

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.



CHINESE ESTATES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 127)

FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The board of directors (the “Board”) of Chinese Estates Holdings Limited (the “Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (together, the “Group”) for the financial year ended 31 December 2021 (the “Year”) pursuant to paragraph 45 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). The Group’s consolidated statement of comprehensive income and consolidated statement of financial position, all of which have been reviewed by the Audit Committee, together with the comparative figures of the corresponding year ended 31 December 2020 are set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021	2020
		HK\$’000	HK\$’000
Revenue	3	1,299,826	3,041,464
Cost of goods and services provided		(282,458)	(79,938)
Gross profit		1,017,368	2,961,526
Other income	5	63,211	281,268
Investment expenses, net	6	(2,628,876)	(427,829)
Administrative expenses		(344,495)	(320,600)
Gain on disposals of equipment, net		256	6,299
Fair value changes on investment properties		(1,376,616)	(1,549,240)
Finance costs	7	(104,476)	(215,559)
Other gains and losses		(50)	(4,860)
Share of results of investments accounted for using the equity method		(106,682)	(38,459)
(Loss) profit before tax		(3,480,360)	692,546
Income tax expense	8	(33,188)	(70,282)
(Loss) profit for the year	9	(3,513,548)	622,264

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

For the year ended 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Other comprehensive expenses			
<i>Items that will not be reclassified to profit or loss</i>			
Gains and losses on investments in equity instruments measured at fair value through other comprehensive income		(10,842,215)	(5,763,244)
Share of other comprehensive expenses of investments accounted for using the equity method		<u>(60)</u>	<u>(93)</u>
		<u>(10,842,275)</u>	<u>(5,763,337)</u>
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(20,454)	152,262
Share of other comprehensive income of investments accounted for using the equity method		<u>2,328</u>	<u>10,225</u>
		<u>(18,126)</u>	<u>162,487</u>
Other comprehensive expenses for the year (net of tax)		<u>(10,860,401)</u>	<u>(5,600,850)</u>
Total comprehensive expenses for the year		<u>(14,373,949)</u>	<u>(4,978,586)</u>
(Loss) profit for the year attributable to:			
Owners of the Company		(3,515,305)	622,233
Non-controlling interests		<u>1,757</u>	<u>31</u>
		<u>(3,513,548)</u>	<u>622,264</u>
Total comprehensive expenses for the year attributable to:			
Owners of the Company		(14,375,706)	(4,978,617)
Non-controlling interests		<u>1,757</u>	<u>31</u>
		<u>(14,373,949)</u>	<u>(4,978,586)</u>
(Loss) earnings per share (HK\$)			
Basic and diluted	11	<u>(1.843)</u>	<u>0.326</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties		13,292,161	14,373,283
Property, plant and equipment		184,996	169,262
Right-of-use assets		59,742	126,215
Intangible assets		-	-
Investments accounted for using the equity method		2,095,096	2,199,510
Advances to associates		50,060	48,463
Financial assets measured at fair value through profit or loss	12	156,633	1,629,070
Financial assets measured at fair value through other comprehensive income	13	1,527,466	14,407,220
Advance to an investee company		100,737	100,737
Deferred tax assets		3,920	11,272
Pledged deposits		4,308	81,974
Prepayments	14	34,762	50,380
		<u>17,509,881</u>	<u>33,197,386</u>
Current assets			
Stock of properties		23,316	232,938
Financial assets measured at fair value through profit or loss	12	600,084	1,921,466
Financial assets measured at fair value through other comprehensive income	13	364,582	-
Inventories		3,514	4,964
Debtors, deposits, other receivables and prepayments	14	260,738	250,152
Securities trading receivables and deposits		69,422	27,055
Tax recoverable		12,457	2,344
Pledged deposits		273,202	178,532
Time deposits, bank balances and cash		2,479,874	1,654,542
		<u>4,087,189</u>	<u>4,271,993</u>
Current liabilities			
Creditors and accruals	15	201,896	158,469
Securities trading and margin payable		12,163	38,883
Deposits and receipts in advance		172,660	167,623
Lease liabilities		50,673	67,300
Tax liabilities		3,590	36,110
Borrowings		3,642,977	5,312,436
Derivative financial instrument		-	111
		<u>4,083,959</u>	<u>5,780,932</u>
Net current assets (liabilities)		<u>3,230</u>	<u>(1,508,939)</u>
Total assets less current liabilities		<u>17,513,111</u>	<u>31,688,447</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 31 December 2021

	2021 HK\$'000	2020 HK\$'000
Equity attributable to owners of the Company		
Share capital	190,762	190,762
Financial assets measured at fair value through other comprehensive income reserve	(1,582,049)	65,461
Contribution reserve	206,627	206,627
Statutory reserve	668	668
Special reserve	2,499,685	2,499,685
Capital redemption reserve	138,062	138,062
Translation reserve	(335,536)	(317,410)
Retained profits		
- proposed final dividend	-	19,076
- others	13,257,387	25,955,852
	<u>14,375,606</u>	<u>28,758,783</u>
Non-controlling interests	<u>23,224</u>	<u>21,467</u>
Total equity	<u>14,398,830</u>	<u>28,780,250</u>
Non-current liabilities		
Borrowings	1,812,537	1,951,396
Amounts due to associates	302,344	260,344
Amounts due to investee companies	931,848	581,898
Amounts due to non-controlling shareholders	275	275
Lease liabilities	9,037	57,890
Deferred tax liabilities	58,240	56,394
	<u>3,114,281</u>	<u>2,908,197</u>
	<u>17,513,111</u>	<u>31,688,447</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Basis of Preparation

These consolidated 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”) and accounting principles generally accepted in Hong Kong. In addition, these consolidated financial statements include applicable disclosures required by the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

During the Year, the Group incurred net loss attributable to owners of the Company of approximately HK\$3,515,305,000 and other comprehensive expenses attributable to owners of the Company of approximately HK\$10,860,401,000. Notwithstanding the above, these consolidated financial statements have been prepared on a going concern basis.

The management closely monitors the Group’s financial performance and liquidity position. The validity of the going concern basis of preparation of these consolidated financial statements depends upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its financial obligations as and when they fall due, and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Based on the latest communications with the banks, the directors of the Company (“Directors”) are not aware of any intention of the principal banks to withdraw their bank facilities or require early repayment of the bank borrowings, and the Directors believe that the existing bank facilities will be renewed or roll-overed when their current terms expire given the good track records and relationships the Group has with the banks. Further, the Group has unutilised loan facility from a Director.

The Directors have reviewed the Group’s cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 31 December 2021. Based on the cash flow projections, the Directors believe the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2021. The management has made key assumptions in the preparation of the projections with regard to the anticipated cash flows from the Group’s operations, capital expenditures and the continuous availability of bank facilities. The Group’s ability to achieve the projected cash flows depends on the continuous availability of bank facilities from the banks.

In view of the above, the Directors are of the opinion that there will be sufficient financial resources available to the Group to enable it to meet its liabilities as and when they fall due and to continue as a going concern. Accordingly, the Directors have prepared these consolidated financial statements on a going concern basis.

2. Principal Accounting Policies

The accounting policies adopted in these consolidated financial statements for the Year are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 December 2020 except as described below.

