**	LIBOR+1.35%	2020	67,719
– unsecured	**HIBOR+1.85%**	**2021**	**442,792**	N/A	N/A	–
			535,668			1,053,549
Non-current						
Bank loans						
– secured	**LIBOR+1.35% to +1.5%**	**2022**	**8,107,773**	LIBOR+1.35% to +1.5%	2021 to 2022	7,894,382
– unsecured	**HIBOR+1.85%**	**2022**	**1,829,127**	N/A	N/A	–
			9,936,900			7,894,382
			10,472,568			8,947,931
Analysed into bank loans repayable:						
On demand (Note a)			**22,750**			985,830
Within one year			**512,918**			67,719
In the second year			**9,936,900**			67,829
In the third to fifth years, inclusive			**–**			7,826,553
			10,472,568			8,947,931

28. INTEREST-BEARING BANK BORROWINGS *(continued)*

Notes:

(a) As further explained in note 42 to the financial statements, the Group's term loans with an aggregate amount of HK$22,750,000 (2019: HK$985,830,000) containing a repayment 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:

	2020 HK$'000	2019 HK$'000
Bank borrowings repayable:		
Within one year	**525,168**	1,030,799
In the second year	**9,947,400**	80,079
In the third to fifth years, inclusive	**–**	7,837,053
	10,472,568	8,947,931

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

	Notes	**2020 HK$'000**	2019 HK$'000
Property and equipment	14	**75,175**	77,264
Investment properties	15	**15,327,772**	14,902,298
Pledged deposits	25(a)	**–**	965,000

(c) As at 31 December 2020 and 2019, 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:

	2020 HK$'000	2019 HK$'000
HK$	**2,294,669**	781,500
GBP	**8,177,899**	8,166,431
	10,472,568	8,947,931

(e) The Group's bank borrowings of HK$8,177,899,000 (2019: HK$7,962,101,000) are secured by pledges over the equity interests of certain subsidiaries of the Group (note 1).

29. NOTES PAYABLE

	Principal at original currency	Contractual interest rate (%) per annum	Maturity	2020 HK$'000	2019 HK$'000
2019 Notes	US$250,000,000	6.35	2022	**1,928,892**	1,922,845

In June 2019, the Group issued guaranteed notes with an aggregate principal amount of US$250,000,000 (equivalent to HK$1,937,500,000) at a coupon rate of 6.35% per annum, 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 are guaranteed by the Company and 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 interest up to the redemption date, as set forth in the written agreement between the Group and the trustees of the 2019 Notes.

At 31 December 2020, the fair value of the 2019 Notes amounted to HK$1,944,281,000 (2019: HK$1,928,142,000), which is based on a market price from a financial institution at the reporting date.

30. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000	Unrealised gains HK$'000	Total HK$'000
At 1 January 2019	302	19,321	19,623
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	26	(19,022)	(18,996)
Exchange realignment	–	(299)	(299)
At 31 December 2019 and 1 January 2020	**328**	**–**	**328**
Deferred tax charged to the statement of profit or loss during the year (note 11)	**18**	**–**	**18**
At 31 December 2020	**346**	**–**	**346**

Deferred tax assets

	Impairment losses on financial assets HK$'000
At 1 January 2019	4,938
Deferred tax charged to the statement of profit or loss during the year (note 11)	(2,626)
At 31 December 2019 and 1 January 2020	**2,312**
Deferred tax charged to the statement of profit or loss during the year (note 11)	**(1,326)**
At 31 December 2020	**986**

30. DEFERRED TAX *(continued)*

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in these subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted to HK$463,592,000 as at 31 December 2020 (2019: HK$364,562,000).

The Group has tax losses arising in Hong Kong and the UK of HK$231,491,000 (2019: HK$225,781,000) and HK$350,343,000 (2019: HK$282,368,000), subject to the agreement by the Hong Kong Inland Revenue Department and HM Revenue & Customs, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets had not been recognised in respect of these losses as it was not considered probable that taxable profits would be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. SHARE CAPITAL

Shares

	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	**2,000,000**	2,000,000
Issued and fully paid: 3,882,334,668 (2019: 3,882,334,668) ordinary shares of HK$0.10 (2019: HK$0.10) each	**388,233**	388,233

Share options

Details of the Company's share option schemes are set out in note 35 to the financial statements.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on pages 42 to 43.

33. ACQUISITION OF SUBSIDIARIES THAT ARE NOT A BUSINESS

For the year ended 31 December 2019

In April 2019, the Group acquired the 50% equity interest in each of Sun Vessel, Oceanic Front and Fancy Style (collectively the "Acquired Subsidiaries") from the joint venture partners of the 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 yacht investment, vessel 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.

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 the 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)

34. DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2019

Details of the net assets of subsidiaries disposed of and their financial impacts are summarised below:

	Note	Million Intelligence Group HK$'000 (note a)	Delight Universe Group HK$'000 (note b)	Total HK$'000
Net assets disposed of:				
Investment in an associate		334,055	–	334,055
Prepayments, deposits and other receivables		–	244,436	244,436
Cash and cash equivalents		59	–	59
Other payables and accruals		(50,892)	(40,115)	(91,007)
		283,222	204,321	487,543
Exchange fluctuation reserve released upon disposal		19,660	–	19,660
Gain on disposal of subsidiaries	5	28,041	112,249	140,290
Satisfied by cash		330,923	316,570	647,493

An analysis of the net inflow of cash and cash equivalents for the year in respect of the disposal of subsidiaries are as follows:

	Million Intelligence Group HK$'000 (note a)	Delight Universe Group HK$'000 (note b)	Total HK$'000
Cash consideration	330,923	316,570	647,493
Consideration receivable	–	(316,570)	(316,570)
Cash and cash equivalents disposed of	(59)	–	(59)
Net inflow of cash and cash equivalents included in cash flows from investing activities	330,864	–	330,864

Notes:

(a) On 28 June 2019, the Group disposed of its 100% equity interest in Million Intelligence Limited 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).

(b) On 30 December 2019, the Group disposed of its 100% equity interest in Delight Universe Limited together with its sole subsidiary (the "Delight Universe Group") to an independent third party for a consideration of HK$316,570,000, which has been settled during the year ended 31 December 2020.

35. SHARE OPTION SCHEMES

(A) 2005 Scheme

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme") which expired on 29 April 2015. Summary of the 2005 Scheme is set out below:

For the purpose of section (A) 2005 Scheme, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; (ii) each associate or substantial shareholder or direct or indirect associated company or joint venture of the Company or any substantial shareholder referred to in (i) above; (iii) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (ii) above; (iv) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (iv) above; and reference to "Employee" means any full-time or part-time employee (including any executive and non-executive director, proposed executive and non-executive director) of any member of the Eligible Group.

Purposes

The purposes of the 2005 Scheme are to recognise the contribution of and to motivate Employees and other person(s) who may make a contribution to the Group, to provide incentives and to help the Group retain its existing Employees and recruit additional Employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

Participants

The participants include any director, officer and Employee of any member of the Eligible Group; and any executive, officer or employee of any business, consultant, professional and other advisers to any member of the Eligible Group or any person proposed to be appointed to any of the aforesaid positions who, in the sole opinion of the Board, has contributed or is expected to contribute to the Group.

Total number of shares available for issue and the percentage of the issued shares that it represents as at the date of this report

As at the date of this report, there was no share available for issue under the 2005 Scheme as the scheme expired on 29 April 2015.

Maximum entitlement of each participant

Unless approved by the shareholders of the Company at a general meeting, the total number of shares issued and to be issued upon the exercise of options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company.

Period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the 2005 Scheme at any time during a period to be notified by the Board to each grantee. Such period of time shall not exceed 10 years from the date of grant of the option.

Minimum period for which an option must be held before exercise

Such period as may be determined by the Board pursuant to the terms of the 2005 Scheme.

The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

35. SHARE OPTION SCHEMES *(continued)*

(A) 2005 Scheme *(continued)*

Basis of determining the exercise price

The exercise price per share shall be determined by the Board and shall be at least the higher of:

(i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the option is offered, which must be a trading day;

(ii) the average closing price of shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date as mentioned in (i) above; and

(iii) the nominal value of the shares.

Life of the 2005 Scheme

The 2005 Scheme shall remain in force for a period of 10 years from 29 April 2005 to 28 April 2015.

(B) 2015 Scheme

On 21 May 2015, the Company adopted a share option scheme ("2015 Scheme"). Summary of the 2015 Scheme is set out below:

For the purpose of section (B) 2015 Scheme, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; and (ii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the Company or of a substantial shareholder referred to in (i) above; and (iii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (ii) above; and (iv) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iv) above.

Purposes

To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and to serve such other purposes as the Board may approve from time to time.

Participants

Any director (or any persons proposed to be appointed as such, whether executive or non-executive), officer or employee (whether full-time or part-time) of each member of the Eligible Group; any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer or employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the Board.

Total number of shares available for issue and the percentage of the issued shares that it represents as at the date of this report

258,822,311 shares, representing 6.67% of the issued shares as at 22 March 2021.

Maximum entitlement of each participant

Subject to the terms of the 2015 Scheme, not exceeding 1% of the total number of issued shares in any 12-month period.

Period within which the shares must be taken up under an option

Such period as determined by the Board pursuant to the 2015 Scheme, which shall expire not later than 10 years from the date of grant of the option.

35. SHARE OPTION SCHEMES *(continued)*

(B) 2015 Scheme *(continued)*

Minimum period for which an option must be held before exercise

Such period as may be determined by the Board pursuant to the terms of the 2015 Scheme.

The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

HK$1.00, if demanded by the Company, within 7 days of the date of the demand.

Basis of determining the exercise price

Subject to the terms of the 2015 Scheme, the exercise price shall be a price solely determined by the Board and shall not less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and

(iii) the nominal value of a Share on the date of grant of the option.

Life of the 2015 Scheme

Subject to the terms of the 2015 Scheme, 10 years commencing on 21 May 2015.

No share options were granted under the 2015 Scheme since its adoption and up to 31 December 2020. The movement of share options under the 2005 Scheme during the year is as follows:

	2020 Weighted average exercise price HK$ per share	**2020** Number of options '000	2019 Weighted average exercise price HK$ per share	2019 Number of options '000
At 1 January	**3.26**	**46,305**	3.25	64,162
Lapsed during the year	**3.26**	**(46,305)**	3.22	(17,857)
At 31 December	**N/A**	**–**	3.26	46,305

There were no share options exercised under the 2005 Scheme during the years ended 31 December 2020 and 2019.

The exercise prices and exercise periods of the share options outstanding under the 2005 Scheme as at 31 December 2019 are as follows:

Number of options '000	Exercise price* HK$ per share	Exercise period
41,435	3.2624	03-09-2010 to 02-09-2020
4,870	3.2624	01-01-2011 to 02-09-2020
46,305		

* 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 year (2019: Nil).

At the end of the reporting period, the Company had no share options outstanding under the 2005 Scheme (2019: 46,305,000 share options).

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$6,355,000 (2019: HK$2,606,000) and HK$6,355,000 (2019: HK$2,606,000), respectively, in respect of lease arrangements for office properties.

(b) Changes in liabilities arising from financing activities

	Notes payable HK$'000	Lease liabilities included in other payables and accruals HK$'000	Interest-bearing bank borrowings HK$'000
At 1 January 2019	–	55,292	10,016,944
Changes from financing cash flows	1,919,392	(18,745)	(1,324,002)
Amortisation of loan procurement fee	3,453	–	17,718
New leases	–	2,606	–
Interest expense	–	1,892	–
Interest paid classified as operating cash flows	–	(1,892)	–
Foreign exchange movement	–	(103)	237,271
At 31 December 2019 and 1 January 2020	**1,922,845**	**39,050**	**8,947,931**
Changes from financing cash flows	**–**	**(18,905)**	**1,225,006**
Amortisation of loan procurement fee	**6,047**	**–**	**31,529**
New leases	**–**	**6,355**	**–**
Interest expense	**–**	**1,327**	**–**
Interest paid classified as operating cash flows	**–**	**(1,327)**	**–**
Foreign exchange movement	**–**	**207**	**268,102**
At 31 December 2020	**1,928,892**	**26,707**	**10,472,568**

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 HK$'000	2019 HK$'000
Within operating activities	**2,718**	3,635
Within financing activities	**18,905**	18,745
	21,623	22,380

37. COMMITMENTS

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

	2020 HK$'000	2019 HK$'000
Contracted, but not provided for:		
Property and equipment	**5,952**	14,355
Investment properties	**–**	719
Capital contributions payable to joint ventures	**2,043,291**	2,931,571
Capital contributions payable to an associate	**3,975**	586,323
	2,053,218	3,532,968

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

	2020 HK$'000	2019 HK$'000
Contracted, but not provided for	**3,460,755**	1,653,051

38. FINANCIAL GUARANTEES

(a) As at 31 December 2020, the Group has given a guarantee to a vendor in connection with the acquisition of a freehold land held by a joint venture amounting to HK$211,250,000 (2019: HK$204,330,000).

(b) As at 31 December 2020, the Group has given a guarantee to a bank in connection with a facility granted to a joint venture up to HK$1,042,375,000 (2019: HK$1,118,707,000), and the related banking facility was fully utilised as at 31 December 2020 and 2019.

(c) As at 31 December 2020, the Group has given guarantees to banks and an independent third party in connection with facilities granted to associates up to HK$1,502,750,000 (2019: HK$1,479,375,000), and the related facilities were fully utilised as at 31 December 2020 and 2019.

(d) As at 31 December 2020, the Group has given guarantees to certain financial institutions in connection with the Group's equity contribution commitment in a joint venture up to HK$735,123,000 (2019: HK$1,666,255,000), and the cost overrun guarantee in respect of the project developments costs of a joint venture up to HK$871,406,000 (2019: HK$842,861,000).

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.

39. RELATED PARTY TRANSACTIONS

(a) Details of the Group's balances with joint ventures and an associate as at the end of the reporting period are set out in notes 23 and 26 to the financial statements.

(b) As at 31 December 2020, 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; (iii) independent third parties in connection with loan facilities granted to an associate; and (iv) certain financial institutions in connection with the Group's equity contribution commitment in a joint venture and cost overrun guarantee in respect of the project development costs of a joint venture, and the Group has placed a pledged deposit in a bank in connection with a banking facility granted to a joint venture. Details of the financial guarantees given by the Group to its joint ventures and associates are set out in note 38 to the financial statements. Details of the pledged deposits placed in a bank by the Group are set out in note 25 to the financial statements.

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

	2020 **HK$'000**	2019 HK$'000
Short term employee benefits paid to key management personnel	**81,592**	79,186

Further details of directors' emoluments are included in note 9 to the financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

Except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments, which are measured at fair value, the financial assets and liabilities of the Group as at 31 December 2020 and 2019 are financial assets at amortised cost and financial liabilities at amortised cost.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, deposits with brokerage companies, trade receivables, financial assets included in prepayments, deposits and other receivables, loans and interest receivables, the 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 value of the non-current portion of interest-bearing bank borrowings, notes payable and the 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 31 December 2020 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of interest-bearing bank borrowings, notes payable and financial liabilities included in other payables approximate to their carrying amounts.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

The fair values of listed equity investments and debt investments are based on quoted market prices. The fair values of unlisted fund investments are derived from the net asset value per share of the investments or latest transaction prices. The fair value of the convertible loans has been estimated by using valuation technique based on assumptions that are not supported by observable market prices or rates. 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 or other comprehensive income, as appropriate, in the year ended 31 December 2020, 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, being 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 interest rate swaps are the same as their fair values.

