



C C LAND HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 1224

INTERIM REPORT
2023



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Corporate Information

DIRECTORS

Executive directors

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

Independent non-executive directors

Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Mr. Luk Yu King James

AUDIT COMMITTEE

Mr. Lam Kin Fung Jeffrey (*Chairman*)
Mr. Leung Yu Ming Steven
Mr. Luk Yu King James

NOMINATION COMMITTEE

Mr. Cheung Chung Kiu (*Chairman*)
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Leung Yu Ming Steven
Mr. Luk Yu King James

REMUNERATION COMMITTEE

Mr. Leung Yu Ming Steven (*Chairman*)
Mr. Cheung Chung Kiu
Dr. Lam How Mun Peter
Mr. Lam Kin Fung Jeffrey
Mr. Luk Yu King James

AUTHORISED REPRESENTATIVES

Dr. Lam How Mun Peter
Mr. Leung Wai Fai

COMPANY SECRETARY

Ms. Cheung Fung Yee

WEBSITE

www.ccland.com.hk

SECURITIES CODES

Shares
1224.HK

USD300 million 5.20% guaranteed notes due 2025
40850.HK

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

INDEPENDENT AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Bermuda
Conyers Dill & Pearman

Hong Kong
Woo, Kwan, Lee & Lo
Ronald Tong & Co

SHARE REGISTRARS AND TRANSFER OFFICES

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

Hong Kong branch share registrar and transfer office
Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited
China CITIC Bank International Limited

Management Discussion and Analysis

On behalf of the Board of Directors (the “Directors” or the “Board”) of C C Land Holdings Limited (the “Company”), I am pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2023.

BUSINESS REVIEW

The Group continues its property investment and development business in major cosmopolitan cities, covering London, the United Kingdom, Hong Kong and some key cities in the PRC. The Group believes these cities with their sound infrastructures will see continual economic growth, and investments can generate good returns on a long-term basis due to the structural demand for real estates.

Revenue and Operating Profit

Performance for the period under review was impacted by the uncertain economic environment arising from the global interest rates hikes despite the long-awaited reopening of the cross border with China in February this year after the Covid pandemic. The economic rebound in HK and mainland China is still slow. The road ahead could still be very bumpy given the geopolitical tension, disruption of supply chain causing global inflation, substantial rise in interest rates and the still rather weak recovery of the PRC property market.

In the first half of the year, the rental income from the investment property portfolio decreased by 8.7% compared to the corresponding period last year, amounting to HK\$239.0 million, due to the expiry of certain leases in One Kingdom Street and depreciation of approximately 3.4% of the average exchange rate of the GBP against the HKD during the period.

Total revenue amounted to HK\$239.7 million (six months ended 30 June 2022: HK\$264.6 million) which represents a decrease of 9.4% compared with the same period last year.

The geopolitical tension between the USA and China, and global interest rate hikes had led to liquidity issues of financial institutions resulting in a general decline in equity prices. This has an adverse impact on our treasury investment business. The treasury investment segment, comprising of listed equity securities and unlisted investment funds, recorded fair value losses of HK\$43.6 million (six months ended 30 June 2022: HK\$115.1 million) during the period.

After years of investment, the Group's share of the results from the operation of joint venture investments (including investments in joint ventures and associates) for the six months ended 30 June 2023 recorded a profit of HK\$319.5 million, which represents a decrease of HK\$78.3 million compared to the corresponding period of last year. The decrease is primarily due to the absence of the gain of HK\$289 million on bargain purchase relating to the acquisition of a 32% effective interest in No. 15 Shouson project in the previous year offset by the increased profit contribution of HK\$216 million from the delivery of the residential units of Phase I of the Thames City project in London.

The value of the Group's investment properties in the UK continued to be adversely impacted by the interest rate hikes which resulted in fair value losses of HK\$1.4 billion. As this expense is non-cash in nature, and the Group is holding these investment properties for long term rental purposes, the Group does not expect its overall financial position to be affected substantially.

As at 30 June 2023, the Group's investment properties in the UK were revalued by Knight Frank Petty Limited (“KF”) at GBP1.15 billion, representing a decrease of 10.7% compared to that of last year end. Same as 31 December 2022, KF adopted the income capitalization approach with the following key values of inputs:

Values of input	30 June 2023	31 December 2022	Relationship to fair value
Estimated rental values (per square foot per annum)	GBP53 to GBP110	GBP60 to GBP110	The higher the rental values the higher the fair value
Equivalent yields	4.54% to 5.25%	3.99% to 4.91%	The higher the yields the lower the fair value

The income capitalization approach took into consideration the rental values of the tenancies and the investment yields which are the critical factors in determining its values and is widely considered to be the most adopted and appropriate methodology for valuing properties held for long term rental purpose. The decrease in fair value as at 30 June 2023 was mainly driven by the upward adjustment of the investment yields to 4.54% to 5.25% which is reasonable and in line with the Group's expectation in view of the interest rate hikes during the period.

Management Discussion and Analysis

The loss attributable to shareholders was HK\$1,349.8 million (six months ended 30 June 2022: a profit of HK\$240.9 million). The basic loss per share for the period was HK34.77 cents (six months ended 30 June 2022: basic earnings per share of HK6.21 cents).

Investment Properties

As at 30 June 2023, the Group owns two Grade A commercial properties in the United Kingdom.

United Kingdom

The two commercial buildings, namely The Leadenhall Building and One Kingdom Street, with an approximate total leasable area of 875,000 square feet (“sqf”), are located in the prime financial and insurance districts in the Central London, United Kingdom. These two buildings represent the Group’s core rental business and continue to contribute a strong and stable revenue income stream.