In the current year, the Group has applied the following amendments to HKFRSs (“Amendments”) issued by the HKICPA for the first time, including those which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of these consolidated financial statements:

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform - Phase 2
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹

¹ *Effective for annual periods beginning on or after 1 April 2021 and early application is permitted*

2. Principal Accounting Policies (continued)

Except as described below, the application of the Amendments had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impact on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial liabilities as a result of interest rate benchmark reform and the related disclosure requirements applying HKFRS 7 "Financial Instruments: Disclosures".

As at 1 January 2021, the Group had several financial liabilities and derivatives, the interests of which are indexed to benchmark interest rates that will or may be subject to interest rate benchmark reform.

During the Year, some of the relevant contracts have been transitioned to the relevant alternative benchmark rates. The Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings measured at amortised cost.

The Group has not early adopted the following new and amendments to HKFRSs ("new and amended HKFRSs") that have been issued but are not yet effective.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2018-2020 ¹
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts and the related amendments ²
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies ²
HKAS 8 (Amendments)	Definition of Accounting Estimates ²
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKAS 16 (Amendments)	Property, Plant and Equipment - Proceeds before Intended Use ¹
HKAS 37 (Amendments)	Onerous Contracts - Cost of Fulfilling a Contract ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective for annual periods beginning on or after a date to be determined

The Directors are in the process of assessing the potential impact of the new and amended HKFRSs but are not yet in a position to determine whether the new and amended HKFRSs will have a material impact on the Group's performance and financial position and on the disclosures. The new and amended HKFRSs may result in changes to how the Group's performance and financial position are prepared and presented in the future.

3. Revenue

Revenue represents the aggregate amounts of sales of properties held for sale, commission from brokerage, settlement charges from brokerage, cosmetics goods sold less returns, building and property management services income, amounts received and receivable from property rental income, interest income from bonds and structured products, dividend income from listed and unlisted equity investments and gain on sales of investments held-for-trading. Revenue is analysed as follows:

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers:		
<i>Recognised on a point in time basis</i>		
Sales of properties held for sale	235,462	-
Brokerage and cosmetics income	18,091	20,220
	253,553	20,220
<i>Recognised on over time basis</i>		
Building and property management services income	50,079	53,232
	303,632	73,452
Revenue from other sources:		
Property rental income	327,346	373,461
Interest income from	315,510	596,092
- bonds (<i>note (i)</i>)	305,020	585,686
- structured products (<i>note (i)</i>)	10,490	10,406
Dividend income from	169,479	1,973,156
- listed equity investments (<i>note (ii)</i>)	168,279	1,969,757
- unlisted equity investments (<i>note (iii)</i>)	1,200	3,399
Gain on sales of investments held-for-trading	183,859	25,303
	996,194	2,968,012
Total revenue	1,299,826	3,041,464

Notes:

- (i) *The interest income from bonds and structured products were derived from financial assets measured at fair value through profit or loss ("FVTPL").*
- (ii) *The dividend income from listed equity investments with amount of approximately HK\$11,759,000 (2020: HK\$2,077,000) and approximately HK\$156,520,000 (2020: HK\$1,967,680,000) were derived from financial assets measured at FVTPL and financial assets measured at fair value through other comprehensive income ("FVTOCI") respectively.*
- (iii) *The dividend income from unlisted equity investments was derived from financial assets measured at FVTOCI.*

4. Operating Segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions.

The Group has six reportable segments – (i) property development and trading; (ii) property leasing for retail; (iii) property leasing for non-retail; (iv) listed equity investments at FVTOCI; (v) investments and treasury products at FVTPL; and (vi) unlisted investments, investment holding and brokerage, and the remaining businesses of the Group grouped under all other segments. The segmentations are based on the information about the operations of the Group that management of the Group uses to make decisions.

Principal activities are as follows:

Property development and trading	–	Property development and sales of trading properties
Property leasing		
- Retail	–	Property leasing from retail properties
- Non-retail	–	Property leasing from non-retail properties
Listed equity investments at FVTOCI	–	Listed equity securities at FVTOCI
Investments and treasury products at FVTPL	–	Securities investments in investments held-for-trading, over-the-counter trading and structured products
Unlisted investments, investment holding and brokerage	–	Unlisted securities investments, trading and brokerage
All other segments	–	Cosmetics distribution and trading, provision of building and property management services and others

The Group evaluates performance on the basis of profit or loss from operations after tax expense and non-controlling interests but not including the major non-cash items. The major non-cash items are unrealised fair value changes on investment properties and other properties together with, if applicable, their respective deferred tax.

No operating segments have been aggregated in arriving at the six reportable segments described above.

Unallocated corporate assets mainly comprised land and building for own use, right-of-use assets, deferred tax assets, tax recoverable and derivative financial instrument.

Unallocated corporate liabilities mainly comprised tax liabilities, bank borrowings, amounts due to associates, amounts due to investee companies, amounts due to non-controlling shareholders, lease liabilities and deferred tax liabilities (2020: also included derivative financial instrument).

The Group's reportable segments are strategic business units that operate different activities. They are managed separately because each business unit has different markets and requires different marketing strategies.

Further, the business units are also managed to operate in different countries separately. Revenue and results are attributed to countries on the basis of the property or asset location.

There was one (2020: no) major customer who individually accounted for 10% or more of the Group's revenue. Revenue of approximately HK\$235,462,000 was derived from a customer in property development and trading segment in Mainland China.

4. Operating Segments (continued)

Operating segment information is presented below:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Major cash items excluding in revenue								
- Hong Kong	-	-	-	1,530,430	2,670,370	-	-	4,200,800
- Other countries	-	-	-	-	3,589,737	-	-	3,589,737
	-	-	-	1,530,430	6,260,107	-	-	7,790,537
Revenue								
Dividend and interest income and gain on sales of investments held-for-trading								
- Hong Kong	500	-	-	156,520	202,419	-	700	360,139
- Other countries	-	-	-	-	308,709	-	-	308,709
Revenue from external customers								
- Hong Kong	-	36,253	128,355	-	-	6,325	61,845	232,778
- United Kingdom	-	40,287	121,998	-	-	-	-	162,285
- Mainland China	235,462	-	453	-	-	-	-	235,915
	235,962	76,540	250,806	156,520	511,128	6,325	62,545	1,299,826
Revenue (excluding dividend income from segments of property development and trading and property leasing)								
	235,462	76,540	250,806	156,520	511,128	6,325	62,545	1,299,326
Attributable property sales from associates/investee company								
- Hong Kong	2,372,246	-	-	-	-	-	-	2,372,246
Attributable rental revenue from associates/investee company								
- Hong Kong	-	18,343	43,339	-	-	-	-	61,682
- Mainland China	-	33,375	8,970	-	-	-	-	42,345
	2,607,708	128,258	303,115	156,520	511,128	6,325	62,545	3,775,599
Results								
Segment results								
- Hong Kong	500	33,189	122,276	156,829	(474,582)	(843)	38,149	(124,482)
- United Kingdom	-	29,854	105,952	-	-	12	-	135,818
- Mainland China	17,297	-	259	-	-	3,364	-	20,920
- Other countries	-	-	-	-	(1,663,404)	17,906	-	(1,645,498)
	17,797	63,043	228,487	156,829	(2,137,986)	20,439	38,149	(1,613,242)
Share of results of investments accounted for using the equity method								
- Attributable property sales, net								
- Hong Kong	4,994	-	-	-	-	-	-	4,994
- Attributable gross income								
- Hong Kong	-	17,103	43,064	-	-	-	2,257	62,424
- Mainland China	-	33,375	8,970	-	-	-	-	42,345
- Attributable operating cost								
- Hong Kong	-	(1,373)	(8,294)	-	-	-	-	(9,667)
- Mainland China	-	(17,368)	(3,386)	-	-	-	-	(20,754)
	22,791	94,780	268,841	156,829	(2,137,986)	20,439	40,406	(1,533,900)
Other income	7,059	3,059	3,527	-	-	-	-	13,645
Finance costs	-	-	-	(6,833)	(7,503)	-	-	(14,336)
Share of results of investments accounted for using the equity method								
- Income tax, impairment loss in respect of property, plant and equipment, and others	(1,220)	(154,134)	(11,146)	-	-	-	(351)	(166,851)
	28,630	(56,295)	261,222	149,996	(2,145,489)	20,439	40,055	(1,701,442)
Unallocated items								
Unallocated corporate expenses, net								(292,989)
Unallocated finance costs								(90,140)
Income tax expense								(33,188)
Non-controlling interests								(1,757)
Operating loss for the year attributable to owners of the Company								
								(2,119,516)
Share of realised fair value changes on disposal of an investment property of an associate recognised in current year								
								125
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method)								(1,395,914)
Loss for the year attributable to owners of the Company								
								(3,515,305)