As at 31 December 2020, the mark-to-market value of the derivative liability 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 financial instruments recognised at fair value.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 31 December 2020 and 2019:

	Valuation technique	**Significant unobservable inputs**	**Range**	**Sensitivity of fair value to the input**
As at 31 December 2020 Convertible loans classified as financial assets at fair value through profit or loss	Discount cash flow method	Effective interest rate	26.78%	1% increase (decrease) in effective interest rate would have no material impact on the fair value
As at 31 December 2019 Convertible loans classified as financial assets at fair value through profit or loss	Black-Scholes Model	Effective interest rate	19.71%	1% increase (decrease) in effective interest rate would have no material impact on the fair value
		Volatility	57.51%	1% increase (decrease) in volatility would have no material impact on the fair value

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Fair value hierarchy

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Assets measured at fair value:				
As at 31 December 2020				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	**2,525,173**	**–**	**–**	**2,525,173**
Debt investments	**–**	**1,272,347**	**–**	**1,272,347**
Financial assets at fair value through profit or loss:				
Listed equity investments	**284,382**	**–**	**–**	**284,382**
Unlisted fund investments	**–**	**1,850,497**	**–**	**1,850,497**
Convertible loans	**–**	**–**	**90,641**	**90,641**
	2,809,555	**3,122,844**	**90,641**	**6,023,040**
As at 31 December 2019				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	649,689	–	–	649,689
Debt investments	–	365,798	–	365,798
Financial assets at fair value through profit or loss:				
Listed equity investments	223,561	–	–	223,561
Unlisted fund investments	–	605,720	–	605,720
Convertible loans	–	–	77,419	77,419
Derivative financial instruments	–	3,247	–	3,247
	873,250	974,765	77,419	1,925,434

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(continued)

Fair value hierarchy *(continued)*

	Fair value measurement using significant observable inputs (Level 2) HK$'000
Liabilities measured at fair value:	
As at 31 December 2020	
Derivative financial instruments	**77,632**

There was no liability measured at fair value as at 31 December 2019.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities and no transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	2020 HK$'000	2019 HK$'000
Financial assets at fair value through profit or loss:		
At 1 January	**77,419**	–
Acquisitions	**–**	69,928
Disposals	**(9,301)**	–
Total gains recognised in the statement of profit or loss included in other income	**22,523**	7,491
At 31 December	**90,641**	77,419

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivative financial instruments, loans and interest receivables, trade receivables, deposits and other receivables, other payables, interest-bearing bank borrowings, notes payable, deposits with brokerage companies, pledged deposits, restricted bank balances and cash and cash equivalents. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's pledged deposits, restricted bank balances, cash and cash equivalents and bank borrowings with floating interest rates. The Group monitors the movement in interest rates on an ongoing basis and evaluates the exposure and the costs of available hedging for its debt obligations.

To manage its interest cost, the Group entered into interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2020, after taking into the effect of the interest rate swaps, approximately 72% (2019: 57%) of the Group's interest-bearing bank borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on pledged deposits, restricted bank balances, cash and cash equivalents and bank borrowings with floating rates held by the Group at the end of the reporting period after taking into account the effect of the interest rate swaps). There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax HK$'000**
2020		
HK$	**100**	**34,133**
US$	**100**	**11,111**
RMB	**100**	**1,377**
GBP	**100**	**(18,353)**
HK$	**(100)**	**(34,133)**
US$	**(100)**	**(11,111)**
RMB	**(100)**	**(1,377)**
GBP	**(100)**	**18,353**
2019		
HK$	100	18,494
US$	100	31,318
RMB	100	11,603
GBP	100	(29,401)
HK$	(100)	(18,494)
US$	(100)	(31,318)
RMB	(100)	(11,603)
GBP	(100)	29,401

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group is exposed to currency risks primarily through business activities which give rise to receivables, payables and cash and bank balances that are denominated in currencies other than the functional currency of the operations to which the transactions relate.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of currencies other than the functional currency of the operations, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in rates	Increase/ (decrease) in profit before tax HK$'000
2020		
If HK$ weakens against RMB	**10%**	**67,351**
If HK$ strengthens against RMB	**(10%)**	**(67,351)**
If HK$ weakens against GBP	**10%**	**47,476**
If HK$ strengthens against GBP	**(10%)**	**(47,476)**
If HK$ weakens against AUD	**10%**	**9,065**
If HK$ strengthens against AUD	**(10%)**	**(9,065)**
2019		
If HK$ weakens against RMB	10%	96,404
If HK$ strengthens against RMB	(10%)	(96,404)
If HK$ weakens against GBP	10%	20,315
If HK$ strengthens against GBP	(10%)	(20,315)
If HK$ weakens against AUD	10%	8,147
If HK$ strengthens against AUD	(10%)	(8,147)

Results of the analysis as presented in the above table represent the effects on profit before tax of each of the Group's entities measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those monetary assets and liabilities held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency and the bank borrowings that are designated as hedges of the Group's net investments in its subsidiaries and a joint venture in the UK (see discussion below).

Hedges of net investments

A foreign currency exposure arises from net investments in subsidiaries, joint ventures and associates that have a different functional currency from that of the Company. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries, joint ventures and associates and the Company's functional currency, which causes the amount of the net investments to vary. This risk may have a significant impact on the Group's consolidated financial statements.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

Hedges of net investments *(continued)*

The Group hedged its exposure to GBP foreign exchange risk on the net investments in the relevant subsidiaries and joint venture.

The Group uses a mixture of forward currency contracts and foreign currency-denominated bank borrowings as hedging instruments. There is an economic relationship between the hedged items and the hedging instruments as the currency of the forward currency contracts and bank borrowings match the functional currency of the relevant subsidiaries and joint venture. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the forward currency contracts and foreign currency-denominated bank borrowings are identical to the hedged risk components.

When the hedging instrument is foreign currency-denominated bank borrowings, the Group assesses the effectiveness by comparing past changes in the carrying amount of the bank borrowings that are attributable to a change in the spot rate with past changes in the investment in the foreign operation due to movements in the spot rate (the offset method).

When the hedging instrument is forward currency contracts, the Group assesses the effectiveness by comparing past changes in the fair value of the derivative with past changes in the investment in the foreign operation due to movements in the spot rate.

Hedge ineffectiveness can arise from the decline in the carrying values of the net investments in the relevant subsidiaries and joint venture below the notional amounts of forward currency contracts and foreign currency-denominated bank borrowings.

The Group has terminated all of the hedge relationships during the year ended 31 December 2019. Foreign exchange gains on the net investments in subsidiaries and a joint venture used as the basis for recognising hedge ineffectiveness for the year ended 31 December 2019 was HK$45,205,000 and was recognised in the Group's other comprehensive income for the year and accumulated in the exchange fluctuation reserve in equity. As at 31 December 2019, foreign exchange gains of HK$353,789,000 on translation of the net investments in subsidiaries and a joint venture were accumulated in the exchange fluctuation reserve in equity.

The Group has settled all of the GBP denominated bank borrowings and forward contracts that are designated as hedges of the Group's net investments in subsidiaries and a joint venture in the UK during the year ended 31 December 2019. A total foreign exchange loss of HK$18,756,000 on translation of the bank borrowings to HK$ and a fair value loss of HK$44,760,000 on forward currency contracts were recognised in the Group's other comprehensive income for the year ended 31 December 2019 and accumulated in the exchange fluctuation reserve in equity. A fair value loss of HK$18,311,000 relating to the ineffectiveness from hedges of net investments was recognised in the statement of profit or loss for the year ended 31 December 2019. As at 31 December 2019, foreign exchange losses of HK$365,569,000 on translation of the bank borrowings to HK$ and fair value gains of HK$11,780,000 on forward currency contract were accumulated in the exchange fluctuation reserve in equity.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

	12-month ECLs	**Lifetime ECLs**			
	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Simplified approach HK$'000**	**Total HK$'000**
Debt investments at fair value through other comprehensive income – Credit rating of B	**1,272,347**	**–**	**–**	**–**	**1,272,347**
Trade receivables	**–**	**–**	**–**	**13,557**	**13,557**
Loans and interest receivables	**317,270**	**–**	**–**	**–**	**317,270**
Financial assets included in prepayments, deposits and other receivables – Normal*	**1,231,366**	**–**	**–**	**–**	**1,231,366**
Deposits with brokerage companies	**10,267**	**–**	**–**	**–**	**10,267**
Pledged deposits	**26,427**	**–**	**–**	**–**	**26,427**
Restricted bank balances	**194,475**	**–**	**–**	**–**	**194,475**
Cash and cash equivalents	**5,518,383**	**–**	**–**	**–**	**5,518,383**
	8,570,535	**–**	**–**	**13,557**	**8,584,092**

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income – Credit rating of B	365,798	–	–	–	365,798
Trade receivables	–	–	–	9,449	9,449
Loans and interest receivables	913,152	–	–	–	913,152
Financial assets included in prepayments, deposits and other receivables – Normal*	1,139,383	–	–	–	1,139,383
Deposits with brokerage companies	10,394	–	–	–	10,394
Pledged deposits	965,000	–	–	–	965,000
Restricted bank balances	67,088	–	–	–	67,088
Cash and cash equivalents	6,029,457	–	–	–	6,029,457
	9,490,272	–	–	9,449	9,499,721

* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments included in financial assets at fair value through profit or loss (note 20) and financial assets at fair value through other comprehensive income (note 19) as at 31 December 2020. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity index for the Stock Exchange at the close of business of the nearest trading day in the year to the end of the reporting period, and its respective highest and lowest points during the year are as follows:

	31 December 2020	**High/low 2020**	31 December 2019	High/low 2019
Hong Kong – Hang Seng Index	**27,231**	**29,175/21,139**	28,190	30,280/24,897

The following table demonstrates the sensitivity to every 10% decrease (2019: 10% decrease) in the fair values of the listed equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the listed equity investments included in financial assets at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve (non-recycling).

	Carrying amount of equity investments HK$'000	**Decrease in profit before tax HK$'000**	**Decrease in other components of equity HK$'000**
2020			
Equity investments listed in Hong Kong:			
– Financial assets at fair value through profit or loss	**284,382**	**(28,438)**	**–**
– Financial assets at fair value through other comprehensive income	**2,525,173**	**–**	**(252,517)**
Total	**2,809,555**	**(28,438)**	**(252,517)**
2019			
Equity investments listed in Hong Kong:			
– Financial assets at fair value through profit or loss	223,561	(22,356)	–
– Financial assets at fair value through other comprehensive income	649,689	–	(64,969)
Total	873,250	(22,356)	(64,969)

The Group's management manages the above exposure by maintaining a well-diversified investment portfolio.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and available funding through an adequate amount of committed credit facilities to meet its projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay, was as follows:

	2020				
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings (Note)	**22,750**	**699,211**	**10,071,345**	**–**	**10,793,306**
Lease liabilities	**–**	**16,880**	**7,258**	**3,728**	**27,866**
Notes payable	**–**	**123,031**	**1,999,016**	**–**	**2,122,047**
Financial liabilities included in other payables and accruals (excluding lease liabilities)	**157,833**	**100,009**	**–**	**–**	**257,842**
	180,583	**939,131**	**12,077,619**	**3,728**	**13,201,061**
Financial guarantees issued: Maximum amount guaranteed	**4,362,904**	**–**	**–**	**–**	**4,362,904**

	2019				
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings (Note)	985,830	250,117	248,172	7,970,796	9,454,915
Lease liabilities	–	19,492	15,490	5,716	40,698
Notes payable	–	123,031	123,031	1,999,016	2,245,078
Financial liabilities included in other payables and accruals (excluding lease liabilities)	59,560	94,630	–	–	154,190
	1,045,390	487,270	386,693	9,975,528	11,894,881
Financial guarantees issued: Maximum amount guaranteed	5,311,528	–	–	–	5,311,528

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Note:

Included in interest-bearing bank borrowings of the Group are term loans with an aggregate principal amount of HK$22,750,000 as at 31 December 2020 (2019: HK$985,830,000), of which the respective loan agreements contain a repayment on demand clause giving the banks the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that these bank loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the consolidated financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the bank loans, the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) are as follows:

	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
31 December 2020	**12,475**	**10,551**	**–**	**23,026**
31 December 2019	990,564	12,950	10,659	1,014,173

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2019.

The Group monitors capital using net gearing ratio, which is net debts divided by equity attributable to owners of the parent. Net debts include interest-bearing bank borrowings and notes payable, less cash and bank balances and time deposits. The net gearing ratios as at the end of the reporting periods were as follows:

	2020 HK$'000	2019 HK$'000
Interest-bearing bank borrowings (note 28)	**10,472,568**	8,947,931
Notes payable (note 29)	**1,928,892**	1,922,845
Less: Cash and bank balances and time deposits (note 25)	**(5,739,285)**	(7,061,545)
Net debts	**6,662,175**	3,809,231
Equity attributable to ordinary equity holders of the parent	**20,414,273**	17,506,388
Net gearing ratio	**32.6%**	21.8%

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 HK$'000	2019 HK$'000
NON-CURRENT ASSETS		
Property and equipment	**29**	36
Golf club membership	**10,540**	10,540
Investments in subsidiaries	**1,000,390**	1,000,390
Total non-current assets	**1,010,959**	1,010,966
CURRENT ASSETS		
Prepayments, deposits and other receivables	**744**	42,817
Due from subsidiaries	**13,929,656**	11,814,823
Deposits with a brokerage company	**50**	50
Cash and cash equivalents	**104**	108
Total current assets	**13,930,554**	11,857,798
CURRENT LIABILITIES		
Other payables and accruals	**46,536**	86,605
Interest-bearing bank borrowings	**442,792**	–
Total current liabilities	**489,328**	86,605
NET CURRENT ASSETS	**13,441,226**	11,771,193
TOTAL ASSETS LESS CURRENT LIABILITIES	**14,452,185**	12,782,159
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**1,829,127**	–
Net assets	**12,623,058**	12,782,159
EQUITY		
Issued capital	**388,233**	388,233
Reserves (Note)	**12,234,825**	12,393,926
Total equity	**12,623,058**	12,782,159

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2019	11,977,078	165,272	171,893	12,314,243
Total comprehensive income for the year	–	–	157,330	157,330
Final 2018 dividend approved	–	–	(77,647)	(77,647)
Lapse of share options	–	(26,453)	26,453	–
At 31 December 2019 and 1 January 2020	**11,977,078**	**138,819**	**278,029**	**12,393,926**
Total comprehensive loss for the year	**–**	**–**	**(81,454)**	**(81,454)**
Final 2019 dividend approved	**–**	**–**	**(77,647)**	**(77,647)**
Lapse of share options	**–**	**(138,819)**	**138,819**	**–**
At 31 December 2020	**11,977,078**	**–**	**257,747**	**12,234,825**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited after the vesting period.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 22 March 2021.

EY 安永

To the shareholders of C C Land Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of C C Land Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 39 to 129, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matters	How our audit addressed the key audit matter
Valuations of investment properties	
As at 31 December 2019, the Group's investment properties amounted to HK$14,902,298,000 and were measured at fair value. The fair values of the investment properties were determined based on valuations performed by a professional external valuer. Significant estimation is required to determine the fair values of investment properties, which reflect market conditions at the end of the reporting period. Management engaged an external valuer to perform valuations on these investment properties at the end of the reporting period and in the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as the estimated rental value of the relevant properties and made assumptions about capitalisation rates. The accounting estimates and disclosures of valuations of investment properties are included in notes 3 and 15 to the consolidated financial statements, respectively.	Our audit procedures to assess the valuations of investment properties included the following: • obtaining and reviewing the valuation reports prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • involving our internal valuation specialists to assist us to assess the valuation methodologies applied and the key assumptions and estimates adopted in the valuations; • comparing property-related data used as inputs for the valuations with underlying lease agreements and related documentation; and • assessing the adequacy of the disclosures of the valuations of the investment properties in the consolidated financial statements.
Impairment assessments of loans receivable and deposits and other receivables	
As at 31 December 2019, the Group had loans receivable and deposits and other receivables, before impairment allowance, amounting to HK$902,860,000 and HK$661,865,000, respectively. Impairment allowances provided for loans receivable and deposits and other receivables as at 31 December 2019 amounted to HK$14,012,000 and HK$1,735,000, respectively. Significant management judgement and estimates are required in determining the impairment losses of the related loans receivable and deposits and other receivables under the expected credit loss model in accordance with HKFRS 9 *Financial Instruments* ("HKFRS 9"). Management applied the general approach in calculating expected credit losses under HKFRS 9 for the related loans receivable and deposits and other receivables and engaged an external valuer to assess the credit risk of each debtor and prepare the expected credit loss calculations. The external valuer applied various elements, which involved forward-looking information and expected future cash flows, in assessing the expected credit losses.	Our audit procedures to assess the impairment assessments of the loans receivable and deposits and other receivables included the following: • evaluating the Group's processes and controls over the approvals and recording of the loans receivable and deposits and other receivables; • reviewing the background information and repayment capacity of the debtors such as credit assessment prepared by management and public information about the financial strength of the debtors; • reviewing the repayment history and settlements received subsequent to the reporting period from the debtors; • obtaining and reviewing the expected credit loss calculations prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • involving our internal valuation specialists to assist us to assess the methodologies applied and the key assumptions and estimates adopted in the expected credit loss calculations;

KEY AUDIT MATTERS *(continued)*

Key audit matters	How our audit addressed the key audit matter
Impairment assessments of loans receivable and deposits and other receivables (continued)	
The accounting judgements and estimates and details of the Group's loans receivable and deposits and other receivables are included in notes 3, 22 and 23 to the consolidated financial statements.	Our audit procedures to assess the impairment assessments of the loans receivable and deposits and other receivables included the following: *(continued)* • comparing the details of the loans receivable and deposits and other receivables used as inputs for the expected credit loss calculations with underlying documentation, such as loan agreements; and • assessing the adequacy of the disclosures of the impairment assessments of loans receivable and deposits and other receivables in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Cheuk Keung.