During the six months ended 30 June 2023, the Group generated a rental income of HK\$239.0 million (six months ended 30 June 2022: HK\$261.8 million) from its investment properties in the United Kingdom. The Group’s rent collection has been unperturbed with 98% of rent collected in the period (six months ended 30 June 2022: 98%).

The Group believes the long-term prospects for London remain positive given the latter’s status as a major global city, with a commercial property market that draws lasting interest from both occupiers and investors.

The Leadenhall Building

The Leadenhall Building is one of the iconic buildings in the Central London district, a skyscraper having a height of 225 meters (738 feet) tall. The building’s distinctive wedge-shaped architectural design has created several specific spaces to cater for the different needs of the tenants’ businesses. The combination of modern offices and food experiences in the neighborhood enables tenants’ businesses to attract and retain talented people working there. The property consists of 46 floors which are used mainly for office purposes and will be held by the Group as investment property for long-term capital growth. It comprises approximately 610,000 sqf of office and retail space and is almost fully let with a weighted average unexpired lease term of approximately 8.6 years with 6.7 years on a term-certain basis. The building’s tenant base includes several renowned international insurance companies alongside other financial institutions, technology, and professional service businesses. The current annual contract rent of The Leadenhall Building is in the region of GBP41.6 million (31 December 2022: GBP41.6 million). As at 30 June 2023, the office space was fully leased. The rental yield is approximately 3.6% per annum.

One Kingdom Street

The property is well connected to public transportation with nearby underground stations, providing easy access to Oxford Street or Heathrow Airport. One Kingdom Street is situated in Paddington Central, a place comprised of dining, office and residential blocks, hotel, retail and entertainment amenities. The building was recently refurbished with luxury-feel office spaces, together with its features elegant, glazed exteriors and a superbly functional entrance hall. Above the hall, 265,000 sqf of superior office space is spread over nine floors. There is a huge amount of natural light in every office to create a productive and enjoyable working environment.

One Kingdom Street building offers approximately 265,000 sqf of Grade A office accommodation and some parking spaces, with a current annual contract rent of approximately GBP12.6 million (31 December 2022: GBP15.4 million), equivalent to an annual yield of 4.3%. The building is 79% leased to reputable major tenants and the refurbishment of the vacant spaces are on the way in order to speed up the leasing activities. Apart from office accommodation, Transport for London has returned to One Kingdom Street 15,360 sqf of vacant space underneath the office tower after completion of the metro Elizabeth Line’s related construction works. The Group is currently exploring various leasing options for this vacant space which may entail creating a net zero urban logistics hub in collaboration with adjacent landlords in Paddington Central.

The Group had successfully renewed the lease with one of its major tenants in One Kingdom Street for a total area of approximately 93,100 sqf with an approximately 26% uplift on the passing rent.

The Group manages the property leases proactively in order to maintain sustainable occupancy rates and high tenant retention, while reducing the tenant concentration risks. It also engages with the tenants regularly to strengthen the property’s position as a choice office in Central London.

Joint Ventures

As at 30 June 2023, the Group has seven property projects operating through joint ventures, two projects with over 0.8 million sqf of attributable development space in London, three projects with approximately 0.5 million sqf in Hong Kong and two projects with approximately 7.0 million sqf in the PRC.

The Group's total investments in joint venture projects increased to HK\$10.5 billion as at 30 June 2023, up from HK\$10.3 billion as at 31 December 2022. The increase was largely due to the accumulated profit shared by the joint ventures and the effect of foreign exchanges. There was no acquisition or disposal of joint ventures during the period under review.

The Group's development pipeline is a significant component of the value of its joint venture business, and the Group expects this pipeline to contribute significantly to earnings and provide attractive returns on its investments in the near to medium term. As at 30 June 2023, the Group held interests in centrally located development sites with a total attributable development potential of approximately 8.3 million sqf, primarily in the United Kingdom, Hong Kong and the PRC.

London

The Group's presence in London's development business through its ownership interests in Thames City and The Whiteley continues to drive value for its shareholders. As at 30 June 2023, an accumulated total of 395 residential units for over GBP713 million have been presold in Thames City, and a total of 77 residential properties for an aggregate sales price of roughly GBP489 million have been presold for The Whiteley.

Thames City

Just south of the River Thames, the 10-acre former New Covent Garden Market site is now being redeveloped as Thames City, a mixed-use development featuring 12 residential and commercial buildings, ranging in height from 4 to 53 storeys, and a park which forms part of a vibrant regeneration district that will run from the Vauxhall Bridge to the Battersea Power Station. When fully completed, Thames City comprises 1,500 luxury residential units with a total saleable area of approximately 1.7 million sqf, including three primary towers which rise to 53 storeys above basement, providing exceptional panoramic views over the whole of London. Other facilities include a grand clubhouse with a 30-metre-long swimming pool, landscaped gardens, restaurants, retail outlets and commercial spaces.

With construction progressing well, two major towers of Phase I were completed and the remaining tower is planned for delivery to the buyers in the fourth quarter of the year, yielding a total saleable area of approximately 680,000 sqf. During the period under review, a total 194,500 sqf was sold and recognized in the profit and loss account of the project company contributing GBP319 million in sales revenue. Benefiting from the encouraging sales performance, the construction loans were fully repaid more than 17 months ahead of schedule in March this year. Thames City's marketing continues in progress and has met with much success. As domestic and international travel restrictions are lifted, United Kingdom's reopening to international travelers and overseas buyers is making its presence felt.

The Group has 50% interests in the Thames City project.