4. Operating Segments (continued)

Consolidated Statement of Comprehensive Income (continued)

For the year ended 31 December 2021

	HK\$'000
Core loss (excluding major non-cash items)	
Operating loss for the year attributable to owners of the Company	(2,119,516)
Share of accumulated realised fair value changes on disposal of an investment property of an associate	
- Recognised in current year	125
- Recognised in prior years	832
	<u>(2,118,559)</u>
Core loss for the year attributable to owners of the Company	<u>(2,118,559)</u>

Consolidated Statement of Financial Position

At 31 December 2021

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Assets								
Segment assets								
- Hong Kong	1,080,356	1,786,593	6,917,591	407,388	366,326	300,797	209,605	11,068,656
- United Kingdom	-	1,006,804	6,139,358	-	-	-	-	7,146,162
- Mainland China	290,093	-	28,790	-	-	680	-	319,563
- Other countries	-	-	-	-	341,798	426,427	-	768,225
Investments accounted for using the equity method								
- Hong Kong	49,246	427,869	1,605,929	-	-	1,788	10,173	2,095,005
- Mainland China	-	-	91	-	-	-	-	91
Advances to associates								
- Hong Kong	1,912	-	127	-	-	3	1,224	3,266
- Mainland China	-	-	46,794	-	-	-	-	46,794
Reportable segment assets	<u>1,421,607</u>	<u>3,221,266</u>	<u>14,738,680</u>	<u>407,388</u>	<u>708,124</u>	<u>729,695</u>	<u>221,002</u>	<u>21,447,762</u>
Unallocated corporate assets								149,308
Consolidated total assets								<u>21,597,070</u>
Liabilities								
Segment liabilities								
- Hong Kong	35,939	22,782	114,854	27	4,346	10,922	6,160	195,030
- United Kingdom	-	15,539	176,054	-	-	-	-	191,593
- Mainland China	47	-	35	-	-	2	-	84
- Other countries	-	-	-	-	6	6	-	12
Reportable segment liabilities	<u>35,986</u>	<u>38,321</u>	<u>290,943</u>	<u>27</u>	<u>4,352</u>	<u>10,930</u>	<u>6,160</u>	<u>386,719</u>
Unallocated corporate liabilities								6,811,521
Consolidated total liabilities								<u>7,198,240</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	20,157*	382,900*	-	-	282	335	

* included the acquisition of investment properties of Pinwheel Investments Limited ("Pinwheel") through acquisition of a subsidiary

4. Operating Segments *(continued)*
Other Material Items
For the year ended 31 December 2021

	Reportable segments HK\$'000	Adjustments for unallocated items HK\$'000	Adjustment for realised fair value changes HK\$'000	Adjustments for major non-cash items HK\$'000	Consolidated statement of comprehensive income HK\$'000
Interest income	320,437	-	-	-	320,437
Finance costs	(14,336)	(90,140)	-	-	(104,476)
Net income	306,101	(90,140)	-	-	215,961
Depreciation of:					
- Property, plant and equipment	-	(56,355)	-	-	(56,355)
- Right-of-use assets	-	(68,417)	-	-	(68,417)
Fair value changes on investment properties	-	-	-	(1,376,616)	(1,376,616)
Share of results of investments accounted for using the equity method	(87,509)	-	125	(19,298)	(106,682)
Income tax expense	-	(33,188)	-	-	(33,188)
Non-controlling interests	-	(1,757)	-	-	(1,757)

4. Operating Segments (continued)
Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Major cash items excluding in revenue								
- Hong Kong	-	-	-	2,772	6,844,054	-	-	6,846,826
- Other countries	-	-	-	-	1,100,767	-	-	1,100,767
	-	-	-	2,772	7,944,821	-	-	7,947,593
Revenue								
Dividend and interest income and gain on sales of investments held-for-trading								
- Hong Kong	-	-	-	1,967,680	437,279	3,399	-	2,408,358
- Other countries	-	-	-	-	186,193	-	-	186,193
Revenue from external customers								
- Hong Kong	-	36,923	138,852	-	-	8,900	64,552	249,227
- United Kingdom	-	34,482	162,479	-	-	-	-	196,961
- Mainland China	-	-	725	-	-	-	-	725
	-	71,405	302,056	1,967,680	623,472	12,299	64,552	3,041,464
Revenue (excluding dividend income from segments of property development and trading and property leasing)	-	71,405	302,056	1,967,680	623,472	12,299	64,552	3,041,464
Attributable property sales from associate/investee company								
- Hong Kong	11,935	-	-	-	-	-	-	11,935
Attributable rental revenue from associates/investee company								
- Hong Kong	-	19,995	44,862	-	-	-	-	64,857
- Mainland China	-	21,308	8,197	-	-	-	-	29,505
	11,935	112,708	355,115	1,967,680	623,472	12,299	64,552	3,147,761
Results								
Segment results								
- Hong Kong	-	33,664	130,195	1,967,653	(23,746)	11,036	39,259	2,158,061
- United Kingdom	-	26,890	131,076	-	-	143	-	158,109
- Mainland China	-	-	484	-	-	2,463	-	2,947
- Other countries	-	-	-	-	208,631	-	-	208,631
	-	60,554	261,755	1,967,653	184,885	13,642	39,259	2,527,748
Share of results of investments accounted for using the equity method								
- Attributable property sales, net								
- Hong Kong	252	-	-	-	-	-	-	252
- Attributable gross income								
- Hong Kong	-	18,695	44,579	-	-	-	2,247	65,521
- Mainland China	-	21,308	8,197	-	-	-	-	29,505
- Attributable operating cost								
- Hong Kong	-	(821)	(8,337)	-	-	-	-	(9,158)
- Mainland China	-	(13,390)	(3,032)	-	-	-	-	(16,422)
	252	86,346	303,162	1,967,653	184,885	13,642	41,506	2,597,446
Other income	-	-	249,836	-	-	-	-	249,836
Finance costs	-	-	-	(31,304)	(52,522)	-	-	(83,826)
Other gains and losses	(4,831)	-	-	-	-	-	-	(4,831)
Share of results of investments accounted for using the equity method								
- Income tax and others	(92)	(32,247)	(13,017)	-	-	-	(506)	(45,862)
	(4,671)	54,099	539,981	1,936,349	132,363	13,642	41,000	2,712,763
Unallocated items								
Unallocated corporate expenses, net								(276,949)
Unallocated finance costs								(131,733)
Income tax expense								(76,727)
Non-controlling interests								(31)
Operating profit for the year attributable to owners of the Company								2,227,323
Major non-cash items								
- Unrealised fair value changes on investment properties (including share of results of investments accounted for using the equity method)								(1,611,535)
- Deferred tax credit								6,445
Profit for the year attributable to owners of the Company								622,233
Core profit for the year attributable to owners of the Company								2,227,323