Ernst & Young
Certified Public Accountants
Hong Kong

20 March 2020

Consolidated Statement of Profit or Loss

Year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE:			
Interest income	5	**89,116**	72,418
Revenue from other sources	5	**475,520**	578,686
Total revenue		**564,636**	651,104
Cost of services provided		**(9,341)**	(5,474)
Gross profit		**555,295**	645,630
Other income and gains, net	5	**502,842**	191,528
Administrative expenses		**(384,899)**	(297,059)
Reversal of impairment losses/(impairment losses) on financial assets, net	8	**13,978**	(28,890)
Other expenses	6	**(110,643)**	(182,911)
Finance costs	7	**(278,426)**	(245,874)
Share of profits and losses of:			
Joint ventures		**136,532**	55,131
Associates		**(32,913)**	53,015
PROFIT BEFORE TAX	8	**401,766**	190,570
Income tax credit/(expense)	11	**12,257**	(19,471)
PROFIT FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**414,023**	171,099
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic and diluted		**HK10.66 cents**	HK4.41 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
PROFIT FOR THE YEAR		**414,023**	171,099
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Debt investments at fair value through other comprehensive income:			
Changes in fair value		**11,998**	(38,636)
Reclassification adjustment for gains/losses included in the consolidated statement of profit or loss			
– impairment losses/(reversal of impairment losses), net	19	**(59)**	4,972
– gain on redemption		**(1,163)**	–
		10,776	(33,664)
Exchange differences:			
Translation of foreign operations		**230,004**	(463,904)
Hedges of net investments in foreign operations			
– effective portion of changes in fair value of hedging instruments during the year		**(45,205)**	269,931
		184,799	(193,973)
Share of other comprehensive income/(loss) of joint ventures		**47,453**	(49,869)
Share of other comprehensive loss of associates		**(1,604)**	(21,723)
Release of other comprehensive income of an associate upon disposal of a subsidiary	34	**19,660**	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**261,084**	(299,229)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments at fair value through other comprehensive income:			
Changes in fair value		**(214,562)**	488,318
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**(214,562)**	488,318
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**46,522**	189,089
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		**460,545**	360,188

Consolidated Statement of Financial Position

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Property and equipment	14	**301,405**	105,681
Investment properties	15	**14,902,298**	14,394,511
Golf club membership		**10,540**	10,540
Investments in joint ventures	17	**2,589,186**	2,736,999
Investments in associates	18	**574,221**	914,929
Financial assets at fair value through other comprehensive income	19	**816,872**	1,291,140
Financial assets at fair value through profit or loss	20	**605,720**	1,445,963
Prepayments, deposits and other receivables	23	**8,052**	280,808
Derivative financial instruments	27	**3,247**	72,394
Deferred tax assets	30	**2,312**	4,938
Total non-current assets		**19,813,853**	21,257,903
CURRENT ASSETS			
Trade receivables	21	**9,449**	5,679
Loans and interest receivables	22	**899,140**	570,677
Prepayments, deposits and other receivables	23	**1,180,852**	92,523
Financial assets at fair value through other comprehensive income	19	**198,615**	76,822
Financial assets at fair value through profit or loss	20	**300,980**	191,995
Derivative financial instruments	27	**–**	56,540
Prepaid income tax		**4,107**	3,565
Deposits with brokerage companies	24	**10,394**	11,238
Pledged deposits	25	**965,000**	1,327,500
Restricted bank balances	25	**67,088**	142,907
Cash and cash equivalents	25	**6,029,457**	4,701,508
Total current assets		**9,665,082**	7,180,954
CURRENT LIABILITIES			
Other payables and accruals	26	**312,542**	514,500
Interest-bearing bank borrowings	28	**1,053,549**	2,288,458
Tax payable		**768,185**	764,300
Total current liabilities		**2,134,276**	3,567,258
NET CURRENT ASSETS		**7,530,806**	3,613,696
TOTAL ASSETS LESS CURRENT LIABILITIES		**27,344,659**	24,871,599
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	**7,894,382**	7,728,486
Notes payable	29	**1,922,845**	–
Other payables	26	**20,716**	–
Deferred tax liabilities	30	**328**	19,623
Total non-current liabilities		**9,838,271**	7,748,109
Net assets		**17,506,388**	17,123,490
EQUITY			
Issued capital	31	**388,233**	388,233
Reserves	32	**17,118,155**	16,735,257
Total equity		**17,506,388**	17,123,490

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Notes	Attributable to equity owners of the Company							
		Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve** HK$'000	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2018		388,233	11,977,078	98,303	11,593	267,137	165,272	3,933,333	16,840,949
Profit for the year		–	–	–	–	–	–	171,099	171,099
Other comprehensive income for the year:									
Debt investments at fair value through other comprehensive income:									
Changes in fair value		–	–	–	(38,636)	–	–	–	(38,636)
Reclassification adjustment for impairment losses included in the consolidated statement of profit or loss		–	–	–	4,972	–	–	–	4,972
Equity investments at fair value through other comprehensive income									
Changes in fair value		–	–	–	–	488,318	–	–	488,318
Share of other comprehensive loss of joint ventures		–	–	(49,869)	–	–	–	–	(49,869)
Share of other comprehensive loss of associates		–	–	(21,723)	–	–	–	–	(21,723)
Exchange differences:									
Translation of foreign operations		–	–	(463,904)	–	–	–	–	(463,904)
Hedges of net investments in foreign operations – effective portion of changes in fair value of hedging instruments during the year	42	–	–	269,931	–	–	–	–	269,931
Total comprehensive income for the year		–	–	(265,565)	(33,664)	488,318	–	171,099	360,188
Final 2017 dividend approved		–	–	–	–	–	–	(77,647)	(77,647)
Reclassification adjustment for a gain on disposal of equity investments at fair value through other comprehensive income	19(i)	–	–	–	–	(20,531)	–	20,531	–
At 31 December 2018		388,233	11,977,078*	(167,262)*	(22,071)*	734,924*	165,272*	4,047,316*	17,123,490

Consolidated Statement of Changes in Equity

Year ended 31 December 2019

	Notes	Attributable to equity owners of the Company							
		Issued capital HK$'000	Share premium account HK$'000	Exchange fluctuation reserve** HK$'000	Fair value reserve (recycling) HK$'000	Fair value reserve (non-recycling) HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 1 January 2019		388,233	11,977,078	(167,262)	(22,071)	734,924	165,272	4,047,316	17,123,490
Profit for the year		–	–	–	–	–	–	414,023	414,023
Other comprehensive income for the year:									
Debt investments at fair value through other comprehensive income:									
Changes in fair value		–	–	–	11,998	–	–	–	11,998
Reclassification adjustment for gains included in the consolidated statement of profit or loss									
– reversal of impairment losses, net		–	–	–	(59)	–	–	–	(59)
– gain on redemption		–	–	–	(1,163)	–	–	–	(1,163)
Equity investments at fair value through other comprehensive income									
Changes in fair value		–	–	–	–	(214,562)	–	–	(214,562)
Share of other comprehensive income of joint ventures		–	–	47,453	–	–	–	–	47,453
Share of other comprehensive loss of associates		–	–	(1,604)	–	–	–	–	(1,604)
Release of other comprehensive income of an associate upon disposal of a subsidiary	34	–	–	19,660	–	–	–	–	19,660
Exchange differences:									
Translation of foreign operations		–	–	230,004	–	–	–	–	230,004
Hedges of net investments in foreign operations									
– effective portion of changes in fair value of hedging instruments during the year	42	–	–	(45,205)	–	–	–	–	(45,205)
Total comprehensive income for the year		–	–	250,308	10,776	(214,562)	–	414,023	460,545
Final 2018 dividend approved		–	–	–	–	–	–	(77,647)	(77,647)
Lapse of share options	35	–	–	–	–	–	(26,453)	26,453	–
Reclassification adjustment for a gain on disposal of equity investments at fair value through other comprehensive income	19(i)	–	–	–	–	(51,885)	–	51,885	–
At 31 December 2019		388,233	11,977,078*	83,046*	(11,295)*	468,477*	138,819*	4,462,030*	17,506,388

* These reserve accounts comprise the consolidated reserves of HK$17,118,155,000 (2018: HK$16,735,257,000) in the consolidated statement of financial position.

** The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations.

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**401,766**	190,570
Adjustments for:			
Depreciation of owned assets	8	**29,424**	4,869
Depreciation of right-of-use assets	8	**21,731**	–
Impairment losses/(reversal of impairment losses) on financial assets, net	8	**(13,978)**	28,890
Finance costs	7	**278,426**	245,874
Share of profits and losses of joint ventures	4	**(136,532)**	(55,131)
Share of profits and losses of associates	4	**32,913**	(53,015)
Interest income from debt investments	5	**(47,107)**	(20,866)
Interest income from loans receivable	5	**(42,009)**	(51,552)
Dividend income from listed equity investments	5	**(4,419)**	(12,513)
Dividend income from unlisted fund investments	5	**–**	(50,297)
Bank interest income	5	**(89,895)**	(40,942)
Fair value losses on financial assets at fair value through profit or loss, net	6	**5,661**	119,717
Fair value losses/(gains) on derivative financial instruments – transaction not qualifying as hedges	5, 6	**68,306**	(35,767)
Fair value losses/(gains) on ineffectiveness of hedges of net investments in foreign operations	5, 6	**18,311**	(18,311)
Fair value gains on investment properties, net	5	**(165,297)**	(46,741)
Gains on disposal of financial assets at fair value through profit or loss, net	5	**(105,565)**	(47,030)
Gain on redemption of debt investments at fair value through other comprehensive income	5	**(1,163)**	–
Loss on disposal of items of property and equipment	6	**37**	–
Gain on disposal of subsidiaries	5	**(140,290)**	–
Lease incentives	15	**64,300**	61,800
		174,620	219,555
Increase in trade receivables		**(3,536)**	(695)
Increase in loans receivable		**(321,930)**	(450,000)
Decrease/(increase) in prepayments, deposits and other receivables		**(17,272)**	31,563
Decrease in financial assets at fair value through profit or loss		**37,234**	59,992
Decrease in deposits with brokerage companies		**844**	1,552
Decrease in restricted bank balances		**78,214**	16,981
Decrease in other payables and accruals		**(130,467)**	(206,418)
Cash used in operations		**(182,293)**	(327,470)
Interest received		**103,537**	48,502
Dividends received		**4,419**	62,810
Tax refunded/(paid), net		**1,930**	(101,765)
Interest paid		**(245,458)**	(220,657)
Net cash flows used in operating activities		**(317,865)**	(538,580)

Consolidated Statement of Cash Flows

Year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Net cash flows used in operating activities		**(317,865)**	(538,580)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries that are not a business	33	**(73,785)**	–
Proceeds from disposal of a subsidiary	34	**330,864**	–
Return of capital from/(investment in) joint ventures, net		**(372,393)**	626,309
Dividend received from a joint venture		**195,918**	–
Investments in associates		**(118,036)**	(735,831)
Decrease in balances with associates		**–**	943
Distribution received from an associate		**90,172**	78,367
Decrease in pledged deposits		**362,500**	3,745,250
Additions to an investment property	15	**(315)**	(15,059)
Deposits paid for acquisition of associates		**–**	(256,034)
Advance to a joint venture partner for the establishment of an associate		**(310,064)**	–
Purchases of items of property and equipment	14	**(42,342)**	(10,871)
Purchases of debt investments at fair value through other comprehensive income		**–**	(269,313)
Purchases of financial assets at fair value through profit or loss		**(69,928)**	(274,747)
Interest received from bank deposits		**85,852**	40,942
Proceeds from disposal of items of property and equipment		**448**	63
Proceeds from disposal of equity investments designated at fair value through other comprehensive income		**67,334**	313,103
Proceeds from redemption of debt investments at fair value through other comprehensive income		**78,663**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**928,272**	413,286
Proceeds from the termination of forward currency contracts		**11,780**	–
Net cash flows from investing activities		**1,164,940**	3,656,408
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of notes payable	29	**1,919,392**	–
Principal portion of lease payments	16(b)	**(18,745)**	–
Dividends paid		**(77,647)**	(77,647)
New bank borrowings		**2,518,767**	6,632,292
Repayment of bank borrowings		**(3,842,769)**	(9,654,572)
Net cash flows from/(used in) financing activities		**498,998**	(3,099,927)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,346,073**	17,901
Cash and cash equivalents at beginning of year		**4,701,508**	4,719,984
Effect of foreign exchange rate changes, net		**(18,124)**	(36,377)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**6,029,457**	4,701,508
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**4,379,539**	4,351,455
Non-pledged time deposits with original maturity of less than three months when acquired		**1,649,918**	350,053
Cash and cash equivalents as stated in the consolidated statement of cash flows		**6,029,457**	4,701,508

1. CORPORATE AND GROUP INFORMATION

C C Land Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The address of the principal place of business of the Company is 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

(i) property development and investment; and

(ii) treasury investment.

In the opinion of the directors of the Company, the immediate holding company of the Company is Fame Seeker Holdings Limited, which is incorporated in the British Virgin Islands ("BVI"), and the ultimate holding company of the Company is Windsor Dynasty Limited, which is incorporated in the BVI.

Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2019 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
C C Land Finance Limited	Hong Kong	Ordinary HK$2	100	Treasury investment
C C Land Management Limited	Hong Kong	Ordinary HK$1	100	Corporate management
C C Land Portfolio Inc.#	BVI	Ordinary US$1	100	Treasury investment
Captain Fantastic Limited#	BVI	Ordinary US$1	100	Investment holding
Cheer Profit Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Classical Noble Limited#	BVI	Ordinary US$1	100	Investment holding
Ever Channel Investments Limited#	BVI	Ordinary US$1	100	Investment holding
Everwin Global Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Fancy Style Investments Limited ("Fancy Style")#	BVI	Ordinary US$200	100	Vessel management
Fortune Point Holdings Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Fortune Sail International Limited####	BVI/United Kingdom	Ordinary US$1	100	Property investment
Global Palace Investments Limited	BVI/Hong Kong	Ordinary US$1,000	100	Property holding
Green Charm Investments Limited#/####	BVI	Ordinary US$1	100	Investment holding
Honour Sky Holdings Limited#	BVI	Ordinary US$1	100	Investment holding
Hugo Delight Limited	Hong Kong	Ordinary HK$10,000	100	Property holding
Join Wise Enterprises Limited	Hong Kong	Ordinary HK$1	100	Treasury management
Jubilee Summer Limited#	BVI	Ordinary US$1	100	Investment holding

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2019 are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Leadenhall Holding Co (Jersey) Ltd####	Jersey	Ordinary GBP428	100	Investment holding
Leadenhall Property Co (Jersey) Ltd####	Jersey	Ordinary GBP400	100	Property investment
Marvel Leader Investments Limited ("Marvel Leader")#	BVI	Ordinary US$50,000	100	Investment holding
Massive Vast Group Limited#	BVI	Ordinary US$1	100	Investment holding
Mega Star International Investment Limited#	Hong Kong	Ordinary HK$1	100	Investment holding
Mighty Gain Enterprises Limited ("Mighty Gain")#	BVI	Ordinary US$1	100	Investment holding
Novel Sky International Limited#	BVI	Ordinary US$1	100	Investment holding
Oceanic Front Limited ("Oceanic Front")#	BVI	Ordinary US$2	100	Yacht investment
Perfect Gain Enterprises Limited#	BVI	Ordinary US$1	100	Treasury investment
Perfect Point Ventures Limited#	BVI	Ordinary US$1	100	Treasury management
Profit Vast Investment Limited	Hong Kong	Ordinary HK$1	100	Treasury investment
Season Fit Limited#	BVI	Ordinary US$1	100	Investment holding
Smart Harmony Developments Limited#	BVI	Ordinary US$1	100	Investment holding
Sun Vessel Global Limited ("Sun Vessel")#	BVI	Ordinary US$200	100	Vessel investment
Universal Mission Limited#	BVI	Ordinary US$1	100	Investment holding
Win Mount Development Limited	Hong Kong	Ordinary HK$1	100	Investment holding
Worthwell Investments Limited	BVI/Hong Kong	Ordinary US$50,000	100	Treasury investment

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries as at 31 December 2019 are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company	Principal activities
Chengdu Hui Fan Yue Sheng Enterprise Management Consulting Co., Ltd*/### (成都滙帆悦昇企業管理有限公司)	The People's Republic of China ("PRC")/ Mainland China	RMB10,000,000	100	Investment holding
Sichuan Zhong Yu Real Estate Company Limited*/## (四川中渝置地有限公司)	PRC/Mainland China	Registered US$15,000,000	100	Property development and investment
Tibet Huixing Yuejing Corporate Management Services Limited*/### (西藏滙星悦景企業管理服務有限公司)	PRC/Mainland China	Registered RMB20,000,000	100	Investment holding and management

These companies have no specific principal place of operations.