The Whiteley

In 2019, the Group committed to invest GBP182 million to restore the legendary Whiteley Shopping Centre as it forms an important part of the wider regeneration of Queensway which is being transformed into a more pedestrian friendly zone for London. Located in Queensway, W2, the Whiteley redevelopment project is a mixed-use scheme which secured planning permission in 2016. When finished, the project with about 603,000 sqf will deliver 139 luxurious residential apartments, a 109 keys of a 5-star spa hotel operated by Six Senses, retail and restaurant spaces, offering an exceptional investment opportunity in prime Central London. The Whiteley will be restored to its legendary position at the heart of Bayswater after completion of the redevelopment. The Group has fully paid its committed investment of GBP182 million for the development.

At The Whiteley, the construction is in progress with practical completion anticipated at the first half of 2024. The development will deliver approximately 326,000 sqf of residential apartments, and 277,000 sqf of retail, hotel, commercial and parking spaces. The formal sales started in November 2021. As at the period end, it has presold 77 residential units for GBP489 million.

The Group has approximately 46% interests but 50% voting power in this project.

Management Discussion and Analysis

Hong Kong

Harbourside HQ

Located next to the Kai Tak Development District, Harbourside HQ is a 28-storey Grade A office with a total marketable gross floor area of approximately 795,000 sqf, including retail spaces on the ground and first floor, and 285 parking spaces. Overlooking Kai Tak and Kwun Tong Promenade, the property is situated close to the Ngau Tau Kok MTR station, rendering it accessible and connected to different parts of Hong Kong. With its unique location and iconic 136.5 meter height, Harbourside HQ commands a panoramic harbour view from the Lei Yue Mun Straits to the Victoria Harbour. The nearby retail and commercial structures offer amenities in shopping, dining, and entertainment. The building is 62% leased out as at 30 June 2023 and the occupancy rate is expected to improve to approximately 80% following the completion of the new lease in the second half of the year. The cost of acquisition was HK\$7.5 billion in which the Group has a 25% interest.

No. 15 Shouson

No. 15 Shouson is located at No. 15 Shouson Hill Road West. It comprises a total of 15 luxury villas with a total gross floor area of approximately 88,000 sqf. All the villas have built-in lifts, gardens, usable rooftops and parking spaces. Among them, 13 villas have also private swimming pools. Two villas at prices of approximately HK\$870 million and HK\$435 million have been successfully sold respectively, equivalent to HK\$108,000 per square foot and HK\$92,000 per square foot.

The Group has 42% interests in No. 15 Shouson with an investment of about HK\$1.2 billion.

Kowloon Bay International Trade & Exhibition Centre (“KITEC”)

The Group has an effective 15% interest in a joint venture development project related to KITEC with an attributable investment of about HK\$906 million. The property has a site area of about 240,000 sqf and a total gross floor area of about 1.8 million sqf which will be positioned for commercial developments in 2024.

The PRC

Development Projects

Jiangsu Yancheng Project (江蘇鹽城項目)

The Group has a 29.4% interest in a joint venture of a development project in Jiangsu with a planned total investment of RMB496 million. The project has a site area of about 687,000 sqf. When fully developed, it comprises 1.56 million sqf of residential and commercial saleable area. The project is located at the intersection of Yanzen 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.

The project will be developed in two phases, comprising thirteen residential and commercial buildings. Construction of Phase I comprises six buildings, all of which have already been completed to the top floor. Pre-sales commenced in September 2021 with 314,000 sqf sold. Completion of the Phase I is due at the end of December 2023.

Guangdong Jiangmen Project (廣東江門市項目)

The Group has a 34% interest in a joint venture of a development project in Jiangmen city, Guangdong Province, with a total investment cost of RMB703 million. The project, with a site area of about 15.5 million sqf, is positioned for commercial and residential development, providing a total GFA of about 19.2 million sqf. The project is located on the west bank of the Guangdong-Hong Kong-Macau Greater Bay Area, at the core of the Taishan (台山) coastal resort area.

The project is still in its initial stage with completed site survey. Infrastructure works related to access roads and utility facilities are required for the residential site before the commencement of construction works.

Treasury Investment Business

The treasury investment segment recorded a loss of HK\$62.7 million (six months ended 30 June 2022: HK\$137.7 million). The dividends and interests earned from investments and loans receivable amounted to HK\$0.7 million (six months ended 30 June 2022: HK\$2.8 million). The fair value losses from its investment portfolio amounted to HK\$43.6 million (six months ended 30 June 2022: HK\$115.1 million).

CORPORATE STRATEGY AND OUTLOOK

The rebound of economy in Hong Kong and mainland China appears to require a longer period to restore to the pre-Covid pandemic level although the long-awaited reopening of the cross border with China after Covid pandemic finally occurred in February this year. The Group continues to adopt a wait and see approach in tackling the adverse impact of the continual interest rates hike. The Group will adopt a conservative attitude but keep a watchful eye on the market and cherry pick high-quality assets and businesses which might appear.

Following the progressive completion of the two development projects in London, revenue will be continually booked and provide attractive returns to the Group. Concurrently the two investment properties in Central London will continue to provide a steady and recurring rental income for the Group.

Looking forward, the Management anticipates volatility, uncertainty and a more challenging business environment. The Group will focus on ensuring the stability and durability of its existing property portfolio and maintain a healthy balance sheet.

FINANCIAL REVIEW

Treasury Investments

The Group regularly reviews and manages its capital structure to ensure that its financial position remains sound, so that it can continue to provide returns to shareholders while keeping financial leverage at a prudent level. The objectives of the Group's investment policy are to minimize risks while retaining liquidity, a strong balance sheet, and to achieve a competitive rate of return.