4. Operating Segments (continued)
Consolidated Statement of Financial Position
At 31 December 2020

	Property development and trading HK\$'000	Property leasing		Listed equity investments at FVTOCI HK\$'000	Investments and treasury products at FVTPL HK\$'000	Unlisted investments, investment holding and brokerage HK\$'000	All other segments HK\$'000	Consolidated HK\$'000
		Retail HK\$'000	Non-retail HK\$'000					
Assets								
Segment assets								
- Hong Kong	948,739	1,355,453	7,043,891	12,814,008	1,951,314	362,249	186,279	24,661,933
- United Kingdom	-	1,171,231	6,734,639	-	-	-	-	7,905,870
- Mainland China	266,459	-	27,200	-	-	640	-	294,299
- Other countries	-	-	-	-	1,604,648	586,390	-	2,191,038
Investments accounted for using the equity method								
- Hong Kong	44,071	415,351	1,579,177	-	-	1,803	8,473	2,048,875
- Mainland China	-	119,671	30,964	-	-	-	-	150,635
Advances to associates								
- Hong Kong	641	-	83	-	-	2	1,221	1,947
- Mainland China	-	36,977	9,539	-	-	-	-	46,516
Reportable segment assets	<u>1,259,910</u>	<u>3,098,683</u>	<u>15,425,493</u>	<u>12,814,008</u>	<u>3,555,962</u>	<u>951,084</u>	<u>195,973</u>	<u>37,301,113</u>
Unallocated corporate assets								<u>168,266</u>
Consolidated total assets								<u><u>37,469,379</u></u>
Liabilities								
Segment liabilities								
- Hong Kong	62,295	15,541	80,855	768,423	192,424	26,354	5,581	1,151,473
- United Kingdom	-	13,302	144,722	-	-	-	-	158,024
- Mainland China	28	-	210	-	-	3	-	241
- Other countries	-	-	-	-	129,360	6	-	129,366
Reportable segment liabilities	<u>62,323</u>	<u>28,843</u>	<u>225,787</u>	<u>768,423</u>	<u>321,784</u>	<u>26,363</u>	<u>5,581</u>	<u>1,439,104</u>
Unallocated corporate liabilities								<u>7,250,025</u>
Consolidated total liabilities								<u><u>8,689,129</u></u>
Additions to non-current assets (other than financial instruments and deferred tax assets)								
	<u>-</u>	<u>-</u>	<u>1,063,132*</u>	<u>-</u>	<u>-</u>	<u>62</u>	<u>5</u>	

* included the acquisition of investment properties of Landrich (H.K.) Limited through acquisition of a subsidiary

Other Material Items

For the year ended 31 December 2020

	Reportable segments HK\$'000	Adjustments for unallocated items HK\$'000	Adjustments for major non-cash items HK\$'000	Consolidated statement of comprehensive income HK\$'000
Interest income	603,417	-	-	603,417
Finance costs	(83,826)	(131,733)	-	(215,559)
Net income	519,591	(131,733)	-	387,858
Depreciation of:				
- Property, plant and equipment	-	(25,624)	-	(25,624)
- Right-of-use assets	-	(62,564)	-	(62,564)
Fair value changes on investment properties	-	-	(1,549,240)	(1,549,240)
Write-down of stock of properties	(4,831)	-	-	(4,831)
Share of results of investments accounted for using the equity method	23,836	-	(62,295)	(38,459)
Income tax expense	-	(76,727)	6,445	(70,282)
Non-controlling interests	-	(31)	-	(31)

5. Other Income

	2021 HK\$'000	2020 HK\$'000
Included in other income are:		
Rental services income	3,250	3,757
Leasing administration services and property administration services income	4,762	5,952
Advisory and consultancy services income	32	37
Consultancy fee income	23,486	2,325
Exchange gain, net	16,955	-
Overprovision of costs in respect of a development project	7,059	1,877
Reversal of allowance for credit losses recognised in respect of trade receivables, net	3,046	-
Surrender premium and dilapidations settlement received from tenants in respect of properties in the United Kingdom	436	249,836
Government subsidy - Employment Support Scheme	-	13,741
	2,628,876	(427,829)

6. Investment Expenses, Net

	2021 HK\$'000	2020 HK\$'000
Financial assets measured at fair value through profit or loss:		
Unrealised (loss) gain arising from change in fair value of bonds	(606,931)	14,912
Realised loss arising from change in fair value of bonds		
- Change in fair value	(1,683,815)	(404,709)
- Exchange component of change	15,774	(32,022)
Net loss arising from change in fair value of bonds	(2,274,972)	(421,819)
Unrealised loss arising from change in fair value of structured products	(1,160)	(1,897)
Realised (loss) gain arising from change in fair value of structured products	(13,449)	33
Net loss arising from change in fair value of structured products	(14,609)	(1,864)
Unrealised loss arising from change in fair value of investments held-for-trading	(339,614)	(12,678)
Unrealised gain (loss) arising from change in fair value of club debentures	4,944	(1,646)
Realised loss arising from change in fair value of club and corporate debentures	(8,850)	(223)
Net loss arising from change in fair value of club and corporate debentures	(3,906)	(1,869)
Financial assets/liabilities measured at fair value through profit or loss:		
Unrealised gain (loss) arising from change in fair value of cross currency swap	1,623	(111)
Realised gain arising from change in fair value of cross currency swap	111	6,060
Net gain arising from change in fair value of cross currency swaps	1,734	5,949
Other investment expenses, net	(1,704)	(2,253)
Interest income from other financial assets	4,195	6,705
	(2,628,876)	(427,829)

7. Finance Costs

	2021 HK\$'000	2020 HK\$'000
Interest on:		
Bank borrowings	80,740	117,504
Other borrowings	10,583	70,690
Lease liabilities	1,834	2,975
Other interest	-	1
Total interest	<u>93,157</u>	<u>191,170</u>
Exchange loss on translation of foreign currency bank and other borrowings and loan, net	5,596	20,232
Other finance costs	<u>8,072</u>	<u>6,995</u>
	106,825	218,397
Less: Interest capitalised to investment property under construction	<u>(2,349)</u>	<u>(2,838)</u>
	<u>104,476</u>	<u>215,559</u>

During the Year, the Group has capitalised borrowing costs at a rate of 1.31% (2020: 1.87%) per annum, amounting to approximately HK\$2,349,000 (2020: HK\$2,838,000), on qualifying assets.