This company is registered as a wholly-foreign-owned enterprise under PRC law.

These companies are registered as limited liability companies under PRC law.

At 31 December 2019, the equity interests of these companies were pledged to certain banks to secure bank borrowings of HK$7,962,101,000 (2018: HK$8,794,532,000) granted to the Group (note 28).

* The English names of these companies are not official. They are direct translation from the Chinese names and are for identification purposes only.

Except for Marvel Leader and Mighty Gain, the equity interests of all principal subsidiaries are indirectly held by the Company.

During the year ended 31 December 2019, the Group acquired the remaining 50% equity interest in each of Sun Vessel, Oceanic Front and Fancy Style from the Group's joint venture partners. Further details of these acquisitions are included in note 33 to the financial statements.

During the year ended 31 December 2019, the Group disposed of certain subsidiaries to independent third parties. Further details of these disposals are included in note 34 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

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 ("HKICPA"), 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.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

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

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the 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 to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors 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 has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised in the opening balances of the statement of financial position as at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

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.

2.2 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 leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact 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$86,066,000 that were reclassified from land and buildings.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

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.

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 as at 1 January 2019 was as follows:

	Increase/ (decrease) HK$'000
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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

Financial impact at 1 January 2019 *(continued)*

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

	HK$'000
Operating lease commitments as at 31 December 2018	62,790
Less: Commitments relating to short-term leases and those leases with remaining lease terms ended on or before 31 December 2019	(1,165)
	61,625
Weighted average incremental borrowing rate as at 1 January 2019	4.02%
Lease liabilities as at 1 January 2019	55,292

(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 Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with HKFRS 9. Accordingly, the amendments did not have any significant impact on the financial position or performance of the Group.

(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. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup charge arrangements. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. The interpretation did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 No mandatory effective date is determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

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 expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, available-for-sale investments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

 (i) has control or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

A party is considered to be related to the Group if: *(continued)*

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Owned assets

Buildings	2% or over the unexpired terms of the leases if less than 50 years
Leasehold improvements	20% or over the unexpired terms of the leases if less than 5 years
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20% to 25%
Vessel and yacht	20%

Right-of-use assets

Leasehold lands	2% or over the unexpired terms of the leases if less than 50 years
Office properties	Over the lease terms

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment and depreciation *(continued)*

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset (2018: leasehold property under an operating lease) which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Golf club membership

Golf club membership acquired is measured on initial recognition at cost and its useful life is assessed to be indefinite.

Golf club membership is tested for impairment annually and not amortised. It is considered as having an indefinite useful life as there is no time limit for which the Group can use the membership, and therefore it will not be amortised until its useful life is determined to be finite upon reassessment annually. Accordingly, its useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). 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. Right-of-use assets are depreciated on a straight-line basis as detailed in the *Property and equipment and depreciation* policy above.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases (applicable from 1 January 2019) *(continued)*

Group as a lessee *(continued)*

(b) *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 exercise price of a purchase option reasonably certain to be exercised by the Group and 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 its incremental borrowing rate at the lease commencement date because 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 the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in other payables and accruals.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of office properties and staff quarters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee are accounted for as finance leases.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases (applicable before 1 January 2019)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees, payments for land use rights and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Initial recognition and measurement *(continued)*

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement *(continued)*

Financial assets at fair value through profit or loss *(continued)*

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include financial liabilities included in other payables and accruals, financial guarantee contracts, notes payable and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges of a net investment

Hedges of a net investment in a foreign operation which meet all the qualifying criteria for hedge accounting, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. The related hedging reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from the sale of properties is recognised at the point in time when the purchasers obtained the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Revenue from other sources

(i) Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred;

(ii) Dividend income is recognised when the shareholders' right to receive payment has been established; and

(iii) Income from the sale of listed securities is recognised on the trade date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

Share-based payments

The Company operates share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 35 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

For awards that do not ultimately vest because non-market performance and/or services conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Schedule.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosures of contingent liabilities. Uncertain about these assumptions and estimates could result in outcome that could require a material adjustment to the carrying amount of the assets or liabilities in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of investment properties

The fair values of the Group's investment properties are determined by independent valuers on an open market, existing use basis. In making the judgement of determination of the fair values, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period such as the estimated rental value of the relevant properties and appropriate capitalisation rates. Relevant estimates are regularly compared to actual market data. More details are given in note 15 to the financial statements.

Impairment assessments of loans receivable and deposits and other receivables

The measurement of impairment losses under HKFRS 9 requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risks of default, losses given default and collateral recovery, changes in which can result in different levels of allowances.

The Group's expected credit loss calculations on loans receivable and deposits and other receivables are based on assumptions about risks of default and losses given default. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward-looking estimates (such as gross domestic product and market volatility) at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2019, the carrying amounts of the Group's loans receivable and deposits and other receivables, before impairment allowance, were HK$902,860,000 (2018: HK$580,000,000) and HK$661,865,000 (2018: HK$120,651,000), respectively. Impairment allowances provided for loans receivable and deposits and other receivables as at 31 December 2019 amounted to HK$14,012,000 (2018: HK$29,666,000) and HK$1,735,000 (2018: Nil), respectively, and a reversal of impairment losses aggregating to HK$13,919,000 (2018: impairment losses aggregating to HK$23,918,000) has been recognised for the Group's loans receivable and deposits and other receivables for the year ended 31 December 2019. Further details of the Group's loans receivable and deposits and other receivables and the key assumptions and inputs used for impairment calculations are given in notes 22 and 23 to the financial statements, respectively.

4. 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.

4. OPERATING SEGMENT INFORMATION *(continued)*

Information regarding the reportable segments is presented below.

Reportable segment information

Year ended 31 December 2019

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue (note 5)			
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 – transaction not qualifying as hedges	68,306	–	68,306
Fair value losses on ineffectiveness of hedges of net investment 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

4. OPERATING SEGMENT INFORMATION *(continued)*

Reportable segment information *(continued)*

Year ended 31 December 2018

	Property development and investment HK$'000	Treasury investment HK$'000	Total HK$'000
Segment revenue (note 5)			
Revenue from external customers	490,119	160,985	651,104
Segment results	532,291	(31,136)	501,155
Corporate and unallocated expenses			(64,711)
Finance costs			(245,874)
Profit before tax			190,570
Other segment information:			
Share of profits of:			
Joint ventures	55,131	–	55,131
Associates	53,015	–	53,015
Capital expenditure in respect of items of property and equipment	10,871	–	10,871
Depreciation	4,869	–	4,869
Fair value gains on derivative financial instruments – transaction not qualifying as hedges	35,767	–	35,767
Fair value gains on ineffectiveness of hedges of net investment in foreign operations	18,311	–	18,311
Fair value gains on investment properties, net	46,741	–	46,741
Fair value losses on financial assets at fair value through profit or loss, net	–	119,717	119,717
Impairment losses on financial assets, net	–	28,890	28,890
Investments in joint ventures	2,736,999	–	2,736,999
Investments in associates	914,929	–	914,929

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2019 HK$'000	2018 HK$'000
United Kingdom	**477,140**	490,119
Mainland China	**132**	53,960
Hong Kong	**87,364**	107,025
	564,636	651,104

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

(b) Non-current assets

	2019 HK$'000	2018 HK$'000
United Kingdom	**17,206,199**	16,311,664
Mainland China	**205,134**	1,306,683
Hong Kong	**727,320**	626,499
Australia	**241,871**	192,266
	18,380,524	18,437,112

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$95,003,000, HK$72,515,000 and HK$57,290,000 (2018: HK$99,041,000 and HK$68,735,000) were derived from three (2018: two) tenants in the property development and investment segment.

5. REVENUE, OTHER INCOME AND GAINS, NET

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

	2019 HK$'000	2018 HK$'000
Revenue		
Interest income		
Interest income from debt investments	**47,107**	20,866
Interest income from loans receivable	**42,009**	51,552
	89,116	72,418
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	**5,565**	7,529
Other lease payments, including fixed payments	**471,575**	482,590
	477,140	490,119
Gains/(losses) on disposal of financial assets at fair value through profit or loss, net	**(6,039)**	25,757
Dividend income from listed equity investments	**4,419**	12,513
Dividend income from unlisted fund investments	**–**	50,297
	475,520	578,686
	564,636	651,104
Other income and gains, net		
Bank interest income	**89,895**	40,942
Fair value gains on derivative financial instruments – transaction not qualifying as hedges	**–**	35,767
Fair value gains on ineffectiveness of hedges of net investments in foreign operations	**–**	18,311
Fair value gains on investment properties, net (note 15)	**165,297**	46,741
Gains on disposal of financial assets at fair value through profit or loss, net	**105,565**	47,030
Gain on disposal of subsidiaries (note 34)	**140,290**	–
Gain on redemption of debt investments at fair value through other comprehensive income	**1,163**	–
Others	**632**	2,737
	502,842	191,528

6. OTHER EXPENSES

An analysis of other expenses is as follows:

	2019 HK$'000	2018 HK$'000
Fair value losses on financial assets at fair value through profit or loss, net	**5,661**	119,717
Fair value losses on derivative financial instruments – transaction not qualifying as hedges	**68,306**	–
Fair value losses on ineffectiveness of hedges of net investments in foreign operations	**18,311**	–
Exchange losses, net	**18,328**	63,108
Loss on disposal of items of property and equipment	**37**	–
Others	**–**	86
	110,643	182,911

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2019 HK$'000	2018 HK$'000
Interest on bank borrowings	**202,826**	245,874
Interest on notes payable	**73,708**	–
Interest on lease liabilities	**1,892**	–
	278,426	245,874

8. PROFIT BEFORE TAX

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

	Notes	2019 HK$'000	2018 HK$'000
Depreciation of owned assets	14	**29,424**	4,869
Depreciation of right-of-use assets	14	**21,731**	–
		51,155	4,869
Minimum lease payments under operating leases		**–**	16,992
Lease payments not included in the measurement of lease liabilities	16(c)	**1,743**	–
Auditor's remuneration		**5,320**	4,800
Employee benefit expense (including directors' remuneration (note 9)):			
Wages and salaries		**201,479**	178,411
Pension scheme contributions		**5,344**	5,233
		206,823	183,644
Foreign exchange differences, net	6	**18,328**	63,108
Impairment losses/(reversal of impairment losses) on financial assets, net			
Impairment losses/(reversal of impairment losses) on debt investments at fair value through other comprehensive income, net	19	**(59)**	4,972
Impairment losses/(reversal of impairment losses) on loans and interest receivables, net	22	**(15,654)**	23,918
Impairment losses on financial assets included in prepayments, deposits and other receivables	23	**1,735**	–
		(13,978)	28,890
Gross rental income		**(477,140)**	(490,119)
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		**9,341**	5,474
Net rental income		**(467,799)**	(484,645)

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2019 HK$'000	2018 HK$'000
Fees	**2,085**	2,020
Other emoluments:		
Salaries, allowances and benefits in kind	**39,066**	39,755
Discretionary bonuses	**36,800**	35,800
Pension scheme contributions	**1,235**	1,293
	77,101	76,848
	79,186	78,868

During the year, the Group provided a leasehold property in Hong Kong as staff quarters for one of the executive directors of the Company. The estimated monetary value of such accommodation, included in the amount disclosed above, using the rateable value as an approximation, was HK$1,002,000 (2018: HK$600,000).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2019 HK$'000	2018 HK$'000
Mr. Lam Kin Fung Jeffrey	**785**	760
Mr. Leung Yu Ming Steven	**650**	630
Dr. Wong Lung Tak Patrick	**650**	630
	2,085	2,020

There were no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

9. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2019					
Executive directors:					
Mr. Cheung Chung Kiu	**–**	**11,700**	**13,500**	**18**	**25,218**
Dr. Lam How Mun Peter	**–**	**11,077**	**8,000**	**465**	**19,542**
Mr. Leung Chun Cheong	**–**	**2,964**	**2,000**	**137**	**5,101**
Mr. Leung Wai Fai	**–**	**5,785**	**4,300**	**267**	**10,352**
Mr. Wong Chi Keung	**–**	**7,540**	**9,000**	**348**	**16,888**
	–	**39,066**	**36,800**	**1,235**	**77,101**
2018					
Executive directors:					
Mr. Cheung Chung Kiu	–	11,700	13,500	18	25,218
Dr. Lam How Mun Peter	–	10,350	8,000	450	18,800
Mr. Tsang Wai Choi*	–	2,105	–	105	2,210
Mr. Leung Chun Cheong	–	2,860	2,000	132	4,992
Mr. Leung Wai Fai	–	5,590	4,300	258	10,148
Mr. Wong Chi Keung	–	7,150	8,000	330	15,480
	–	39,755	35,800	1,293	76,848

* Mr. Tsang Wai Choi retired as an executive director of the Company with effect from 21 May 2018.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2018: four) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2018: one) non-director, highest paid employee are as follows:

	2019 HK$'000	2018 HK$'000
Salaries, allowances, and benefits in kind	**3,900**	3,640
Discretionary bonuses	**9,000**	8,000
Pension scheme contributions	**180**	168
	13,080	11,808

The number of non-director, highest paid employee whose remuneration fell within the following band is as follows:

	No. of individuals 2019	2018
HK$11,500,001 to HK$12,200,000	**–**	1
HK$13,000,001 to HK$13,500,000	**1**	–

11. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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 effective from the year of assessment 2018/2019. The first HK$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 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 tax reform in the United Kingdom (the "UK") enacted on 17 February 2019 and effective from 5 April 2019 has extended the scope of the UK's taxation of gains accruing to non-UK residents to include gains on disposals of interests in non-residential UK properties. The cost base on disposal is based on either the original cost of the UK property, adjusting for indexation, or the fair value of the UK property at 5 April 2019. Any gain arising from sales of the UK property between 6 April 2019 and 31 March 2020 would be subject to corporation tax at a rate of 19% and from 1 April 2020 onwards would be subject to a corporation tax rate of 17%.

	2019 HK$'000	2018 HK$'000
Current charge for the year		
Hong Kong	**8,065**	5,247
Mainland China	**39,529**	18,506
UK	**11,644**	13,305
Underprovision/(overprovision) in prior years		
Hong Kong	**(17,407)**	493
Mainland China	**(33,723)**	(8,088)
UK	**(3,995)**	(9,331)
Deferred tax (note 30)	**(16,370)**	(661)
Total tax charge/(credit) for the year	**(12,257)**	19,471

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense/(credit) at the effective tax rates is as follows:

	2019 HK$'000	2018 HK$'000
Profit before tax	**401,766**	190,570
Tax at the statutory tax rates of different jurisdictions	**69,902**	38,959
Lower tax rate enacted by local authority	**(165)**	–
Adjustments in respect of current tax of previous periods	**(55,125)**	(16,926)
Profits and losses attributable to associates	**5,431**	(8,747)
Profits and losses attributable to joint ventures	**(22,528)**	(9,097)
Income not subject to tax	**(113,224)**	(90,134)
Expenses not deductible for tax	**46,785**	82,250
Effect of withholding tax at 10% on the disposal of the Group's PRC investments	**19,065**	–
Tax losses not recognised	**37,602**	23,166
Tax charge/(credit) at the Group's effective rate	**(12,257)**	19,471

The share of tax attributable to associates and joint ventures amounting to HK$1,421,000 (2018: HK$13,621,000) and HK$24,183,000 (2018: HK$38,915,000), respectively, are included in "Share of profits and losses of associates" and "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss, respectively.