The Group invested surplus cash in a diversified portfolio of listed equity securities and unlisted investment funds. As at 30 June 2023, the portfolio of investments comprised of listed equity securities and unlisted investment funds with an aggregate carrying value of HK\$1,155.8 million (31 December 2022: HK\$1,199.4 million) which is listed in the table below:

	30 June 2023 HK\$' million	31 December 2022 HK\$' million
Financial assets at fair value through profit or loss		
Listed equity securities	189.3	214.8
Unlisted investment funds	966.5	984.6
Total	1,155.8	1,199.4

In terms of performance, the Group recognized from its portfolio of investments during the period an unrealized fair value loss of HK\$43.6 million (six months ended 30 June 2022: HK\$115.1 million) in the consolidated statement of profit or loss. No realized gain/loss on the portfolio of investments for the period was recorded (six months ended 30 June 2022: Nil), whereas the dividends and interest income from above investments was HK\$0.7 million (six months ended 30 June 2022: HK\$0.7 million). In terms of future prospects of the Group's investments, the performance of the listed equity securities and unlisted investment funds held is to a large extent subject to the performances of the relevant financial markets which are liable to change rapidly and unpredictably.

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

Liquidity and Financial Resources

As at 30 June 2023, the Group had cash on hand of HK\$2.1 billion and amounts available under its lines of credit totalling HK\$0.3 billion. About 14% of the Group's bank deposits and cash were denominated in HKD, 50% in USD, 31% in GBP and 5% in other currencies.

The Group has executed a conservative strategy of securing long-term financing on individual properties. As at 30 June 2023, the Group had two investment properties valued at approximately HK\$11.4 billion which are charged with mortgages totalling HK\$6.7 billion.

Where appropriate, the Group uses interest rate swaps to lock-in lending rates on certain mortgages and bank borrowings, which provides certainty to the rate of interest on borrowings involving transactions of a longer term nature.

The Group's net borrowings increased to HK\$9.0 billion at 30 June 2023, compared with HK\$8.8 billion at 31 December 2022. As a result, the Group's net gearing ratio, which is calculated as net borrowings as a percentage of the owners' equity, increased to 62.8% at 30 June 2023 from 59.2% at 31 December 2022.

Management Discussion and Analysis

As at 30 June 2023, total debt was HK\$11.1 billion (31 December 2022: HK\$10.7 billion) with the maturity profile spreading over a period of five years with HK\$0.5 billion repayable within one year and the remaining HK\$10.6 billion repayable after one year. About 63% of the Group's total debt was denominated in GBP, 21% in USD, 15% in HKD, and 1% in RMB. The debt to total assets ratio was 43% (31 December 2022: 41%) and is calculated as debt as a percentage to total assets. As at 30 June 2023, except for the notes payable of HK\$2.3 billion (31 December 2022: HK\$2.3 billion) and other loan of HK\$0.1 billion (31 December 2022: HK\$0.1 billion) bearing interest at fixed rates, all bank borrowings bear interest at floating interest rates. The weighted average cost of debt was 5.6% (six months ended 30 June 2022: 3.1%) per annum during the period.

The Group continues to maintain a high level of liquidity. Total assets as at 30 June 2023 were HK\$25.9 billion, of which approximately 13.6% was current in nature. Net current assets were HK\$2.5 billion.

As at 30 June 2023, the owners' equity was HK\$14.3 billion (31 December 2022: HK\$14.9 billion) and the net assets value per share was HK\$3.68 (31 December 2022: HK\$3.84).

Contingent Liabilities/Financial Guarantees

At 30 June 2023, the Group had the following contingent liabilities/financial guarantees:

1. Guarantees given to a bank in connection with facilities granted to a joint venture up to HK\$851 million (31 December 2022: HK\$2,525 million).
2. Guarantees given to banks and an independent third party in connection with facilities granted to associates up to HK\$1,777 million (31 December 2022: HK\$1,787 million).
3. Guarantees given to certain financial institutions in connection with the cost overrun guarantee in respect of the project development costs and sales milestones guarantee of a joint venture up to HK\$816 million (31 December 2022: HK\$782 million).

Pledge of Assets

As at 30 June 2023, investment properties, bank deposits, and property and equipment in the respective amounts of HK\$11.4 billion, HK\$25.0 million and HK\$70.0 million have been pledged as security for banking facilities granted to the Group and a joint venture of the Group.

Exchange Risks and Hedging

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

The Group adopts strategic hedging policies to optimize risk-adjusted returns from operations, including the following initiatives:

1. Use of interest rate swaps to hedge the interest rate risk on borrowings.
2. Use of same currency borrowings as a natural hedge to match the currency of assets and cashflows.
3. Use of currency forward contracts to hedge currency risk as appropriate.

EMPLOYEES

As at 30 June 2023, the Group employed a total of 116 employees in Hong Kong, China and the United Kingdom for its principal business. Remuneration cost for the period under review (excluding directors' emoluments) amounted to approximately HK\$52 million.

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

Employees are also eligible to be granted share options under the Company's share option scheme at the discretion of the Board. For the six months ended 30 June 2023, no equity-settled share option expense was charged off to the consolidated statement of profit or loss.

INTERIM DIVIDEND

The Board has resolved not to declare any payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2023, details of the interests and short positions of each of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Interests in shares of the Company (long positions)

Name of directors	Capacity in which interests are held	Number of shares held	Approximate percentage ⁴
Cheung Chung Kiu	Interest of controlled corporation	2,871,231,906 ¹	73.96
Lam How Mun Peter	Beneficial owner	486,753	0.01

(b) Interests in shares and debentures of the Company'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 (stock code: 32)	Interest of controlled corporation	271,616,585 ²	72.88
Cheung Chung Kiu	Instant Glory International Limited	Interest of controlled corporation	1 ³	50

(ii) Debentures

Name of director	Name of associated corporation	Capacity in which interests are held	Amount of debentures held	Amount of debentures in same class in issue
Cheung Chung Kiu	Perfect Point Ventures Limited	Beneficial owner	US\$124,000,000	US\$300,000,000
Lam How Mun Peter	Perfect Point Ventures Limited	Beneficial owner	US\$1,600,000	US\$300,000,000