8. Income Tax Expense

	2021 HK\$'000	2020 HK\$'000
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	4,981	44,271
Other than Hong Kong	22,080	42,039
	27,061	86,310
Overprovision in prior years:		
Hong Kong Profits Tax	(121)	(544)
Other than Hong Kong	(2,634)	141
	(2,755)	(403)
Deferred tax:		
Current year charge (credit)	8,882	(15,625)
	<u>33,188</u>	<u>70,282</u>

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%. The People's Republic of China ("PRC") Enterprise Income Tax for the PRC subsidiaries are calculated at the PRC Enterprise Income Tax rate of 25% (2020: 25%). The Group is subject to tax rate in the United Kingdom at 19% (2020: changed from 20% to 19% as the Group was subject to corporation tax instead of non-resident landlord income tax effective from 6 April 2020). Taxation arising from other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. (Loss) Profit for the Year

	2021 HK\$'000	2020 HK\$'000
(Loss) profit for the year has been arrived at after (charging) crediting:		
Total staff costs:		
Staff costs, including Directors' emoluments	(133,298)	(139,310)
Retirement benefit scheme contributions, net of forfeited contributions of approximately HK\$188,000 (2020: HK\$28,000)	(8,319)	(8,716)
	(141,617)	(148,026)
Auditors' remuneration for audit services:		
Auditors of the Company		
- Current year	(2,101)	(2,065)
Other auditors		
- Current year	(549)	(519)
- Underprovision in prior years	(1)	(10)
	(2,651)	(2,594)
Auditors' remuneration for non-audit services:		
Auditors of the Company	(3,100)	(550)
Depreciation of:		
- Property, plant and equipment	(56,355)	(25,624)
- Right-of-use assets	(68,417)	(62,564)
	(124,772)	(88,188)
Exchange loss, net	-	(902)
Rental expenses from short-term leases	(601)	(15,654)
Cost of trading properties sold	(214,466)	-
Cost of cosmetics products sold	(5,378)	(5,535)
Share of tax of associates	(9,265)	(8,647)
Share of tax of a joint venture	-	313
Share of tax of investments accounted for using the equity method (included in share of results of investments accounted for using the equity method)	(9,265)	(8,334)
Gross proceeds on sales of investments held-for-trading	3,977,747	365,211
Carrying amount of investments held-for-trading disposed of	(3,787,015)	(339,198)
Transaction costs on sales of investments held-for-trading	(6,873)	(710)
Gain on sales of investments held-for-trading included in revenue	183,859	25,303
Gross rental income from investment properties	327,346	373,461
Less: Direct operating expenses from investment properties that generated rental income during the year	(10,623)	(11,914)
Direct operating expenses from investment properties that did not generate rental income during the year	(25,193)	(39,238)
	291,530	322,309
Reversal of allowance for credit losses (allowance for credit losses) recognised, net in respect of:		
- Trade receivables	3,046	(2,823)
- Advances to associates	(47)	(27)
- Interest receivables from bonds	(11,885)	-

10. Dividends

	2021 HK\$'000	2020 HK\$'000
(a) Final dividend for 2020 paid on 11 June 2021 of HK1 cent (2019: HK1 cent) per share	19,076	19,076
(b) No interim dividend for 2021 (2020: HK1 cent per share)	-	19,076
Total dividends paid	<u>19,076</u>	<u>38,152</u>

No final dividend for the Year (2020: HK1 cent per share) has been recommended by the Board.

11. (Loss) Earnings per Share

The calculation of the basic and diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

	2021 HK\$'000	2020 HK\$'000
(Loss) earnings:		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share		
(Loss) profit for the year attributable to owners of the Company	<u>(3,515,305)</u>	<u>622,233</u>
	Number of shares	
	2021	2020
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	<u>1,907,619,079</u>	<u>1,907,619,079</u>

Diluted (loss) earnings per share for the years ended 31 December 2021 and 2020 were the same as the basic (loss) earnings per share as there were no potential ordinary shares of the Company in issue during both years.

12. Financial Assets Measured at Fair Value Through Profit or Loss

	2021 HK\$'000	2020 HK\$'000
Bonds	266,172	3,287,649
Structured products	6,840	52,426
Investments held-for-trading	428,364	152,687
Club and corporate debentures	53,718	57,774
Derivative financial instrument	1,623	-
	<u>756,717</u>	<u>3,550,536</u>
Analysed for reporting purpose as:		
Non-current	156,633	1,629,070
Current	<u>600,084</u>	<u>1,921,466</u>
	<u>756,717</u>	<u>3,550,536</u>

The maturity dates of the bonds denominated in United States dollar ("US\$") and Pound Sterling ("GBP") are as follows:

Notional amount	Maturity
US\$22,000,000	Matured
US\$44,000,000	2022
US\$31,050,000	2023
US\$18,500,000	2024
GBP1,000,000	Perpetual

13. Financial Assets Measured at Fair Value Through Other Comprehensive Income

	2021 HK\$'000	2020 HK\$'000
Listed investment:		
- Equity securities listed in Hong Kong (note (i))	364,582	12,814,000
Unlisted equity securities:		
- Incorporated in Hong Kong (note (ii))	1,101,599	1,007,337
- Incorporated elsewhere (note (iii))	425,867	585,883
	<u>1,892,048</u>	<u>14,407,220</u>
Analysed for reporting purpose as:		
Non-current	1,527,466	14,407,220
Current (note (i))	364,582	-
	<u>1,892,048</u>	<u>14,407,220</u>

Notes:

(i) As at 31 December 2021, the Group held certain shares of China Evergrande Group (listed on the Stock Exchange) (stock code: 3333) ("China Evergrande") ("Evergrande Shares"). During the Year, the Group through a series of transactions disposed of certain Evergrande Shares in the open market of the Stock Exchange. The unrealised loss on fair value change of the remaining Evergrande Shares of approximately HK\$3,051,943,000 (2020: HK\$5,762,000,000), which was determined based on quoted market bid price in active market at the end of the reporting period, was recorded in financial assets measured at FVTOCI reserve during the Year. The carrying amount of the Evergrande Shares held by the Group as at 31 December 2021 was approximately HK\$364,582,000 (2020: HK\$12,814,000,000).

During the Year, the Directors sought from the shareholders of the Company and were given the grant of a disposal mandate to dispose of all or part of the remaining Evergrande Shares ("Disposal Mandate") in one or series of transactions from time to time during a period of 12 months commencing from 23 September 2021, the date of approval of the Disposal Mandate.

The Group has sold, and intends to continue selling the Evergrande Shares pursuant to the Disposal Mandate. As a result of the change of intention of holding the Evergrande Shares, which the Directors are committed to the sale plan, the Evergrande Shares that remained unsold have been presented as current assets in the consolidated statement of financial position with carrying amount of approximately HK\$364,582,000 as at 31 December 2021 as the carrying amount will be recovered principally through sales in the next twelve months. Details of the grant of the Disposal Mandate were set out in the announcement of the Company dated 23 September 2021 and the circular of the Company dated 24 November 2021.

(ii) As at 31 December 2021, the carrying amount mainly comprised investment in a property development project in Hong Kong (10% interest) of HK\$990,440,000 (2020: HK\$859,286,000).