12. DIVIDENDS

	2019 HK$'000	2018 HK$'000
Proposed final – HK$0.02 (2018: HK$0.02) per ordinary share	**77,647**	77,647

The final dividend for the year ended 31 December 2019 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 2019 and 2018.

13. 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 2019 and 2018 in respect of a dilution as the share options outstanding had no dilutive effect on the basic earnings per share amounts presented.

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

	2019 HK$'000	2018 HK$'000
Earnings		
Profits attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**414,023**	171,099

	Number of shares 2019	2018
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**3,882,334,668**	3,882,334,668

14. PROPERTY AND EQUIPMENT

	Owned assets							
	Land and buildings/ buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessel and yacht HK$'000	Total HK$'000	Right-of-use assets HK$'000 (note 16(a))	Total HK$'000
31 December 2019								
At 1 January 2019 (as originally presented):								
Cost	102,078	6,232	9,857	7,570	–	125,737	–	125,737
Accumulated depreciation	(9,874)	(992)	(3,298)	(5,892)	–	(20,056)	–	(20,056)
Net carrying amount	92,204	5,240	6,559	1,678	–	105,681	–	105,681
Effect of adoption of HKFRS 16 (note 16(a))	(86,066)	–	–	–	–	(86,066)	143,312	57,246
At 1 January 2019 (as restated)	6,138	5,240	6,559	1,678	–	19,615	143,312	162,927
At 1 January 2019, net of accumulated depreciation	6,138	5,240	6,559	1,678	–	19,615	143,312	162,927
Additions	–	32,574	8,647	1,121	–	42,342	2,606	44,948
Acquisition of subsidiaries that are not a business (note 33)	–	–	–	–	145,446	145,446	–	145,446
Disposals	–	–	(479)	(6)	–	(485)	–	(485)
Depreciation provided during the year	(168)	(4,583)	(1,639)	(1,217)	(21,817)	(29,424)	(21,731)	(51,155)
Exchange realignment	–	15	2	(7)	–	10	(286)	(276)
At 31 December 2019, net of accumulated depreciation	5,970	33,246	13,090	1,569	123,629	177,504	123,901	301,405
At 31 December 2019:								
Cost	7,138	38,825	17,716	7,312	145,446	216,437	154,628	371,065
Accumulated depreciation	(1,168)	(5,579)	(4,626)	(5,743)	(21,817)	(38,933)	(30,727)	(69,660)
Net carrying amount	5,970	33,246	13,090	1,569	123,629	177,504	123,901	301,405

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2018					
At 1 January 2018:					
Cost	102,078	1,935	6,829	16,349	127,191
Accumulated depreciation	(7,252)	(1,931)	(4,760)	(13,433)	(27,376)
Net carrying amount	94,826	4	2,069	2,916	99,815
At 1 January 2018, net of accumulated depreciation	94,826	4	2,069	2,916	99,815
Additions	–	5,863	5,008	–	10,871
Disposals	–	–	–	(63)	(63)
Depreciation provided during the year	(2,622)	(627)	(475)	(1,145)	(4,869)
Exchange realignment	–	–	(43)	(30)	(73)
At 31 December 2018, net of accumulated depreciation	92,204	5,240	6,559	1,678	105,681
At 31 December 2018:					
Cost	102,078	6,232	9,857	7,570	125,737
Accumulated depreciation	(9,874)	(992)	(3,298)	(5,892)	(20,056)
Net carrying amount	92,204	5,240	6,559	1,678	105,681

At 31 December 2019, one of the Group's buildings with a carrying amount of HK$4,476,000 and its leasehold land, which is included in right-of-use assets, with a carrying amount of HK$72,788,000 (2018: land and buildings of HK$79,776,000) were pledged to secure general banking facilities granted to the Group (note 28).

15. INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
Carrying amount at 1 January	**14,394,511**	15,228,933
Additions	**315**	15,059
Lease incentives	**(64,300)**	(61,800)
Net gain from fair value adjustments (note 5)	**165,297**	46,741
Exchange realignment	**406,475**	(834,422)
Carrying amount at 31 December	**14,902,298**	14,394,511

The Group's investment properties consist of two commercial properties in the UK. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2019 based on valuations performed by Knight Frank Petty Limited, a firm of independent professionally qualified valuer, at HK$14,902,298,000. Each year, management of the Group decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior personnel from the finance department reviews the valuations performed by the external valuer for financial reporting purposes and reports directly to senior management. Discussions of valuation processes, assumptions and results are held between the Group's finance personnel and the external valuer twice a year when the valuations are performed for interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the financial statements.

At 31 December 2019, the Group's investment properties with an aggregate carrying value of HK$14,902,298,000 (2018: HK$14,394,511,000) were pledged to secure general banking facilities granted to the Group (note 28).

Further particulars of the Group's investment properties are included on page 131.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**14,902,298**	**14,902,298**

	Fair value measurement as at 31 December 2018 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	14,394,511	14,394,511

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2018: Nil).

15. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000
Carrying amount at 1 January 2018	15,228,933
Additions	15,059
Lease incentives	(61,800)
Net gain from fair value adjustments	46,741
Exchange realignment	(834,422)
Carrying amount at 31 December 2018 and 1 January 2019	**14,394,511**
Additions	**315**
Lease incentives	**(64,300)**
Net gain from fair value adjustments	**165,297**
Exchange realignment	**406,475**
Carrying amount at 31 December 2019	**14,902,298**

Set out below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range 2019	Range 2018
Commercial properties	Income capitalisation approach	Estimated rental value (per square foot per annum)	**GBP60 to GBP125**	GBP51 to GBP107.5
		Equivalent yield	**3.70% to 4.71%**	3.90% to 4.70%

The fair value of the investment properties which are classified as Level 3 of the fair value hierarchy is determined by using the income capitalisation approach based on capitalisation of net income with due allowance of outgoings and reversionary income potential. Measurement of the fair value is positively correlated to the estimated rental value and inversely correlated to the equivalent yield rate.

16. LEASES

The Group as a lessee

The Group has lease contracts for leasehold lands and office properties used in its operations. Lump sum payments were made upfront to acquire the leasehold lands in Hong Kong with lease periods of 40 to 54 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties generally have lease terms between 2 to 4 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

16. LEASES *(continued)*

The Group as a lessee *(continued)*

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold lands HK$'000	Office properties HK$'000	Total HK$'000
As at 1 January 2019 (upon adoption of HKFRS 16)	86,066	57,246	143,312
Additions	–	2,606	2,606
Depreciation charge	(2,715)	(19,016)	(21,731)
Exchange realignment	–	(286)	(286)
As at 31 December 2019	83,351	40,550	123,901

(b) Lease liabilities

The carrying amount of lease liabilities (included under other payables and accruals) and the movements during the year are as follows:

	HK$'000
Carrying amount at 1 January 2019 (upon adoption of HKFRS16)	55,292
New leases	2,606
Accretion of interest recognised during the year	1,892
Payments	(20,637)
Exchange realignment	(103)
Carrying amount at 31 December 2019	39,050
Analysed into:	
Current portion	18,334
Non-current portion	20,716
	39,050

The maturity analysis of lease liabilities is disclosed in note 42 to the financial statements.

(c) The amounts recognised in the statement of profit or loss in relation to leases are as follows:

	2019 HK$'000
Interest on lease liabilities	1,892
Depreciation charge of right-of-use assets	21,731
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses)	1,743
Total amount recognised in the statement of profit or loss	25,366

(d) The total cash outflow for leases are disclosed in note 36(c) to the financial statements.

16. LEASES *(continued)*

The Group as a lessor

The Group leases its investment properties (note 15) consisting of two commercial properties in the UK and under operating lease arrangements. The terms of the leases generally (i) require tenants to pay rent in advance on a quarterly basis; (ii) provide for rent review; (iii) grant certain lessees a tenant exercisable break clause; and (iv) require certain tenants to pay security deposits. As at 31 December 2019, security deposits received from tenants and held by the Group's property manager on trust for both the Group and the Group's tenants amounted to HK$52,044,000 (2018: HK$57,463,000). Rental income recognised by the Group during the year was HK$477,140,000 (2018: HK$490,119,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivables by the Group in future periods, calculated on the assumption that no tenant exercisable break clause will be exercised, under non-cancellable operating leases with its tenants are as follows:

	2019 **HK$'000**	2018 HK$'000
Within one year	**540,026**	533,437
After one year but within two years	**539,984**	533,429
After two years but within three years	**535,266**	528,916
After three years but within four years	**478,338**	524,328
After four years but within five years	**428,268**	470,229
After five years	**2,494,040**	2,740,502
	5,015,922	5,330,841

17. INVESTMENTS IN JOINT VENTURES

	2019 **HK$'000**	2018 HK$'000
Share of net assets	**2,589,186**	2,736,999

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Particulars of the Group's material joint ventures are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing
Instant Glory International Limited ("Instant Glory")	Ordinary shares of US$1 each	BVI	50	50	50
Excel Winner UK Limited ("Excel Winner UK")	Ordinary shares of GBP1 each	England & Wales	50	50	50
Beauty Bay International Limited ("Beauty Bay")	Ordinary shares of US$1 each	BVI	48.98	50	48.98
Whiteley JV S.à r.l. ("Whiteley JV")	Ordinary shares of GBP1 each	Grand Duchy of Luxembourg	46.08	50	46.08
Whiteley Hotel PropCo Limited ("Whiteley PropCo")	Ordinary shares of GBP0.01 each	Guernsey	46.08	50	46.08
Whiteley Hotel Apartments Limited ("Whiteley Apartments")	Ordinary shares of GBP0.01 each	UK	46.08	50	46.08
Whiteley Retail Limited ("Whiteley Retail")	Ordinary shares of GBP0.01 each	Guernsey	46.08	50	46.08
Queens Road W2 Limited ("QRW2")	Ordinary shares of HK$1 each	Hong Kong	46.08	50	46.08
Ocean Beyond Investments Limited ("Ocean Beyond")	Ordinary shares of US$1 each	BVI	42.5	33.33	42.5
Proprium Holding Trust ("Proprium")	Ordinary shares of AUD1 each	Australia	41.9	50	41.9

Instant Glory is an investment holding company which holds indirectly the entire 100% equity interest of Excel Winner UK (collectively "Instant Glory Group"). Excel Winner UK is a property development company.

Beauty Bay is an investment holding company which held directly and indirectly the entire 100% equity interest of Billion Thriving Limited ("Billion Thriving") and its wholly-owned subsidiary (collectively "Billion Thriving Group"). Billion Thriving Group is principally engaged in property investment. In November 2019, Beauty Bay entered into two sale and purchase agreements with the joint venture partners to dispose of its 100% interest in Billion Thriving and a shareholder's loan owed by the Billion Thriving Group to Beauty Bay for a total consideration of HK$1,707,899,000. The disposal was completed on 26 November 2019 and a gain on disposal of subsidiaries amounted to HK$118,621,000 was recognised by Beauty Bay.

Whiteley JV is an investment holding company newly invested by the Group during the year and holds indirectly the entire 100% equity interest of Whiteley PropCo, Whiteley Apartments, Whiteley Retail and QRW2 (collectively "Whiteley Group"). Whiteley Group is principally engaged in property development and investment.

Ocean Beyond is an investment holding company which holds indirectly 98.5% equity interest of Proprium (collectively "Ocean Beyond Group"). Proprium is a property investment company.

All these joint ventures are unlisted and indirectly held by the Company.

Instant Glory Group, Beauty Bay and its subsidiaries (the "Beauty Bay Group"), Whiteley Group and Ocean Beyond Group are considered as material joint ventures of the Group and are accounted for using the equity method.

17. INVESTMENTS IN JOINT VENTURES *(continued)*

The following tables illustrate the summarised financial information in respect of Instant Glory Group, Beauty Bay Group, Whiteley Group, Ocean Beyond Group, Distinct Global Investments Limited ("Distinct Global") and Sun Vessel Global Limited ("Sun Vessel") and reconciled to the carrying amount in the consolidated financial statements:

Instant Glory Group

	2019 HK$'000	2018 HK$'000
Cash and cash equivalents	**14,825**	28,895
Other current assets	**6,874,727**	6,471,950
Current assets	**6,889,552**	6,500,845
Non-current assets	**8,985**	2,565
Current financial liabilities, excluding trade and other payables	**(2,237,414)**	(2,176,094)
Other current liabilities	**(178,529)**	(164,633)
Current liabilities	**(2,415,943)**	(2,340,727)
Non-current liabilities	**(280,874)**	(467,893)
Net assets	**4,201,720**	3,694,790
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**2,100,860**	1,847,395
Carrying amount of the investment	**2,100,860**	1,847,395
Interest expense	**(2,617)**	–
Loss for the year	**(38,004)**	(14,997)
Total comprehensive loss for the year	**(38,004)**	(14,997)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Beauty Bay Group

	2019 HK$'000	2018 HK$'000
Cash and cash equivalents	**60**	60
Other current assets	**588,911**	177,974
Current assets	**588,971**	178,034
Non-current assets	**–**	1,114,117
Current liabilities	**(480,392)**	(29,943)
Net assets	**108,579**	1,262,208
Reconciliation to the Group's interests		
Proportion of the Group's ownership	**48.98%**	48.98%
Group's share of net assets	**53,182**	618,229
Carrying amount of the investment	**53,182**	618,229
Interest income	**299,232**	177,648
Other income	**118,621**	–
Income tax expense	**(49,373)**	(29,312)
Profit for the year	**361,176**	147,397
Other comprehensive income/(loss) for the year	**76,909**	(76,909)
Total comprehensive income for the year	**438,085**	70,488
Dividend received by the Group from the Beauty Bay Group	**195,918**	–

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Whiteley Group

	2019 HK$'000
Cash and cash equivalents	64,119
Other current assets	3,525,674
Current assets	3,589,793
Non-current assets	37,372
Current liabilities	(2,675)
Non-current financial liabilities, excluding trade and other payables and provisions	(1,271,786)
Other non-current liabilities	(5,559)
Non-current liabilities	(1,277,345)
Net assets	2,347,145
Reconciliation to the Group's interests	
Proportion of the Group's ownership	46.08%
Group's share of net assets	1,081,564
Paid-up capital contributed by joint venture partner disproportionate to its shareholding	(898,634)
Loss not shared by the Group	10,218
Carrying amount of the investment	193,148
Interest income	2
Other income	719
Interest expense	(1,058)
Loss for the year	(22,175)
Total comprehensive loss for the year	(22,175)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Ocean Beyond Group

	2019 HK$'000
Cash and cash equivalents	21,403
Other current assets	1,338
Current assets	22,741
Non-current assets	638,200
Current financial liabilities, excluding trade and other payables	(1,242)
Other current liabilities	(3,215)
Current liabilities	(4,457)
Non-current financial liabilities, excluding trade and other payables and total non-current liabilities	(211,695)
Net assets	444,789
Non-controlling interests	(2,669)
Net assets attributable to owners of Ocean Beyond Group	442,120
Reconciliation to the Group's interests	
Proportion of the Group's ownership	42.5%
Group's share of net assets	187,901
Carrying amount of the investment	187,901
Interest income	198
Loss for the year	(34,707)
Other comprehensive loss for the year	(10,010)
Total comprehensive loss for the year	(44,717)

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Distinct Global*

	2018 HK$'000
Cash and cash equivalents	650,853
Other current assets	11,903
Current assets	662,756
Current financial liabilities, excluding trade and other payables	(28)
Other current liabilities	(167,042)
Current liabilities	(167,070)
Net assets	495,686
Non-controlling interests	(146,028)
Net assets attributable to the owners of Distinct Global Group	349,658
Reconciliation to the Group's interests	
Proportion of the Group's ownership	47%
Group's share of net assets	164,339
Carrying amount of the investment	164,339
Revenue	22,151
Other income	224,150
Interest income	441
Income tax expense	(71,091)
Profit for the year	88,990
Other comprehensive loss for the year	(33,052)
Total comprehensive income for the year	55,938

17. INVESTMENTS IN JOINT VENTURES *(continued)*

Sun Vessel*

	2018 HK$'000
Current assets	220
Non-current assets	149,295
Financial liabilities, excluding trade and other payables	(483)
Current liabilities	(483)
Net assets	149,032
Reconciliation to the Group's interests	
Proportion of the Group's ownership	50%
Group's share of net assets	74,516
Carrying amount of the investment	74,516
Depreciation	(27,611)
Loss for the year	(28,058)
Other comprehensive income for the year	449
Total comprehensive loss for the year	(27,609)

* In the opinion of the directors, Distinct Global and Sun Vessel are no longer considered as material joint ventures of the Group for the year ended 31 December 2019 and therefore, summarised financial information of Distinct Global and Sun Vessel for the year ended 31 December 2019 is not presented in the financial statements.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2019 HK$'000	2018 HK$'000
Share of the joint ventures' loss for the year	**(6,841)**	(19,582)
Share of the joint ventures' other comprehensive income	**14,037**	3,112
Share of the joint ventures' total comprehensive income/(loss)	**7,196**	(16,470)
Aggregate carrying amount of the Group's investments in joint ventures	**54,095**	32,520

18. INVESTMENTS IN ASSOCIATES

	2019 HK$'000	2018 HK$'000
Share of net assets	**492,531**	914,929
Amount due from an associate	**81,690**	–
	574,221	914,929

The amount due from an associate is unsecured, interest-free and repayable on demand. In the opinion of the directors, the amount is unlikely to be repaid in the foreseeable future and is considered as part of the Group's net investments in the related associate. There was no recent history of default and past due for the amount due from the associate. As at 31 December 2019, the loss allowance was assessed to be minimal.