Notes:

- 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").
- Such shares were held directly by Rose Dynamics Limited, which was wholly-owned by Windsor Dynasty.
- Such share was held directly by Victory Trend Holdings Limited, which was wholly-owned by Mr. Cheung.
- 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 2023.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of Interests

SHARE OPTIONS

On 21 May 2015, the Company adopted a share option scheme (“2015 Scheme”), details of which were disclosed in the Company’s circular dated 16 April 2015. No share options have been granted under the 2015 Scheme since its adoption and up to 30 June 2023.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

As at 30 June 2023, details of the interests and short positions of every person, other than directors or the chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Capacity in which interests are held	Number of shares held	Approximate percentage²
Windsor Dynasty	Interest of controlled corporation	2,871,231,906 ¹	73.96

Notes:

1. Please refer to Note 1 to the paragraph “Interests in shares of the Company (long positions)” of the section headed “Directors’ and Chief Executive’s Interests and Short Positions” above.
2. Approximate percentage refers to the aggregate interest which the shareholder held or had short positions in the shares of the Company expressed as a percentage (rounded to two decimal places) of the issued share capital of the Company as at 30 June 2023.
3. All of the interests disclosed above represent long positions.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any interests or short positions of any other person, other than directors or the chief executive of the Company, in the shares or underlying shares of the Company required to be recorded in the register kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE PRACTICES

The Company has applied to its corporate governance structure and practices the principles of good corporate governance, and complied with the code provisions, under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2023.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by directors. Specific enquiries have been made on all directors who have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 3 October 2022, the Company was granted a 42-month term loan facility for an aggregate amount of HK\$1,350,000,000 as may be increased pursuant to an accordion option to an aggregate amount not exceeding HK\$3,000,000,000 under a facility agreement, pursuant to which, it is (among other matters) an event of default if Mr. Cheung, save for certain exceptions, (i) directly or indirectly, is not or ceases to be the shareholder holding the largest shareholding of the Company; (ii) does not or ceases to hold beneficially (directly or indirectly) of 35% or more of the issued share capital of the Company (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or (iii) does not or ceases to have control of the Company. On and at any time after the occurrence of an event of default which is continuing, (i) each available commitment of each lender under the Facility Agreement may immediately be cancelled and the Facility shall immediately cease to be available for further utilization, or any part of any commitment of the lenders under the Facility Agreement may immediately be cancelled and the relevant commitment of the lenders under the Facility Agreement shall immediately be reduced, and/or (ii) all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Facility Agreement and other ancillary finance documents may become immediately due and payable, and/or (iii) all or part of the Loans may immediately become payable on demand.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK\$8,953,475,000, which represented approximately 34.5% of the Group's total assets as at 30 June 2023.

In accordance with the requirement under Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of those affiliated companies as at 30 June 2023 is presented below:

	Combined balance sheet HK\$'000
Non-current assets	4,901,673
Current assets	36,975,590
Current liabilities	(16,419,580)
Non-current liabilities	(2,553,270)
Net assets	22,904,413
Share capital	8
Reserves	22,900,337
Non-controlling interests	4,068
Total equity	22,904,413

As at 30 June 2023, the consolidated attributable interest of the Group in these affiliated companies amounted to HK\$9,132,905,000.

Other Information

REVIEW OF INTERIM RESULTS

The Audit Committee has discussed with the management the accounting policies and practices adopted by the Group, and has reviewed the Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2023.

APPRECIATION

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

By order of the Board

Lam How Mun Peter

Deputy Chairman & Managing Director

Hong Kong, 22 August 2023

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE			
Interest income	4	–	2,060
Revenue from other sources	4	239,682	262,579
Total revenue		239,682	264,639
Cost of services provided		(10,863)	(10,224)
Gross profit		228,819	254,415
Other income and gains, net	4	31,870	118,894
Administrative expenses		(144,290)	(140,881)
Impairment losses on financial assets, net	5	(12,807)	(33,515)
Other expenses	5	(1,439,648)	(147,891)
Finance costs		(303,899)	(192,831)
Share of profits and losses of:			
Joint ventures		325,804	388,599
Associates		(6,306)	9,234
PROFIT/(LOSS) BEFORE TAX	5	(1,320,457)	256,024
Income tax expense	6	(29,372)	(15,089)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		(1,349,829)	240,935
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	8		
Basic and diluted		HK(34.77) cents	HK6.21 cents

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
PROFIT/(LOSS) FOR THE PERIOD	(1,349,829)	240,935
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Cash flow hedge:		
Effective portion of changes in fair value of hedging instruments arising during the period	184,775	35,580
Exchange differences on translation of foreign operations	648,474	(1,435,921)
Share of other comprehensive loss of joint ventures	(3,496)	(11,043)
Share of other comprehensive income/(loss) of associates	(6,155)	12,417
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	823,598	(1,398,967)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	823,598	(1,398,967)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	(526,231)	(1,158,032)

Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment	9	145,813	170,521
Investment properties		11,416,439	12,149,321
Golf club membership		10,540	10,540
Investments in joint ventures		8,762,783	8,601,789
Investments in associates		1,755,567	1,746,271
Prepayments, deposits and other receivables	11	4,617	4,559
Derivative financial instruments		310,825	131,452
Total non-current assets		22,406,584	22,814,453
CURRENT ASSETS			
Trade receivables	10	2,780	9,120
Prepayments, deposits and other receivables	11	223,035	260,852
Financial assets at fair value through profit or loss		1,155,783	1,199,420
Prepaid income tax		1,351	3,417
Pledged deposits		24,980	23,507
Restricted bank balances		107,300	140,857
Cash and cash equivalents		2,007,962	1,745,403
Total current assets		3,523,191	3,382,576
CURRENT LIABILITIES			
Other payables and accruals		430,610	466,694
Interest-bearing bank and other borrowings	12	532,209	188,017
Tax payable		78,466	90,497
Total current liabilities		1,041,285	745,208
NET CURRENT ASSETS		2,481,906	2,637,368
TOTAL ASSETS LESS CURRENT LIABILITIES		24,888,490	25,451,821
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	12	8,263,264	8,218,875
Notes payable	13	2,315,197	2,313,014
Other payables		22,383	28,408
Total non-current liabilities		10,600,844	10,560,297
Net assets		14,287,646	14,891,524
EQUITY			
Issued capital	14	388,233	388,233
Reserves		13,899,413	14,503,291
Total equity		14,287,646	14,891,524

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	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)	Retained profits HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 January 2023	388,233	11,977,078*	(1,125,755)*	122,324*	3,529,644*	14,891,524
Loss for the period	-	-	-	-	(1,349,829)	(1,349,829)
Other comprehensive income/(loss) for the period:						
Cash flow hedge:						
Changes in fair value of hedging instruments arising during the period	-	-	-	184,775	-	184,775
Share of other comprehensive loss of joint ventures	-	-	(3,496)	-	-	(3,496)
Share of other comprehensive loss of associates	-	-	-	(6,155)	-	(6,155)
Exchange differences:						
Translation of foreign operations	-	-	648,474	-	-	648,474
Total comprehensive income/(loss) for the period	-	-	644,978	178,620	(1,349,829)	(526,231)
Final 2022 dividend approved	-	-	-	-	(77,647)	(77,647)
At 30 June 2023	388,233	11,977,078*	(480,777)*	300,944*	2,102,168*	14,287,646

* These reserve accounts comprise the consolidated reserves of HK\$13,899,413,000 (31 December 2022: HK\$14,503,291,000) 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.

	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)	Retained profits HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
At 1 January 2022	388,233	11,977,078	532,683	(5,203)	5,547,632	18,440,423
Profit for the period	-	-	-	-	240,935	240,935
Other comprehensive income/(loss) for the period:						
Cash flow hedge:						
Changes in fair value of hedging instruments arising during the period	-	-	-	35,580	-	35,580
Share of other comprehensive loss of joint ventures	-	-	(11,043)	-	-	(11,043)
Share of other comprehensive income of associates	-	-	-	12,417	-	12,417
Exchange differences:						
Translation of foreign operations	-	-	(1,435,921)	-	-	(1,435,921)
Total comprehensive income/(loss) for the period	-	-	(1,446,964)	47,997	240,935	(1,158,032)
Final 2021 dividend approved	-	-	-	-	(77,647)	(77,647)
At 30 June 2022	388,233	11,977,078	(914,281)	42,794	5,710,920	17,204,744

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		85,233	128,725
Interest received		–	5,320
Dividend received		669	730
Tax paid, net		(38,483)	(23,427)
Interest paid		(268,825)	(171,883)
Net cash flows used in operating activities		(221,406)	(60,535)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease/(increase) in pledged deposits		(233)	248,240
Investment in joint ventures		(2,524)	(962,513)
Return of capital from a joint venture		526,694	–
Advance from a joint venture		–	33,506
Investment in associates		(26,010)	(21,258)
Return of capital from associates		4,263	49
Advance to associates		–	(37,319)
Repayment of an amount due from an associate		–	36,795
Interest received from bank deposits		28,861	2,240
Purchase of items of property and equipment		(152)	(1,325)
Net cash flows from/(used in) investing activities		530,899	(701,585)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments		(5,931)	(7,573)
Dividends paid	7	(77,647)	(77,647)
New bank borrowings		736,725	219,170
Repayment of bank and other borrowings		(720,266)	(986,710)
Net cash flows used in financing activities		(67,119)	(852,760)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		242,374	(1,614,880)
Cash and cash equivalents at beginning of period		1,745,403	4,357,747
Effect of foreign exchange rate changes, net		20,185	(13,333)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,007,962	2,729,534
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		775,903	2,729,534
Non-pledged time deposits with original maturity of less than three months when acquired		1,232,059	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		2,007,962	2,729,534

Notes to Condensed Consolidated Financial Information

30 June 2023

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 for the six months ended 30 June 2023 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 2022.

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 2022, 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

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

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group’s interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group’s annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group’s policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

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

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. OPERATING SEGMENT INFORMATION

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

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

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

Information regarding these reportable segments is presented below.

Reportable segment information

	For the six months ended 30 June (Unaudited)					
	Property development and investment		Treasury investment		Total	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Revenue from external customers	239,013	261,849	669	2,790	239,682	264,639
Segment results	(920,009)	615,538	(62,745)	(137,573)	(982,754)	477,965
Corporate and unallocated expenses					(33,804)	(29,110)
Finance costs					(303,899)	(192,831)
Profit/(loss) before tax					(1,320,457)	256,024

Notes to Condensed Consolidated Financial Information

30 June 2023

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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
<i>Interest income</i>		
Interest income from loans receivable	–	2,060
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	860	2,649
Other lease payments, including fixed payments	238,153	259,200
	239,013	261,849
Dividend income from listed equity investments	669	730
	239,682	262,579
	239,682	264,639
Other income and gains, net		
Bank interest income	29,263	2,240
Interest income from an amount due from a joint venture	2,495	–
Interest income from amounts due from associates	–	78,677
Fair value gains on derivative financial instruments, net		
– transactions not qualifying as hedges	–	37,019
Others	112	958
	31,870	118,894