(iii) As at 31 December 2021, the carrying amount mainly comprised investment in an exempted limited partnership formed under the Exempted Limited Partnership Law (Revised) of the Cayman Islands ("Cayman Islands Partnership") of approximately HK\$425,867,000 (2020: HK\$488,583,000).

14. Debtors, Deposits, Other Receivables and Prepayments

	2021 HK\$'000	2020 HK\$'000
Trade receivables (net of allowance for credit losses)	67,761	21,817
Deposits and prepayments	77,984	94,497
Interest receivables from bonds and structured products (net of allowance for credit losses)	5,520	61,455
Other receivables	144,235	122,763
	<u>295,500</u>	<u>300,532</u>
Analysed for reporting purpose as:		
Non-current	34,762	50,380
Current	260,738	250,152
	<u>295,500</u>	<u>300,532</u>

Included in debtors, deposits, other receivables and prepayments are trade receivables of approximately HK\$67,761,000 (2020: HK\$21,817,000), which comprised rental and building management fee receivables billed in advance and settlements from tenants which are expected upon receipts of billings and receivables from property management services and cosmetics business.

14. Debtors, Deposits, Other Receivables and Prepayments (continued)

The carrying amounts of trade receivables (net of allowance for credit losses) of the Group's major businesses are as follows:

	2021 HK\$'000	2020 HK\$'000
Rental receivables from property leasing	57,768	12,628
Receivables from building and property management services	6,710	7,940
Receivables from cosmetics business	3,283	1,249
	<u>67,761</u>	<u>21,817</u>

The following is the aged analysis of trade receivables (net of allowance for credit losses), presented based on the respective revenue recognition dates, at the end of the reporting period:

	2021 HK\$'000	2020 HK\$'000
0 - 30 days	28,984	13,941
31 - 60 days	2,792	4,116
61 - 90 days	642	498
Over 90 days	35,343	3,262
	<u>67,761</u>	<u>21,817</u>

15. Creditors and Accruals

Included in creditors and accruals are trade payables of approximately HK\$3,776,000 (2020: HK\$4,142,000).

The following is the aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	2021 HK\$'000	2020 HK\$'000
0 - 90 days	2,633	1,737
Over 90 days	1,143	2,405
	<u>3,776</u>	<u>4,142</u>

16. Acquisition of Assets Through Acquisition of a Subsidiary

On 23 December 2021, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement in relation to the acquisition of the entire issued share capital of Pinwheel and the sale loan ("Pinwheel Acquisition"). The Group acquired a property located in Hong Kong and its related assets and liabilities as a result of the acquisition of the entire issued share capital of Pinwheel. The Pinwheel Acquisition was completed on 23 December 2021 at a total cash consideration of approximately HK\$160,155,000.

Under HKFRS 3 (Revised) "Business Combinations", the Pinwheel Acquisition was accounted for as an acquisition of assets and liabilities as Pinwheel being acquired by the Group does not constitute an acquisition of business. The Group identified and recognised the individual identifiable assets acquired and liabilities assumed. The cost of the Pinwheel Acquisition was allocated to the individual identifiable assets and liabilities on the basis of their relative fair values as at the date of acquisition. Such a transaction does not give rise to goodwill.

16. Acquisition of Assets Through Acquisition of a Subsidiary (continued)

	2021 HK\$'000
The net assets of Pinwheel acquired as at the date of acquisition were as follows:	
Investment properties	160,959
Deposits and prepayments	158
Accruals	(3)
Shareholder's loan	(91,713)
Net assets acquired	<u>69,401</u>
Assignment of a shareholder's loan	<u>91,713</u>
	<u>161,114</u>
Satisfied by:	
Cash consideration	160,155
Expenses incurred for acquisition	959
	<u>161,114</u>
Net cash outflow arising from acquisition:	
Cash consideration paid	160,155
Expenses incurred for acquisition	959
	<u>161,114</u>

17. Capital Commitments

	2021 HK\$'000	2020 HK\$'000
Authorised and contracted for:		
Capital investment in limited partnership (note)	60,700	69,348
Redevelopment expenditure of properties	172,688	20,917
Purchases of equipment and leasehold improvement	72,587	6,864
Refurbishment of properties	1,455	1,272
	<u>307,430</u>	<u>98,401</u>

Note: The Group had committed to make a capital contribution of US\$100,000,000 (equivalent to HK\$779,900,000) in the Cayman Islands Partnership. Up to the end of the reporting period, approximately US\$92,217,000 (equivalent to approximately HK\$715,235,000) (2020: US\$91,055,000 (equivalent to approximately HK\$706,224,000)) among the contribution has been paid by the Group. The outstanding amount was approximately US\$7,783,000 (equivalent to approximately HK\$60,700,000, after exchange adjustment) (2020: US\$8,945,000 (equivalent to approximately HK\$69,348,000, after exchange adjustment)).

18. Contingent Liabilities

	2021 HK\$'000	2020 HK\$'000
Guarantee given to a bank in respect of banking facilities in lieu of the cash public utility deposit jointly utilised by subsidiaries	15,000	15,000
Guarantee given to a bank in respect of a banking facility utilised by an investee company/indemnity given to a third party in relation to an investee company	613,830	613,830
	<u>628,830</u>	<u>628,830</u>

No provision for financial guarantee contracts and/or deed of indemnity have been made as at 31 December 2021 and 2020 as the Directors considered the default risk is low.

DIVIDENDS

The Board has not recommended the payment of final dividend for the Year (2020: HK1 cent per share).

Having considered the Company's dividend policy, to preserve more cash for the Group's future financial, property investment or securities investment opportunities, the Board has not recommended the payment of final dividend for the Year (2020: HK1 cent per share).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the members' eligibility to attend and vote at the forthcoming annual general meeting of the Company to be held on 20 May 2022 (the "2022 AGM"), the register of members will be closed from 17 May 2022 to 20 May 2022, both days inclusive. In order to be eligible to attend and vote at the 2022 AGM, all properly completed share transfers documents accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Registrar and Transfer Office in Hong Kong, namely Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 16 May 2022.

FINANCIAL OPERATION REVIEW

Results

Revenue

Revenue for the Year amounted to HK\$1,299.8 million (2020: HK\$3,041.5 million), a decrease of 57.3% over last year and comprised gross rental income of HK\$327.3 million (2020: HK\$373.5 million), property sales of HK\$235.4 million (2020: nil), gain on sales of investments held-for-trading on a net basis of HK\$183.9 million (2020: HK\$25.3 million), dividend income from listed and unlisted equity investments of HK\$169.5 million (2020: HK\$1,973.2 million), interest income from bonds and structured products of HK\$315.5 million (2020: HK\$596.1 million), building and property management services income of HK\$50.1 million (2020: HK\$53.2 million) and others of HK\$18.1 million (2020: HK\$20.2 million). The decline in revenue was mainly due to the decrease in dividend income from the Evergrande Shares for the Year.

Gross Profit

Gross profit for the Year amounted to HK\$1,017.4 million (2020: HK\$2,961.5 million), a decrease of 65.6% as compared with last year which was also mainly due to the decrease in dividend income from the Evergrande Shares despite of the increase in property sales profit of HK\$17.3 million and increase in gain on sales of investments held-for-trading of HK\$158.6 million.