18. INVESTMENTS IN ASSOCIATES *(continued)*

Particulars of the material associates are as follows:

Name	Place of incorporation/ registration and business	Particulars of shares held	Percentage of ownership interest attributable to the Group 2019	2018	Principal activities
Fine Ahead Limited ("Fine Ahead")*	BVI	Ordinary share of US$1 each	**35%**	35%	Investment holding
Champion Maker Limited ("Champion Maker")	BVI	Ordinary shares of US$1 each	**30%**	–	Investment holding
Next Olympic Limited ("Next Olympic")	BVI	Ordinary shares of US$1 each	**30%**	–	Investment holding
PRECP Development Venture I Limited ("PRECP")	Cayman Islands	Ordinary shares of US$1 each	**31.75%**	31.75%	Investment holding
Modern Crescent Limited ("Modern Crescent")	BVI	Ordinary shares of US$1 each	**25%**	25%	Investment holding
Health Link Investment Limited ("Health Link")	Hong Kong	Ordinary shares of HK$1 each	**25%**	25%	Property investment
Zhuzhou Real Estate Company Limited*/** ("Zhuzhou Real Estate") (株洲金碧置業有限公司)	PRC/Mainland China	Registered RMB630,000,000	**–**	42.86%	Property development

* In the opinion of the directors, these associates are no longer considered as material associates of the Group for the year ended 31 December 2019 and therefore, summarised financial information for these associates for the year ended 31 December 2019 is not presented in the financial statements.

** The English name of this company is not official. It is direct translation from the Chinese name and is for identification purposes only.

Champion Maker is an investment holding company which holds directly the entire 100% equity interest of Next Olympic (collectively "Champion Maker Group") and was newly invested by the Group during the year. Next Olympic is an investment holding company.

Modern Crescent is an investment holding company which holds indirectly the entire 100% equity interest of Health Link (collectively "Modern Crescent Group"). Health Link is a property investment company.

During the year ended 31 December 2019, the Group disposed of its 42.86% equity interest in Zhuzhou Real Estate as part of the disposal of its 100% equity interest in Million Intelligence Limited ("Million Intelligence") to an independent third party. Further details of the disposal are included in note 34 to the financial statements.

The Group's shareholdings in these associates comprise equity shares held through subsidiaries of the Company.

18. INVESTMENTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised financial information in respect of Champion Maker Group, PRECP, Modern Crescent Group, Fine Ahead and Zhuzhou Real Estate and reconciled to the carrying amount in the consolidated financial statements:

Champion Maker Group

	2019 HK$'000
Current assets and net assets	**255,653**
Reconciliation to the Group's interest:	
Proportion of the Group's ownership	**30%**
Group's share of net assets	**76,696**
Carrying amount of the investment	**76,696**
Loss for the year	**(16,648)**
Total comprehensive loss for the year	**(16,648)**

PRECP

	2019 HK$'000	2018 HK$'000
Current assets	**45,240**	1,791
Non-current assets	**173,570**	328,190
Current liabilities	**(9,531)**	(8,893)
Net assets	**209,279**	321,088
Reconciliation to the Group's interest:		
Proportion of the Group's ownership	**31.75%**	31.75%
Group's share of net assets	**66,446**	101,945
Carrying amount of the investment	**66,446**	101,945
Profit/(loss) for the year	**(11,286)**	107,277
Other comprehensive loss for the year	**(4,428)**	(6,384)
Total comprehensive income/(loss) for the year	**(15,714)**	100,893

18. INVESTMENTS IN ASSOCIATES *(continued)*

Modern Crescent Group

	2019 HK$'000	2018 HK$'000
Current assets	**7,684,285**	7,663,227
Current liabilities	**(1,989,950)**	(1,991,508)
Non-current liabilities	**(3,991,951)**	(4,058,911)
Net assets	**1,702,384**	1,612,808
Reconciliation to the Group's interest:		
Proportion of the Group's ownership	**25%**	25%
Group's share of net assets	**425,596**	403,202
Carrying amount of the investment	**425,596**	403,202
Revenue	**190,213**	66,288
Loss for the year	**(55,807)**	(23,761)
Total comprehensive loss for the year	**(55,807)**	(23,761)

Zhuzhou Real Estate

	2018 HK$'000
Current assets	1,641,730
Non-current assets	543,852
Current liabilities	(938,547)
Non-current liabilities	(451,149)
Net assets	795,886
Reconciliation to the Group's interest:	
Proportion of the Group's ownership	42.86%
Group's share of net assets	341,094
Carrying amount of the investment	341,094
Profit for the year	79,569
Other comprehensive loss for the year	(45,962)
Total comprehensive income for the year	33,607

18. INVESTMENTS IN ASSOCIATES *(continued)*

Fine Ahead

	2018 HK$'000
Current assets and net assets	196,250
Reconciliation to the Group's interest:	
Proportion of the Group's ownership	35%
Group's share of net assets	68,688
Carrying amount of the investment	68,688
Loss for the year	(26,306)
Total comprehensive loss for the year	(26,306)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2019 **HK$'000**
Share of the associates' loss for the year	**(10,384)**
Share of the associates' other comprehensive loss	**(198)**
Share of the associates' total comprehensive loss	**(10,582)**
Aggregate carrying amount of the Group's investments in associates	**5,483**

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Notes	2019 HK$'000	2018 HK$'000
Equity investments designated at fair value through other comprehensive income	(i)	**649,689**	931,585
Debt investments at fair value through other comprehensive income	(ii)	**365,798**	436,377
		1,015,487	1,367,962
Portion classified as current assets		**(198,615)**	(76,822)
Non-current assets portion		**816,872**	1,291,140

Notes:

(i) The above equity investments are investments in companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

During the year, the Group partially disposed of one (2018: one) of the equity investments for investment diversification consideration. The fair value of the related shares on the date of sale was HK$67,578,000 (2018: HK$313,500,000) and the accumulated gain recognised in other comprehensive income of HK$51,885,000 (2018: HK$20,531,000) was transferred to retained earnings. During the year ended 31 December 2018, the Group also received dividends in the amount of HK$3,836,000 from the equity investments designated at fair value through other comprehensive income.

(ii) At 31 December 2019, the Group held two (2018: three) senior notes with an aggregate principal of US$50,000,000 (equivalent to HK$387,500,000) (2018: US$60,000,000 (equivalent to HK$465,000,000)) issued by certain companies (the "Issuers") listed on the Stock Exchange. These senior notes bear interest at rates ranging from 8.75% to 11% (2018: 8.75% to 12%) per annum, payable semi-annually and will mature in 2020 to 2025 (2018: 2019 to 2025). The Issuers may redeem all or any part of the senior notes prior to the maturity at redemption prices applicable from time to time.

(iii) Impairment assessment of debt investments at fair value through other comprehensive income

As at 31 December 2019, none of the debt investments were overdue (2018: Nil) and all the debt investments were categorised within Stage 1 for the measurement of expected credit losses. An impairment analysis is performed at each reporting date by considering the expected credit losses, which are estimated by applying the probability of default approach with reference to risk of default of the Issuers or comparable companies. As at 31 December 2019, the probability of default applied was 3.21% (2018: 3.53% to 3.70%) and the loss given default was estimated to be approximately 63% (2018: 38% to 52%).

The movements in the loss allowance for the impairment of debt investments at fair value through other comprehensive income are as follows:

	2019 HK$'000	2018 HK$'000
At 1 January	**6,591**	1,619
Impairment losses/(reversal of impairment losses), net (note 8)		
Changes in risk parameters	**1,036**	177
New senior notes purchased	**–**	4,795
Redemption of senior notes	**(1,095)**	–
	(59)	4,972
At 31 December	**6,532**	6,591

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HK$'000	2018 HK$'000
Listed equity investments	**223,561**	191,995
Other unlisted investments	**683,139**	1,445,963
	906,700	1,637,958
Portion classified as current assets	**(300,980)**	(191,995)
Non-current assets portion	**605,720**	1,445,963

The above listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.

The above unlisted investments at 31 December 2019 were fund investments and convertible loans (2018: fund investments). They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

Assuming the portfolio of the Group's listed equity investments remained unchanged, the market value of the Group's listed equity investments at fair value through profit or loss at the date of approval of these financial statements was HK$218,072,000.

21. TRADE RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**9,449**	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:

	2019 HK$'000	2018 HK$'000
Within 1 month	**3,022**	1,225
1 to 2 months	**6,427**	4,454
	9,449	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 ECLs of these rental receivables is minimal.

22. LOANS AND INTEREST RECEIVABLES

	2019 HK$'000	2018 HK$'000
Loans receivable		
Secured	**40,000**	40,000
Unsecured	**862,860**	540,000
	902,860	580,000
Less: Impairment allowance	**(14,012)**	(29,666)
	888,848	550,334
Interest receivable	**10,292**	20,343
	899,140	570,677

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

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

	2019 HK$'000	2018 HK$'000
At 1 January	**29,666**	5,748
Impairment losses/(reversal of impairment losses), net (note 8)		
Loans repaid/derecognised	**(29,666)**	(2,064)
New loans granted	**14,012**	25,982
	(15,654)	23,918
At 31 December	**14,012**	29,666

As at 31 December 2019, one of the loans and interest receivables of HK$36,155,000 (2018: Nil), 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 (2018: Nil) was fully repaid subsequent to 31 December 2019.

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 2019, the probability of default applied ranged from 1.95% to 8.45% (2018: 2.48% to 27.32%) and the loss given default was estimated to be approximately 62% (2018: 52%).

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Prepayments	**48,382**	8,256
Deposits and other receivables	**661,865**	120,651
Deposits paid for acquisition of associates	**–**	244,424
Due from a joint venture	**480,392**	–
Total prepayments, deposits and other receivables	**1,190,639**	373,331
Impairment allowance	**(1,735)**	–
	1,188,904	373,331
Less: Deposits classified as non-current assets	**(8,052)**	(280,808)
Current assets portion	**1,180,852**	92,523

The amount due from a joint venture is unsecured, interest-free and repayable on demand. In the opinion of the directors, the credit risk for the amount due from the joint venture is insignificant.

Deposits and other receivables mainly represent consideration receivables, rental deposits, deposits with vendors and receivables from counterparties which have no history of default. The financial assets included in the above balances were not overdue and categorised in Stage 1 for the measurement of expected credit losses. Where applicable, 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 counterparties. As at 31 December 2019, the probability of default applied was 0.89% and the loss given default was estimated to be approximately 62%.

The movements in the loss allowance for the impairment of financial assets included in prepayments, deposits and other receivables are as follows:

	2019 HK$'000	2018 HK$'000
At 1 January	**–**	–
Impairment losses (note 8)	**1,735**	–
At 31 December	**1,735**	–

24. DEPOSITS WITH BROKERAGE COMPANIES

Deposits with brokerage companies are carried at an average interest rate of 0.023% per annum (2018: 0.012% per annum).

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Notes	2019 HK$'000	2018 HK$'000
Cash and bank balances		**4,661,627**	5,821,862
Time deposits		**2,399,918**	350,053
		7,061,545	6,171,915
Less: Pledged deposits	(a)	**(965,000)**	(1,327,500)
Restricted bank balances	(b)	**(67,088)**	(142,907)
Cash and cash equivalents		**6,029,457**	4,701,508

Notes:

(a) The bank balances and time deposits were pledged to banks to secure bank borrowings granted to the Group (note 28(b)).

(b) The restricted bank balances as at 31 December 2019 and 2018 represented deposits placed with banks and the usage of which was restricted to the payments of certain obligations under loan facilities granted by certain banks.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$1,160,313,000 (2018: HK$543,153,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one week and six months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

26. OTHER PAYABLES AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Receipts in advance	**50,590**	75,412
Other payables	**94,630**	51,703
Accruals	**89,428**	85,576
Due to a joint venture (note b)	**59,560**	301,809
Lease liabilities (note 16(b))	**39,050**	–
Total other payables and accruals	**333,258**	514,500
Less: Lease liabilities classified as non-current liabilities (note 16(b))	**(20,716)**	–
Current liabilities portion	**312,542**	514,500

Notes:

(a) Other payables are non-interest-bearing and are normally settled within one year.

(b) The amount due to a joint venture is unsecured, interest-free and repayable on demand.

(c) As a result of the initial application of HKFRS 16, accrued lease payments of HK$916,000 previously included in "Other payables and accruals" were adjusted to the right-of-use assets recognised at 1 January 2019.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	2019 **Assets** **HK$'000**	2018 Assets HK$'000
Forward currency contracts	**–**	56,540
Interest rate swaps	**3,247**	72,394
	3,247	128,934
Portion classified as non-current:		
Interest rate swaps	**(3,247)**	(72,394)
Current portion	**–**	56,540

Forward currency contracts – hedges of net investments

At 31 December 2018, forward currency contracts with a notional amount of GBP215,000,000 are designated as a hedging instrument in respect of the hedges of net investments in certain subsidiaries in the UK. The forward currency contract balance varies with changes in the foreign exchange forward rate. The forward currency contracts were terminated in May 2019. Further details of the hedges of net investments are set out in note 42 to the financial statements.

Interest rate swaps

At 31 December 2019, the Group had several interest rate swaps with a total notional amount of GBP498,000,000 (2018: GBP498,000,000) whereby the Group pays interest at fixed rate of approximately 0.72% (2018: 0.72%) and receives interest at a variable rate equal to the London Interbank Offered Rate ("LIBOR") on the notional amount. The interest rate swaps mature over the next 3 years (2018: 4 years) and are used to manage its interest rate exposures arising from bank loans at floating rates.

These interest rate swaps are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of the non-hedging interest rate derivatives amounting to HK$68,306,000 (2018: HK$35,767,000) were charged to (2018: credited to) profit or loss during the year.