Notes to Condensed Consolidated Financial Information

30 June 2023

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of owned assets	17,955	19,884
Depreciation of right-of-use assets	7,023	8,054
	24,978	27,938
Fair value losses on investment properties, net	1,381,483*	2,144*
Fair value losses on financial assets at fair value through profit or loss, net	43,637*	115,060*
Fair value losses/(gains) on derivative financial instruments, net – transactions not qualifying as hedges	5,402*	(37,019)
Loss on disposal of items of property and equipment	11*	–
Foreign exchange differences, net	9,115*	30,687*
Impairment losses/(reversal of impairment losses) on financial assets, net:		
Loans and interest receivables	–	(1,052)
Prepayments, deposits and other receivables, net	12,807	34,567
	12,807	33,515
Employee benefit expense (including directors' remuneration):		
Wages and salaries	71,244	68,508
Pension scheme contributions**	3,769	3,838
	75,013	72,346

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

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the periods ended 30 June 2023 and 30 June 2022, 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 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%). Corporation tax in the United Kingdom ("UK") has been provided at an effective rate of 23.5% (2022: 19%) according to the requirements set forth in the relevant UK tax laws and regulations. Tax on profits assessable in Mainland China has been calculated at the applicable People's Republic of China ("PRC") corporate income tax rate of 25% (2022: 25%) during the periods, except for one subsidiary of the Group, which is operating in Tibet and is entitled to preferential income tax rate of 15% (2022: 15%). 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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current charge for the period		
UK	29,902	6,128
Mainland China	–	13,880
Underprovision/(overprovision) in prior periods	(530)	31
Deferred tax	–	(4,950)
Total tax charge for the period	29,372	15,089

Notes to Condensed Consolidated Financial Information

30 June 2023

7. DIVIDENDS

During the six months ended 30 June 2023, 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 2022 which was paid on 7 June 2023.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

During the six months ended 30 June 2022, 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 2021 which was paid on 6 June 2022.

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

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

No adjustment has been made to the basic earnings/(loss) per share presented for the six months ended 30 June 2023 and 2022 as the Group had no potentially dilutive ordinary shares in issue during the periods.

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

	Six months ended 30 June 2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic and diluted earnings/(loss) per share calculation	(1,349,829)	240,935
	Number of shares Six months ended 30 June 2023	2022
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. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property and equipment with a cost of HK\$152,000 (six months ended 30 June 2022: HK\$44,965,000), including owned assets of HK\$152,000 (six months ended 30 June 2022: owned assets of HK\$1,325,000 and right-of-use assets of HK\$43,640,000).

10. TRADE RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Trade receivables	2,780	9,120

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.

Notes to Condensed Consolidated Financial Information

30 June 2023

10. TRADE RECEIVABLES *(continued)*

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 month	1,796	–
1 to 3 months	419	8,462
3 to 6 months	565	658
	2,780	9,120

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

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Prepayments	10,190	6,746
Deposits and other receivables	15,789	36,271
Due from associates (note)	1,209,528	1,254,155
Total prepayments, deposits and other receivables	1,235,507	1,297,172
Less: Impairment allowance	(1,007,855)	(1,031,761)
	227,652	265,411
Less: Portion classified as non-current assets	(4,617)	(4,559)
Portion classified as current assets	223,035	260,852

Note: As at 30 June 2023, the amounts due from associates were stated at amortised cost with aggregate principal amount of RMB1,118,330,000 (equivalent to HK\$1,209,528,000) (31 December 2022: RMB1,118,330,000 (equivalent to HK\$1,254,155,000)). The amounts due from associates bear interest ranging from 9% to 18.25% (31 December 2022: 9% to 18.25%) per annum and were repayable within 1 year (31 December 2022: within 1 year).

Deposits and other receivables mainly represent consideration receivables, rental deposits, deposits with vendors and receivables from counterparties which have no history of default. As at 30 June 2023, except for an amount due from an associate with a gross amount of HK\$759,950,000 (31 December 2022: Nil) which were overdue, the financial assets included in the above balances and the amounts due from associates were not overdue.

An impairment analysis is performed at each reporting date by considering the ECLs, which are estimated by applying the probability-weighted loss default model with reference to the risks of default of the counterparties. As at 30 June 2023, except for the amounts due from associates with a gross amount of HK\$1,209,528,000 which were categorised within Stage 3 (31 December 2022: HK\$1,254,155,000) due to credit impairment of the controlling shareholder of the associates, being their guarantor, all of them were categorised within Stage 1 for the measurement of ECLs. The probability of default applied was 100% (31 December 2022: 100%) and the loss given default was estimated to be approximately 84% (31 December 2022: 83%).

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11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

The movements in the loss allowance for the impairment of financial assets included in prepayments, deposits and other receivables are as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
At the beginning of the period/year	1,031,761	57,286
Impairment losses, net	12,807	980,827
Exchange realignment	(36,713)	(6,352)
At the end of the period/year	1,007,855	1,031,761

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
Current						
Bank loans – unsecured	Sterling Overnight Index Average ("SONIA")+1.5%	On demand	346,133	N/A	N/A	–
Current portion of long-term bank loans – secured	SONIA+1.5%	2023 to 2024	56,290	SONIA+1.5%	2023	53,442
Other loan – unsecured	3.85%	2023	129,786	3.85%	2023	134,575
			<u>532,209</u>			<u>188,017</u>
Non-current						
Bank loans – secured	SONIA+1.5%	2024 to 2027	6,640,051	SONIA+1.5%	2024 to 2027	6,895,961
– unsecured	Hong Kong Interbank Offered Rate ("HIBOR")+1.85%	2024 to 2026	1,623,213	HIBOR+1.85%	2024 to 2026	1,322,914
			<u>8,263,264</u>			<u>8,218,875</u>
			<u>8,795,473</u>			<u>8,406,892</u>
Analysed into:						
Bank loans repayable:						
On demand			346,133			–
Within one year			56,290			53,442
In the second year			1,623,300			1,392,058
In the third to fifth years, inclusive			6,639,964			6,826,817
			<u>8,665,687</u>			<u>8,272,317</u>
Other loan repayable:						
Within one year			129,786			134,575
			<u>8,795,473</u>			<u>8,406,892</u>

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

Notes:

- (a) 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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Investment properties	11,416,439	12,149,321
Bank balances	119,588	179,658

- (b) As at 30 June 2023, except for the other loan of HK\$129,786,000 (31 December 2022: HK\$134,575,000) which bears interest at fixed rate, all bank borrowings bear interest at floating interest rates.