Property Leasing

For property leasing, the rental revenue in non-retail section decreased by 17.0% to HK\$250.8 million and retail section increased by 7.1% to HK\$76.5 million during the Year. The total rental income in revenue for the Year recorded a decrease of 12.4% to HK\$327.3 million as compared with last year of HK\$373.5 million. The decrease in rental income was mainly due to an anchor tenant of an investment property in the United Kingdom surrendered the lease in the year of 2020, if rental income from the anchor tenant is excluded, the total rental revenue would record a decrease of 1.7% as compared with last year.

Together with the attributable rental revenue generated from associates and an investee company of HK\$104.0 million (2020: HK\$94.3 million), the total attributable rental revenue to the Group amounted to HK\$431.3 million (2020: HK\$467.8 million), which represents a decrease of 7.8% over last year.

Attributable net rental income for the Year showed HK\$363.6 million, a decrease of 6.6% over HK\$389.5 million in last year.

Property Development and Trading

During the Year, sales of a house and certain parking spaces in Beijing, the PRC recorded property sales revenue and gross profit of HK\$235.4 million and HK\$17.3 million respectively (2020: no disposal).

In respect of properties held by associates, sales of one unit of The Hermitage in West Kowloon (25% interest) and one parking space of Greenville Residence in Yuen Long (50% interest) generated profit of HK\$4.8 million and HK\$0.2 million respectively as reflected in the share of results of investments accounted for using the equity method. In respect of properties held by an investee company, sales of 1,825 units and certain parking spaces of Grand Central in Kwun Tong (10% interest) were recorded by the investee company during the Year and will contribute profit to the Group upon recognition of dividend income.

In summary, the Group together with its associates and investee company recorded an attributable sales of HK\$2,607.7 million for the Year.

Securities Investments

The Group has in the ordinary and usual course of business conducted its securities investment activities, as at 31 December 2021, mainly comprised bonds, listed equity investments and treasury products. During the Year, the net loss (excluding gain/loss recognised in financial assets measured at FVTOCI reserve) recognised from securities investments and treasury products was HK\$1,995.5 million (2020: gain of HK\$2,068.7 million), comprised gain on listed equity investments at FVTOCI of HK\$150.0 million (2020: HK\$1,936.3 million) and loss on investments and treasury products at FVTPL of HK\$2,145.5 million (2020: gain of HK\$132.4 million).

During the Year, the Group disposed of listed investments held-for-trading and recognised a realised gain of HK\$183.9 million (2020: HK\$25.3 million) (the gains/losses of which was included in revenue) with gross proceeds of HK\$3,977.7 million (2020: HK\$365.2 million). During the Year, the Group disposed of/redeemed 26 bonds (2020: 33 bonds) (including those with partial disposal) with carrying amounts in the sum of HK\$2,165.9 million (2020: HK\$7,305.7 million) and recorded a realised loss of HK\$1,668.0 million (2020: HK\$436.7 million). During the Year, the Group had acquired 6 bonds (2020: 22 bonds) in the sum of HK\$1,419.4 million (2020: HK\$2,039.6 million). In addition, realised loss on the structured products of HK\$13.5 million (2020: a minimal realised gain) was recorded during the Year.

Furthermore, the Group recorded an unrealised loss of HK\$947.7 million (2020: unrealised gain of HK\$0.3 million) mainly representing the changes in fair value of bonds, listed equity investments and structured products, which had no effect on the cash flow of the Group. The unrealised loss of HK\$606.9 million (2020: unrealised gain of HK\$14.9 million) from changes in fair value of bonds represented 12 bonds (2020: 27 bonds), mainly comprising the unrealised loss from the industry of PRC-based real estate of HK\$607.1 million (2020: unrealised gain of HK\$3.7 million) or decrease in fair value of 70.4% (2020: increase of 0.1%) over the Year. Of which, certain PRC-based real estate issuers had defaulted in paying interest and/or repayment of principal generally for its offshore US\$ bonds in 2021 and fair value of these bonds decreased significantly. Further, allowance for credit losses of bond interest receivables of HK\$11.9 million were also made during the Year. In addition, the Group believes that the decrease in price of bonds in the industry of PRC-based real estate in the Year, among others, was owing to concerns about the liquidity and going concern issues and the tightening gearing policy over the real estate developers in the PRC. During the Year, the Group also recorded unrealised loss on listed investments held-for-trading and structured products of HK\$339.6 million (2020: HK\$12.7 million) and HK\$1.2 million (2020: HK\$1.9 million) respectively.

During the Year, interest income from bonds (which was included in revenue) amounted to HK\$305.0 million (2020: HK\$585.7 million), represented 10.9% (2020: 10.3%) (before effect on leverage) return on average market value of bondholding during the Year. The decrease in interest income from bonds was mainly due to disposals of debt securities to Ms. Chan, Hoi-wan (an executive Director and the trustee of substantial shareholders of the Company) in year 2020, details of the transaction were set out in the Company's announcement dated 29 January 2020, circular dated 28 February 2020 and announcement dated 18 December 2020. The interest income from structured products (which was included in revenue) amounted to HK\$10.5 million (2020: HK\$10.4 million).

Summing up the realised and unrealised gain/loss and adding the net income from net dividend income, interest income, other investment income/expenses and net finance costs of HK\$449.8 million (2020: HK\$2,479.8 million), the loss recognised from securities investments and treasury products was HK\$1,995.5 million (2020: gain of HK\$2,068.7 million), of which net dividend income from the Evergrande Shares was HK\$156.5 million (2020: HK\$1,967.6 million) for the Year.

The dividend income from listed equity investments of HK\$168.3 million (2020: HK\$1,969.8 million) and interest income from bonds and structured products of HK\$315.5 million (2020: HK\$596.1 million) were recorded in revenue.

The respective income/expense from securities investments under different categories are further elaborated below:

Investments and Treasury Products at Fair Value Through Profit or Loss

The investments and treasury products at FVTPL recorded a loss before and after net finance costs of HK\$2,138.0 million and HK\$2,145.5 million respectively (2020: profit before and after net finance costs of HK\$184.9 million and HK\$132.4 million respectively) for the Year.

Details of realised and unrealised gain/loss, interest and dividend income by each type of bonds, listed investments held-for-trading and structured products during the Year are shown below:

	Realised loss		Unrealised (loss) gain		Interest/dividend income		Total (loss) profit	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Bond issuers by industry								
Overseas financial institutions	9.7	(255.3)	0.2	11.2	12.7	114.7	22.6	(129.4)
PRC-based real estate	(1,677.7)	(137.7)	(607.1)	3.7	292.3	465.0	(1,992.5)	331.0
Others	-	(43.7)	-	-	-	6.0	-	(37.7)
	(1,668.0)	(436.7)	(606.9)	14.9	305.0	585.7	(1,969.9)	163.9
Listed investments								
held-for-trading	183.9	25.3	(339.6)	(12.7)	11.7	2.1	(144.0)	14.7
Structured products	(13.5)	-	(1.2)	(1.9)	10.5	10.4	(4.2)	8.5
	(1,497.6)	(411.4)	(947.7)	0.3	327.2	598.2	(2,118.1)	187.1
Other net investment expenses							(19.9)	(2.2)
(Loss) profit before net finance costs							(2,138.0)	184.9
Net finance costs							(7.5)	(52.5)
(Loss) profit after net finance costs							(2,145.5)	132.4

Listed Equity Investments at Fair Value Through Other Comprehensive Income

(a) *Implication on Profit or Loss for the Year*

Dividend income, other investment income and relevant finance costs of holding listed equity investments at FVTOCI were recognised in profit or loss for the Year. During the Year, net dividend income of HK\$156.5 million (2020: HK\$1,967.6 million) (after transaction cost) from holding of 860,000,000 Evergrande Shares, net relevant finance costs of HK\$6.8 million (2020: HK\$31.3 million) and other investment income of HK\$0.3 million (2020: nil) were recorded, hence the results from listed equity investments at FVTOCI recorded a net gain of HK\$150.0 million (2020: HK\$1,936.3 million). Dividend income for the Year represented 2020 final dividend (2020: 2019 and 2018 final dividends) from the Evergrande Shares, the decrease was mainly due to the decrease in both China Evergrande's profit attributable to the shareholders and its dividend payout ratio (year 2020 was less than respective year 2019 and year 2018).