28. INTEREST-BEARING BANK BORROWINGS

	2019			2018		
	Contractual interest rate	**Maturity**	**HK$'000**	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans – secured	**LIBOR+0.5% & HIBOR+0.5%**	**On demand**	**954,330**	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**	**31,500**	HIBOR+1%	On demand	35,000
Current portion of long term bank loans – secured	**LIBOR+1.35%**	**2020**	**67,719**	LIBOR+1.35%	2019	66,046
			1,053,549			2,288,458
Non-current						
Bank loans – secured	**LIBOR+1.35% & LIBOR+1.5%**	**2021 to 2022**	**7,894,382**	LIBOR+1.35% & LIBOR+1.5%	2020 to 2022	7,728,486
			8,947,931			10,016,944
Analysed into bank loans repayable:						
On demand (Note a)			**985,830**			2,222,412
Within one year			**67,719**			66,046
In the second year			**67,829**			66,130
In the third to fifth years, inclusive			**7,826,553**			7,662,356
			8,947,931			10,016,944

28. INTEREST-BEARING BANK BORROWINGS *(continued)*

Notes:

(a) As further explained in note 42 to the financial statements, the Group's term loans with an aggregate amount of HK$985,830,000 (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:

	2019 HK$'000	2018 HK$'000
Bank borrowings repayable:		
Within one year	**1,030,799**	2,256,958
In the second year	**80,079**	74,880
In the third to fifth years, inclusive	**7,837,053**	7,685,106
	8,947,931	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:

	Notes	**2019 HK$'000**	2018 HK$'000
Property and equipment	14	**77,264**	79,776
Investment properties	15	**14,902,298**	14,394,511
Pledged deposits	25(a)	**965,000**	1,327,500

(c) As at 31 December 2019 and 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:

	2019 HK$'000	2018 HK$'000
HK$	**781,500**	1,035,000
GBP	**8,166,431**	8,981,944
	8,947,931	10,016,944

(e) The Group's bank borrowings of HK$7,962,101,000 (2018: HK$8,794,532,000) are secured by pledges over the equity interests of certain subsidiaries of the Group (note 1).

(f) As at 31 December 2018, the Group's bank borrowings denominated in GBP in an aggregate amount of HK$1,058,237,000 were designated as hedges of the net investments in certain subsidiaries and a joint venture in the UK. Further details of the hedges of the net investments are set out in note 42 to the financial statements.

29. NOTES PAYABLE

	As at 31 December 2019			
	Principal at original currency	Contractual interest rate (%) per annum	Maturity	HK$'000
2019 Notes	USD250,000,000	6.35	2022	**1,922,845**

In June 2019, the Group issued guaranteed notes with an aggregate principal amount of US$250,000,000 (equivalent to HK$1,937,500,000) at a coupon rate of 6.35% per annum, 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 are guaranteed by the Company and 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 interest up to the redemption date, as set forth in the written agreement between the Group and the trustees of the 2019 Notes.

At 31 December 2019, the fair value of the 2019 Notes amounted to HK$1,928,142,000, which is based on a market price from a financial institution at the reporting date.

30. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000	Unrealised gains HK$'000	Total HK$'000
At 1 January 2018	302	16,836	17,138
Deferred tax charged to the statement of profit or loss during the year (note 11)	–	3,329	3,329
Exchange realignment	–	(844)	(844)
At 31 December 2018 and 1 January 2019	**302**	**19,321**	**19,623**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	**26**	**(19,022)**	**(18,996)**
Exchange realignment	**–**	**(299)**	**(299)**
At 31 December 2019	**328**	**–**	**328**

30. DEFERRED TAX *(continued)*

Deferred tax assets

	Impairment losses on financial assets HK$'000
At 1 January 2018	948
Deferred tax credited to the statement of profit or loss during the year (note 11)	3,990
At 31 December 2018 and 1 January 2019	**4,938**
Deferred tax charged to the statement of profit or loss during the year (note 11)	**(2,626)**
At 31 December 2019	**2,312**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and associates established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in these subsidiaries in Mainland China for which deferred tax liabilities have not been recognised amounted to HK$364,562,000 as at 31 December 2019 (2018: HK$220,149,000).

The Group has tax losses arising in Hong Kong and the UK of HK$225,781,000 (2018: HK$225,781,000) and HK$282,368,000 (2018: HK$94,358,000), subject to the agreement by the Hong Kong Inland Revenue Department and HM Revenue & Customs, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets had not been recognised in respect of these losses as it was not considered probable that taxable profits would be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. SHARE CAPITAL

Shares

	2019 HK$'000	2018 HK$'000
Authorised: 20,000,000,000 (2018: 5,000,000,000) ordinary shares of HK$0.10 (2018: HK$0.10) each	**2,000,000**	500,000
Issued and fully paid: 3,882,334,668 (2018: 3,882,334,668) ordinary shares of HK$0.10 (2018: HK$0.10) each	**388,233**	388,233

Share options

Details of the Company's share option schemes are set out in note 35 to the financial statements.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on page 42 to 43.

33. ACQUISITION OF SUBSIDARIES THAT ARE NOT A BUSINESS

For the year ended 31 December 2019

In April 2019, the Group acquired the 50% equity interest in each of Sun Vessel, Oceanic Front and Fancy Style (collectively the "Acquired Subsidiaries") from the joint venture partners of the 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.

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)

34. DISPOSAL OF SUBSIDIARIES

Year ended 31 December 2019

Details of the net assets of subsidiaries disposed of and their financial impacts are summarised below:

	Note	Million Intelligence Group HK$'000 (note a)	Delight Universe Group HK$'000 (note b)	Total HK$'000
Net assets disposed of:				
Investment in an associate		334,055	–	334,055
Prepayments, deposits and other receivables		–	244,436	244,436
Cash and cash equivalents		59	–	59
Other payables and accruals		(50,892)	(40,115)	(91,007)
		283,222	204,321	487,543
Exchange fluctuation reserve released upon disposal		19,660	–	19,660
Gain on disposal of subsidiaries	5	28,041	112,249	140,290
Satisfied by cash		330,923	316,570	647,493

An analysis of the net inflow of cash and cash equivalents for the year in respect of the disposal of subsidiaries are as follows:

	Million Intelligence Group HK$'000 (note a)	Delight Universe Group HK$'000 (note b)	Total HK$'000
Cash consideration	330,923	316,570	647,493
Consideration receivable	–	(316,570)	(316,570)
Cash and cash equivalents disposed of	(59)	–	(59)
Net inflow of cash and cash equivalents included in cash flows from investing activities	330,864	–	330,864

Notes:

(a) In June 2019, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in 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.

(b) In December 2019, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Delight Universe Limited ("Delight Universe", together with its sole subsidiary, the "Delight Universe Group") to an independent third party for a consideration of HK$316,570,000. The disposal of the Delight Universe Group was completed on 30 December 2019.

35. SHARE OPTION SCHEMES

(A) 2005 Scheme

The Company adopted a share option scheme on 29 April 2005 ("2005 Scheme") which expired on 29 April 2015. Summary of the 2005 Scheme is set out below:

For the purpose of section (A) 2005 Scheme, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; (ii) each associate or substantial shareholder or direct or indirect associated company or joint venture of the Company or any substantial shareholder referred to in (i) above; (iii) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (ii) above; (iv) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect associated company or joint venture of any of the foregoing entities referred to in (iv) above; and reference to "Employee" means any full-time or part-time employee (including any executive and non-executive director, proposed executive and non-executive director) of any member of the Eligible Group.

Purpose

The purposes of the 2005 Scheme are to recognise the contribution of and to motivate Employees and other person(s) who may make a contribution to the Group, to provide incentives and to help the Group retain its existing Employees and recruit additional Employees and to provide them with a direct economic interest in attaining the long-time business objectives of the Group.

Participants

The participants include any director, officer and Employee of any member of the Eligible Group; and any executive, officer or employee of any business, consultant, professional and other advisers to any member of the Eligible Group or any person proposed to be appointed to any of the aforesaid positions who, in the sole opinion of the Board, has contributed or is expected to contribute to the Group.

Total number of shares available for issue and the percentage of the issued shares that it represents as at the date of this report

As at the date of this report, there was no share available for issue under the 2005 Scheme as the scheme expired on 29 April 2015.

Maximum entitlement of each participant

Unless approved by the shareholders of the Company at a general meeting, the total number of shares issued and to be issued upon the exercise of options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company.

Period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the 2005 Scheme at any time during a period to be notified by the Board to each grantee. Such period of time shall not exceed 10 years from the date of grant of the option.

Minimum period for which an option must be held before exercise

Such period as may be determined by the Board pursuant to the terms of the 2005 Scheme.

The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

A consideration of HK$1 is payable on acceptance of the offer of grant of an option.

35. SHARE OPTION SCHEMES *(continued)*

(A) 2005 Scheme *(continued)*

Basis of determining the exercise price

The exercise price per share shall be determined by the Board and shall be at least the higher of:

(i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date on which the option is offered, which must be a trading day;

(ii) the average closing price of shares as stated in daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date as mentioned in (i) above; and

(iii) the nominal value of the shares.

Life of the 2005 Scheme

The 2005 Scheme shall remain in force for a period of 10 years from 29 April 2005 to 28 April 2015.

(B) 2015 Scheme

On 21 May 2015, the Company adopted a share scheme ("2015 Scheme"). Summary of the 2015 Scheme is set out below:

For the purpose of section (B) 2015 Scheme, reference to the "Eligible Group" means (i) the Company and each of its substantial shareholders; and (ii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the Company or of a substantial shareholder referred to in (i) above; and (iii) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (ii) above; and (iv) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iii) above; and (v) each associate or substantial shareholder or direct or indirect subsidiary, associated company or joint venture of any of the foregoing entities referred to in (iv) above.

Purpose

To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the participants and to serve such other purposes as the Board may approve from time to time.

Participants

Any director (or any persons proposed to be appointed as such, whether executive or non-executive), officer or employee (whether full-time or part-time) of each member of the Eligible Group; any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer or employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the Board.

35. SHARE OPTION SCHEMES *(continued)*

(B) 2015 Scheme *(continued)*

Total number of shares available for issue and the percentage of the issued shares that it represents as at the date of this report

258,822,311 shares, representing 6.67% of the issued shares as at 20 March 2020.

Maximum entitlement of each participants

Subject to the terms of the 2015 Scheme, not exceeding 1% of the total number of issued shares in any 12-month period.

Period within which the shares must be taken up under an option

Such period as determined by the Board pursuant to the 2015 Scheme, which shall expire not later than 10 years from the date of grant of the option.

Minimum period for which an option must be held before exercise

Such period as may be determined by the Board pursuant to the terms of the 2015 Scheme.

The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

HK$1.00, if demanded by the Company, within 7 days of the date of the demand.

Basis of determining the exercise price

Subject to the terms of the 2015 Scheme, the exercise price shall be a price solely determined by the Board and shall not less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and

(iii) the nominal value of a Share on the date of grant of the option.

Life of the 2015 Scheme

Subject to the terms of the 2015 Scheme, 10 years commencing on 21 May 2015.

35. SHARE OPTION SCHEMES *(continued)*

No share options were granted under the 2015 Scheme since its adoption and up to 31 December 2019. The movement of share options under the 2005 Scheme during the year is as follows:

	2019 Weighted average exercise price HK$ per share	**2019** Number of options '000	2018 Weighted average exercise price HK$ per share	2018 Number of options '000
At 1 January	**3.25**	**64,162**	3.25	64,162
Lapsed during the year	**3.22**	**(17,857)**	–	–
At 31 December	**3.26**	**46,305**	3.25	64,162

There were no share options exercised under the 2005 Scheme during the years ended 31 December 2019 and 2018.

The exercise prices and exercise periods of the share options outstanding under the 2005 Scheme as at the end of the reporting period are as follows:

2019

Number of options '000	**Exercise price* HK$ per share**	**Exercise period**
41,435	3.2624	03-09-2010 to 02-09-2020
4,870	3.2624	01-01-2011 to 02-09-2020
46,305		

2018

Number of options '000	Exercise price* HK$ per share	Exercise period
17,756	3.2229	07-05-2009 to 06-05-2019
41,536	3.2624	03-09-2010 to 02-09-2020
4,870	3.2624	01-01-2011 to 02-09-2020
64,162		

* 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 year (2018: Nil).

At the end of the reporting period, the Company had 46,305,000 (2018: 64,162,000) share options outstanding under the 2005 Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 46,305,000 (2018: 64,162,000) additional ordinary shares of the Company and additional share capital of HK$4,631,000 (2018: HK$6,416,000) and share premium of HK$146,436,000 (2018: HK$202,205,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 46,305,000 share options outstanding under the 2005 Scheme, which represented approximately 1.2% of the Company's shares in issue as at that date.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$2,606,000 and HK$2,606,000, respectively, in respect of lease arrangements for office properties (2018: Nil).

(b) Changes in liabilities arising from financing activities

	Notes payables HK$'000	Lease liabilities HK$'000	Interest-bearing bank borrowings HK$'000
At 1 January 2018	–	–	13,635,111
Changes from financing cash flows	–	–	(3,022,280)
Amortisation of loan procurement fee	–	–	17,905
Foreign exchange movement	–	–	(613,792)
At 31 December 2018	–	–	10,016,944
Effect of adoption of HKFRS 16	–	55,292	–
At 1 January 2019 (restated)	–	55,292	10,016,944
Changes from financing cash flows	1,919,392	(18,745)	(1,324,002)
Amortisation of loan procurement fee	3,453	–	17,718
New leases	–	2,606	–
Interest expense	–	1,892	–
Interest paid classified as operating cash flows	–	(1,892)	–
Foreign exchange movement	–	(103)	237,271
At 31 December 2019	1,922,845	39,050	8,947,931

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2019 HK$'000
Within operating activities	3,635
Within financing activities	18,745
	22,380

37. COMMITMENTS

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

	2019 HK$'000	2018 HK$'000
Contracted, but not provided for:		
Property and equipment	**14,355**	7,458
Investment properties	**719**	–
Investment in an unlisted fund investment	**–**	282,090
Capital contributions payable to joint ventures	**2,931,571**	1,230,638
Capital contributions payable to an associate	**586,323**	–
	3,532,968	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:

	2019 HK$'000	2018 HK$'000
Contracted, but not provided for	**1,653,051**	3,551,455

(b) Operating lease commitments as at 31 December 2018:

The Group leased certain office properties and staff quarters under operating lease arrangements. The leases for the office properties and staff quarters were negotiated for terms of one to four years.

As at 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 HK$'000
Within one year	20,372
In the second to fifth years, inclusive	42,418
	62,790

38. FINANCIAL GUARANTEES

(a) As at 31 December 2019, the Group has given a guarantee to a vendor in connection with the acquisition of a freehold land held by a joint venture amounted to HK$204,330,000 (2018: HK$248,413,000).

(b) As at 31 December 2019, the Group has given a guarantee to a bank in connection with a facility granted to a joint venture up to HK$1,118,707,000 (2018: HK$1,088,047,000), and the related banking facility was fully utilised as at 31 December 2019 and 2018.

(c) As at 31 December 2019, the Group has given guarantees to a bank and an independent third party in connection with facilities granted to associates up to HK$1,479,375,000 (2018: HK$1,500,000,000), and the related facilities were utilised to the extent of HK$1,479,375,000 (2018: HK$1,500,000,000).

(d) As at 31 December 2019, the Group has given guarantees to certain financial institutions in connection with the Group's equity contribution commitment in a joint venture up to HK$1,666,255,000 (2018: Nil), and the cost overrun guarantee in respect of the project developments costs of a joint venture up to HK$842,861,000 (2018: Nil).

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.

39. RELATED PARTY TRANSACTIONS

(a) Details of the Group's balances with joint ventures as at the end of the reporting period are set out in notes 23 and 26 to the financial statements.

(b) As at 31 December 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; (iii) independent third parties in connection with loan facilities granted to an associate; (iv) certain financial institutions in connection with the Group's equity contribution commitment in a joint venture and cost overrun guarantee in respect of the project development costs of a joint venture. Details of the financial guarantees given by the Group to its joint ventures and associates are set out in note 38 to the financial statements.

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

	2019 **HK$'000**	2018 HK$'000
Short term employee benefits paid to key management personnel	**79,186**	78,868

Further details of directors' emoluments are included in note 9 to the financial statements.

40. FINANCIAL INSTRUMENTS BY CATEGORY

Except for financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments, which are measured at fair value, the financial assets and liabilities of the Group as at 31 December 2019 and 2018 are financial assets at amortised cost and financial liabilities at amortised cost.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, deposits with brokerage companies, trade receivables, financial assets included in prepayments, deposits and other receivables, loans and interest receivables, the 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.