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
HK\$	1,623,213	1,322,914
GBP	7,042,474	6,949,403
RMB	129,786	134,575
	8,795,473	8,406,892

- (d) The Group's bank borrowings of HK\$6,696,341,000 (31 December 2022: HK\$6,949,403,000) 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 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
2021 Notes	US\$300,000,000	5.20	2025	2,315,197	2,313,014

In September 2021, the Group issued guaranteed notes with an aggregate principal amount of US\$300,000,000 (equivalent to HK\$2,325,000,000) at a coupon rate of 5.2% per annum, which are listed on the Stock Exchange (the "2021 Notes"). The net proceeds, after deducting the issuance expenses, amounted to HK\$2,307,371,000. The 2021 Notes are guaranteed by the Company and will mature in 2025.

The Group, at its option, can redeem the 2021 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 2021 Notes.

At 30 June 2023, the fair value for the 2021 Notes amounted to HK\$2,055,091,000 (31 December 2022: HK\$1,978,180,000), which is based on market price from a financial institution at the end of the reporting period.

14. SHARE CAPITAL

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 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

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15. COMMITMENTS

The Group had the following commitments provided to an associate and joint ventures (including the Group's share of commitments made jointly with other joint venturers) at the end of the reporting period:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Contracted, but not provided for:		
Capital contribution payable to a joint venture	117,811	117,821
Capital contributions payable to an associate	3,677	3,813
Properties under development	744,473	918,887
	865,961	1,040,521

16. FINANCIAL GUARANTEES

- (a) As at 30 June 2023, the Group has given guarantees to a bank in connection with facilities granted to a joint venture up to HK\$850,700,000 (31 December 2022: HK\$2,525,445,000), and the related banking facilities were utilised to the extent of HK\$850,700,000 (31 December 2022: HK\$2,412,250,000).
- (b) As at 30 June 2023, the Group has given guarantees to banks and an independent third party in connection with facilities granted to associates up to HK\$1,776,938,000 (31 December 2022: HK\$1,787,250,000), and the related facilities were fully utilised as at 30 June 2023 and 31 December 2022.
- (c) As at 30 June 2023, the Group has given guarantees to certain financial institutions in connection with the cost overrun guarantee in respect of the project development costs and sales milestones guarantee of a joint venture up to HK\$815,884,000 (31 December 2022: HK\$781,683,000).
- (d) As at 31 December 2022, 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\$46,978,000.

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 assets pledged for the Group's bank loans, and for banking facilities granted to a joint venture of the Group are included in notes 12 and 18, respectively, to the condensed consolidated financial information.

18. RELATED PARTY TRANSACTIONS

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

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Due from associates	1,209,528	1,254,155
Due to a joint venture	155,486	147,732

- (b) As at 30 June 2023, the Group has given guarantees to (i) banks in connection with banking facilities granted to joint ventures and associates; (ii) independent third parties in connection with loan facilities granted to an associate; (iii) certain financial institutions in connection with the Group's cost overrun guarantee in respect of the project development costs and sales milestones guarantee of a joint venture, and the Group has placed a pledged deposit of HK\$24,980,000 (31 December 2022: HK\$23,507,000) 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.

18. RELATED PARTY TRANSACTIONS *(continued)*

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Total compensation paid to key management personnel	20,098	20,022

(d) Guaranteed notes held by the directors of the Company:

As at 30 June 2023, the directors of the Company held 2021 Notes of principal US\$125,600,000 (31 December 2022: US\$125,000,000) with interest expenses of HK\$25,912,000 (six months ended 30 June 2022: HK\$20,800,000) incurred for the period. The contractual interest rates of 2021 Notes were 5.20% per annum.

19. 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, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in current portion of other payables and accruals 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 of the Company is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the directors of the Company 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 of the Company. 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 financial liabilities included in non-current portion of other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings, notes payable and financial liabilities included in other payables as at 30 June 2023 and 31 December 2022 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 non-current portion of other payables approximate to their carrying amounts.

The fair values of listed equity 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 of the Company believe that the estimated fair values which are recorded in the consolidated statement of financial position with net changes in fair value recognised in the statement of profit or loss are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with credit ratings ranging from A+ to AA- (31 December 2022: A+ to AA-). Derivative financial instruments, including the forward currency contracts and interest rate swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts and interest rate swaps are the same as their fair values.

As at 30 June 2023 and 31 December 2022, 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.

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19. 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:

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
As at 30 June 2023 (Unaudited)				
Financial assets at fair value through profit or loss:				
Listed equity investments	189,256	–	–	189,256
Unlisted fund investments	–	966,527	–	966,527
Derivative financial instruments	–	310,825	–	310,825
	189,256	1,277,352	–	1,466,608
As at 31 December 2022 (Audited)				
Financial assets at fair value through profit or loss:				
Listed equity investments	214,845	–	–	214,845
Unlisted fund investments	–	984,575	–	984,575
Derivative financial instruments	–	131,452	–	131,452
	214,845	1,116,027	–	1,330,872

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

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 2022: Nil).

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 22 August 2023.