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

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 value 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 31 December 2019 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. The fair values of unlisted fund investments are derived from the net asset value per share of the investments or latest transaction prices. The fair value of the convertible loans has been estimated by using valuation technique based on assumptions that are not supported by observable market prices or rates. 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 or other comprehensive income, as appropriate, in the year ended 31 December 2019, 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 31 December 2019, the mark-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.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a sensitivity analysis as at 31 December 2019:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Convertible loans classified as financial assets at fair value through profit or loss	Black-Scholes Model	Effective interest rate	19.71%	1% increase (decrease) in effective interest rate would have no material impact on the fair value
		Volatility	57.51%	1% increase (decrease) in volatility would have no material impact on the fair value

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(continued)

Fair value hierarchy

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Assets measured at fair value:				
As at 31 December 2019				
Financial assets at fair value through other comprehensive income:				
Listed equity investments	**649,689**	**–**	**–**	**649,689**
Debt investments	**–**	**365,798**	**–**	**365,798**
Financial assets at fair value through profit or loss:				
Listed equity investments	**223,561**	**–**	**–**	**223,561**
Unlisted fund investments	**–**	**605,720**	**–**	**605,720**
Convertible loans	**–**	**–**	**77,419**	**77,419**
Derivative financial instruments	**–**	**3,247**	**–**	**3,247**
	873,250	**974,765**	**77,419**	**1,925,434**
As at 31 December 2018				
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

41. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(continued)

Fair value hierarchy *(continued)*

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

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities. There were also no transfers into or out of Level 3 for both financial assets and financial liabilities (2018: no transfers into or out of Level 3 for financial liabilities but there were transfers out of Level 3 for financial assets).

The movements in fair value measurements within Level 3 during the year are as follows:

	2019 **HK$'000**	2018 HK$'000
Financial assets at fair value through profit or loss:		
At 1 January	**–**	164,157
Acquisitions	**69,928**	–
Total gains recognised in the statement of profit or loss included in other income	**7,491**	–
Transfer from Level 3 to Level 2*	**–**	(164,157)
At 31 December	**77,419**	–

* The transfer from Level 3 to Level 2 was due to the availability of the transaction price of the relevant investments in the market.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivative financial instruments, loans and interest receivables, trade receivables, deposits and other receivables, other payables, interest-bearing bank borrowings, notes payable, deposits with brokerage companies, pledged deposits, restricted bank balances and cash and cash equivalents. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's pledged deposits, restricted bank balances, cash and cash equivalents and bank borrowings with floating interest rates. The Group monitors the movement in interest rates on an ongoing basis and evaluates the exposure and the costs of available hedging for its debt obligations.

To manage its interest cost, the Group entered into interest rate swaps in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2019, after taking into the effect of the interest rate swaps, approximately 57% (2018: 49%) of the Group's interest-bearing bank borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on pledged deposits, restricted bank balances, cash and cash equivalents and bank borrowings with floating rates held by the Group at the end of the reporting period after taking into the effect of the interest rate swaps). There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
2019		
HK$	**100**	**18,494**
US$	**100**	**31,318**
RMB	**150**	**17,405**
GBP	**100**	**(29,401)**
HK$	**(100)**	**(18,494)**
US$	**(100)**	**(31,318)**
RMB	**(150)**	**(17,405)**
GBP	**(100)**	**29,401**
2018		
HK$	100	29,335
US$	100	11,710
RMB	150	8,147
GBP	100	(35,443)
HK$	(100)	(29,335)
US$	(100)	(11,710)
RMB	(150)	(8,147)
GBP	(100)	35,443

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk

The Group is exposed to currency risks primarily through business activities which give rise to receivables, payables and cash and bank balances that are denominated in currency other than the functional currency of the operations to which the transactions relate.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of currencies other than the functional currency of the operations, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in rates	Increase/ (decrease) in profit before tax HK$'000
2019		
If HK$ weakens against RMB	**5%**	**48,202**
If HK$ strengthens against RMB	**(5%)**	**(48,202)**
If HK$ weakens against GBP	**10%**	**20,315**
If HK$ strengthens against GBP	**(10%)**	**(20,315)**
If HK$ weakens against AUD	**10%**	**8,147**
If HK$ strengthens against AUD	**(10%)**	**(8,147)**
2018		
If HK$ weakens against RMB	5%	47,114
If HK$ strengthens against RMB	(5%)	(47,114)
If HK$ weakens against GBP	10%	16,997
If HK$ strengthens against GBP	(10%)	(16,997)

Results of the analysis as presented in the above table represent the effects on profit before tax of each of the Group's entities measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those monetary assets and liabilities held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency and the bank borrowings that are designated as hedges of the Group's net investments in its subsidiaries and a joint venture in the UK (see discussion below).

Hedges of net investments

A foreign currency exposure arises from net investments in subsidiaries, joint ventures and associates that have a different functional currency from that of the Company. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries, joint ventures and associates and the Company's functional currency, which causes the amount of the net investments to vary. This risk may have a significant impact on the Group's consolidated financial statements.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

Hedges of net investments *(continued)*

The Group hedged its exposure to GBP foreign exchange risk on the net investments in the relevant subsidiaries and joint venture.

The Group uses a mixture of forward currency contracts and foreign currency-denominated bank borrowings as hedging instruments. There is an economic relationship between the hedged items and the hedging instruments as the currency of the forward currency contracts and bank borrowings match the functional currency of the relevant subsidiaries and joint venture. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the forward currency contracts and foreign currency-denominated bank borrowings are identical to the hedged risk components.

When the hedging instrument is foreign currency-denominated bank borrowings, the Group assesses effectiveness by comparing past changes in the carrying amount of the bank borrowings that are attributable to a change in the spot rate with past changes in the investment in the foreign operation due to movement in the spot rate (the offset method).

When the hedging instrument is forward currency contracts, the Group assesses effectiveness by comparing past changes in the fair value of the derivative with past changes in the investment in the foreign operation due to movement in the spot rate.

Hedge ineffectiveness can arise from the decline in carrying value of the net investment in the relevant subsidiaries and joint venture below the notional amount of forward currency contracts and foreign currency-denominated bank borrowings.

The aggregate carrying amount of the Group's net investments in subsidiaries and joint ventures as at 31 December 2019 in the UK was HK$9,123,172,000 (2018: HK$8,382,237,000). The Group has terminated all of the hedge relationships during the year ended 31 December 2019 and the extent of the Group's net investments in subsidiaries and a joint venture as at 31 December 2018 in the UK hedged by hedging instruments was 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 year was HK$45,205,000 (2018: foreign exchange losses of HK$269,931,000) and was recognised in the Group's other comprehensive income for the year and accumulated in the exchange fluctuation reserve in equity. As at 31 December 2019, foreign exchange gains of HK$353,789,000 (2018: foreign exchange gains of HK$308,584,000) on translation of the net investments in subsidiaries and a joint venture were accumulated in the exchange fluctuation reserve in equity.

The Group has settled all of the GBP denominated bank borrowings and forward contracts that are designated as hedges of the Group's net investments in subsidiaries and a joint venture in the UK during the year ended 31 December 2019. The carrying amount of the GBP denominated bank borrowings and the fair value gain of the forward currency contracts as at 31 December 2018 that are designated as hedges of the Group's net investments in subsidiaries and a joint venture in the UK was HK$1,058,237,000 and HK$56,540,000, respectively. A total foreign exchange loss of HK$18,756,000 (2018: foreign exchange gain of HK$144,787,000) on translation of the bank borrowings to HK$ and a fair value loss of HK$44,760,000 (2018: fair value gain of HK$125,144,000) on forward currency contracts were recognised in the Group's other comprehensive income for the year and accumulated in the exchange fluctuation reserve in equity. A fair value loss of HK$18,311,000 relating to the ineffectiveness from hedges of net investments was recognised in the statement of profit or loss for the year (2018: fair value gain of HK$18,311,000). As at 31 December 2019, foreign exchange losses of HK$365,569,000 (2018: HK$346,813,000) on translation of the bank borrowings to HK$ and fair value gains of HK$11,780,000 (2018: HK$38,229,000) on forward currency contract were accumulated in the exchange fluctuation reserve in equity.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. For listed debt investments, the Group also monitors them by using external credit ratings. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income					
– Credit rating of B	365,798	–	–	–	365,798
Trade receivables	–	–	–	9,449	9,449
Loans and interest receivables	913,152	–	–	–	913,152
Financial assets included in prepayments, deposits and other receivables					
– Normal*	1,139,383	–	–	–	1,139,383
Deposits with brokerage companies	10,394	–	–	–	10,394
Pledged deposits	965,000	–	–	–	965,000
Restricted bank balances	67,088	–	–	–	67,088
Cash and cash equivalents	6,029,457	–	–	–	6,029,457
	9,490,272	–	–	9,449	9,499,721

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

As at 31 December 2018

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Debt investments at fair value through other comprehensive income – Credit rating of B	436,377	–	–	–	436,377
Trade receivables	–	–	–	5,679	5,679
Loans and interest receivables	600,343	–	–	–	600,343
Financial assets included in prepayments, deposits and other receivables – Normal*	89,761	–	–	–	89,761
Deposits with brokerage companies	11,238	–	–	–	11,238
Pledged deposits	1,327,500	–	–	–	1,327,500
Restricted bank balances	142,907	–	–	–	142,907
Cash and cash equivalents	4,701,508	–	–	–	4,701,508
	7,309,634	–	–	5,679	7,315,313

* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments included in financial assets at fair value through profit or loss (note 20) and financial assets at fair value through other comprehensive income (note 19) as at 31 December 2019. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity index for the Stock Exchange at the close of business of the nearest trading day in the year to the end of the reporting period, and its respective highest and lowest points during the year are as follows:

	31 December 2019	**High/low 2019**	31 December 2018	High/low 2018
Hong Kong – Hang Seng Index	**28,190**	**30,280/24,897**	25,846	33,484/24,541

The following table demonstrates the sensitivity to every 10% decrease (2018: 10% decrease) in the fair values of the listed equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the listed equity investments included in financial assets at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve (non-recycling).

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Equity price risk *(continued)*

	Carrying amount of equity investments HK$'000	Decrease in profit before tax HK$'000	Decrease in other components of equity HK$'000
2019			
Equity investments listed in Hong Kong:			
– Financial assets at fair value through profit or loss	**223,561**	**(22,356)**	**–**
– Financial assets at fair value through other comprehensive income	**649,689**	**–**	**(64,969)**
Total	**873,250**	**(22,356)**	**(64,969)**
2018			
Equity investments listed in Hong Kong:			
– Financial assets at fair value through profit or loss	191,995	(19,200)	–
– Financial assets at fair value through other comprehensive income	931,585	–	(93,159)
Total	1,123,580	(19,200)	(93,159)

The Group's management manages the above exposure by maintaining a well-diversified investment portfolio.

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and available funding through an adequate amount of committed credit facilities to meet its projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay, was as follows:

	2019				
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings (Note)	**985,830**	**250,117**	**248,172**	**7,970,796**	**9,454,915**
Lease liabilities	**–**	**19,492**	**15,490**	**5,716**	**40,698**
Notes payables	**–**	**123,031**	**123,031**	**1,999,016**	**2,245,078**
Financial liabilities included in other payables and accruals (excluding lease liabilities)	**59,560**	**94,630**	**–**	**–**	**154,190**
	1,045,390	**487,270**	**386,693**	**9,975,528**	**11,894,881**
Financial guarantees issued: Maximum amount guaranteed	**5,311,528**	**–**	**–**	**–**	**5,311,528**

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

	2018				
	On demand HK$'000	Within 1 year HK$'000	1 to 2 years HK$'000	3 to 5 years HK$'000	Total HK$'000
Interest-bearing bank borrowings (Note)	2,222,412	245,094	244,194	7,958,533	10,670,233
Financial liabilities included in other payables and accruals	301,809	51,703	–	–	353,512
	2,524,221	296,797	244,194	7,958,533	11,023,745
Financial guarantees issued: Maximum amount guaranteed	2,836,460	–	–	–	2,836,460

Note:

Included in interest-bearing bank borrowings of the Group are term loans with an aggregate principal amount of HK$985,830,000 as at 31 December 2019 (2018: HK$2,222,412,000) of which the respective loan agreements contain a repayment on demand clause giving the banks the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that these bank loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the respective loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the consolidated financial statements; the Group's compliance with the loan covenants; the lack of events of default, and the fact that the Group has made all previously scheduled repayments on time. In accordance with the terms of the bank loans, the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) are as follows:

	Within 1 year HK$'000	**1 to 2 years HK$'000**	**3 to 5 years HK$'000**	**Total HK$'000**
31 December 2019	**990,564**	**12,950**	**10,659**	**1,014,173**
31 December 2018	2,193,173	9,684	23,502	2,226,359

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

The Group monitors capital using net gearing ratio, which is net debts divided by equity attributable to owners of the parent. Net debts include interest-bearing bank borrowings and notes payable less cash and bank balances and time deposits. The net gearing ratios as at the end of the reporting periods were as follows:

	2019 HK$'000	2018 HK$'000
Interest-bearing bank borrowings (note 28)	**8,947,931**	10,016,944
Notes payable (note 29)	**1,922,845**	–
Less: Cash and bank balances and time deposits (note 25)	**(7,061,545)**	(6,171,915)
Net debts	**3,809,231**	3,845,029
Equity attributable to owners of the parent	**17,506,388**	17,123,490
Net gearing ratio	**21.8%**	22.5%

43. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, the Group adopted HKFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, HKAS 17, and related interpretations.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS		
Property and equipment	**36**	44
Golf club membership	**10,540**	10,540
Investments in subsidiaries	**1,000,390**	1,000,390
Total non-current assets	**1,010,966**	1,010,974
CURRENT ASSETS		
Prepayments, deposits and other receivables	**42,817**	821
Due from subsidiaries	**11,814,823**	11,730,852
Deposits with a brokerage company	**50**	50
Cash and cash equivalents	**108**	125
Total current assets	**11,857,798**	11,731,848
CURRENT LIABILITIES		
Other payables and accruals	**86,605**	40,346
Total current liabilities	**86,605**	40,346
NET CURRENT ASSETS	**11,771,193**	11,691,502
Net assets	**12,782,159**	12,702,476
EQUITY		
Issued capital	**388,233**	388,233
Reserves (Note)	**12,393,926**	12,314,243
Total equity	**12,782,159**	12,702,476

Cheung Chung Kiu
Director

Lam How Mun Peter
Director

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:
A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2018	11,977,078	165,272	275,567	12,417,917
Total comprehensive loss for the year	–	–	(26,027)	(26,027)
Final 2017 dividend approved	–	–	(77,647)	(77,647)
At 31 December 2018 and 1 January 2019	**11,977,078**	**165,272**	**171,893**	**12,314,243**
Total comprehensive income for the year	**–**	**–**	**157,330**	**157,330**
Final 2018 dividend approved	**–**	**–**	**(77,647)**	**(77,647)**
Lapse of share options	**–**	**(26,453)**	**26,453**	**–**
At 31 December 2019	**11,977,078**	**138,819**	**278,029**	**12,393,926**

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited after the vesting period.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 20 March 2020.

ISSUER

PERFECT POINT VENTURES LIMITED
Vistra Corporate Services Centre
Wickhams Cay II, Road Town, Tortola, VG1110
British Virgin Islands

GUARANTOR

C C Land Holdings Limited
25/F, China Resources Building
26 Harbour Road
Wanchai, Hong Kong

FISCAL AGENT AND PAYING AGENT

The Bank of New York Mellon,
London Branch
One Canada Square
London E14 5AL
United Kingdom

TRANSFER AGENT AND REGISTRAR

The Bank of New York Mellon
SA/NV, Dublin Branch
Riverside II
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

LEGAL ADVISERS

To the Issuer and the Guarantor
as to British Virgin Islands and Bermuda law

Conyers Dill & Pearman
29th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong

To the Issuer and the Guarantor
as to English law

Clifford Chance
27/F Jardine House
One Connaught Place
Central, Hong Kong

To the Joint Lead Managers
as to PRC law

Allbright Law Offices
11, 12/F Shanghai Tower
No. 501, Yincheng Middle Road
Pudong New Area
Shanghai, PRC

To the Joint Lead Managers
as to English law

White & Case
9/F, Central Tower
28 Queen's Road Central
Central, Hong Kong

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

A.Plus International
FINANCIAL PRESS LIMITED
210980590