(b) *Implication on Other Comprehensive Expenses for the Year*

During the Year, the Group through a series of transactions disposed of certain Evergrande Shares in the open market of the Stock Exchange and recorded a realised loss of HK\$7,869.9 million (inclusive of transaction costs) (2020: another listed equity investment at FVTOCI was disposed of and recorded a net realised gain of HK\$0.1 million). The unit share price of China Evergrande had dropped from HK\$14.90 as at 31 December 2020 to HK\$1.59 as at 31 December 2021, or 89.3% over the Year, hence an unrealised loss on fair value change of the remaining Evergrande Shares of HK\$3,051.9 million (2020: unrealised loss on fair value change of 860,000,000 Evergrande Shares of HK\$5,762.0 million) was recognised in other comprehensive expenses. The Group believes that the decrease in share price of China Evergrande for the Year, among others, was owing to liquidity and going concern issues, decline in profitability and reduced dividend payout ratio of China Evergrande, and the tightening gearing policy over the real estate developers in the PRC. Realised gain/loss on fair value change is a cash item while unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

The performance of listed equity investments at FVTOCI - the Evergrande Shares during the Year are summarised as follows:

	Number of shares	Closing price (per share) HK\$	Recorded in consolidated statement of financial position		Recorded in consolidated statement of comprehensive income	
			Financial assets measured at fair value through other comprehensive income HK\$ million	Financial assets measured at fair value through other comprehensive income reserve HK\$ million	Profit for the Year HK\$ million	Other comprehensive expenses for the Year HK\$ million
At 31 December 2020	860,000,000	14.90	12,814.0	(782.0)		
Disposal	630,703,000		(1,530.4)	-	-	-
Realised fair value change			(7,867.1)	(7,869.9)	-	(7,869.9)
Unrealised fair value change			(3,051.9)	(3,051.9)	-	(3,051.9)
			(12,449.4)	(10,921.8)	-	(10,921.8)
Transfer to retained profits upon disposal				9,219.0		
Net dividend income					156.5	-
Other investment income					0.3	-
Net finance costs					(6.8)	-
Profit/other comprehensive expenses for the Year					150.0	(10,921.8)
At 31 December 2021	229,297,000	1.59	364.6	(2,484.8)		
Percentage to total assets						
At 31 December 2021			1.7%			
At 31 December 2020			34.2%			

Other Income and Expenses

During the Year, the Group recorded other income of HK\$63.2 million (2020: HK\$281.3 million). The decrease was mainly due to the amount of dilapidations settlement received from tenants in respect of investment properties in the United Kingdom reduced to HK\$0.4 million (2020: surrender premium and dilapidations settlement in aggregate of HK\$249.8 million, mainly represented the amount received in respect of an anchor tenant of an investment property in the United Kingdom surrendered the lease which was an one-off item).

During the Year, administrative expenses increased by 7.5% to HK\$344.5 million (2020: HK\$320.6 million). The increase in administrative expenses was mainly due to increase in depreciation expenses of HK\$36.6 million. Finance costs decreased by 51.5% to HK\$104.5 million (2020: HK\$215.6 million) during the Year, including exchange loss of HK\$3.8 million (2020: HK\$13.1 million) on translation of foreign currency other borrowings hedged for foreign currency securities investments and exchange loss of HK\$1.8 million on translation of foreign currency bank borrowing (2020: HK\$7.1 million on translation of foreign currency bank borrowing and loan). The decrease in finance costs was mainly due to the decrease in average total borrowings and average interest rates during the Year.

Other gains and losses for the Year recorded a minimal loss (2020: loss of HK\$4.9 million mainly comprised write-down of stock of properties).

Investments Accounted for Using the Equity Method

The share of results of investments accounted for using the equity method for the Year recorded a loss from the share of results of associates of HK\$106.7 million (2020: HK\$38.4 million comprised loss from the share of results of associates of HK\$35.6 million and a joint venture of HK\$2.8 million). The increase in loss from the share of results of associates was mainly due to recognition of an impairment loss by an associate despite of the decrease in loss on fair value change of investment properties held by associates.

Fair Value Changes on Investment Properties

Investment properties of the Group in Hong Kong and Mainland China and one of the investment properties in the United Kingdom were revalued at 31 December 2021 by LCH (Asia-Pacific) Surveyors Limited (“LCH (Asia-Pacific)”) whereas the remaining investment properties in the United Kingdom were revalued by Peak Vision Appraisals Limited (“Peak Vision Appraisals”). LCH (Asia-Pacific) and Peak Vision Appraisals are independent property valuers. An unrealised loss on fair value changes of investment properties of HK\$1,376.6 million (2020: HK\$1,549.2 million) was recorded during the Year. The unrealised fair value change is a non-cash item and will not affect the cash flow of the Group.

Loss/Profit, Core Loss/Profit, Dividends, Repurchase, Cash Payment Ratio and Total Comprehensive Expenses

Loss/Profit

Loss for the Year attributable to owners of the Company was HK\$3,515.3 million as compared to profit of HK\$622.2 million for last year. The turning from profit to loss for the Year was mainly due to (a) decrease in net dividend income from the Evergrande Shares; (b) results in the segment of investments and treasury products at FVTPL turned from profit to loss; and (c) decrease in dilapidations settlement received from tenants in respect of investment properties in the United Kingdom during the Year. Loss per share for the Year was HK\$1.84 (2020: earnings per share of HK\$0.33).

Core Loss/Profit

If the net loss on the major non-cash items of HK\$1,395.9 million (2020: HK\$1,605.1 million) is excluded but the share of accumulated realised fair value gain recognised in prior years on disposal of an investment property of an associate of HK\$0.8 million (2020: nil) is included, the Group will have a core loss for the Year attributable to owners of the Company of HK\$2,118.6 million (2020: core profit of HK\$2,227.3 million) and a core loss per share of HK\$1.11 (2020: core profit per share of HK\$1.17).

The major non-cash items represented the attributable net unrealised fair value loss on investment properties together with their respective deferred tax (if any) from the Group and its associates of HK\$1,395.9 million (2020: from the Group and its associates and joint venture of HK\$1,605.1 million).

Dividends

Final dividend of HK1 cent (year ended 31 December 2019: HK1 cent) per share in total amount of HK\$19.1 million for the year ended 31 December 2020 was paid in cash on 11 June 2021 and no interim dividend for 2021 (half year ended 30 June 2020: HK1 cent per share).

Total dividend of HK\$19.1 million was paid in cash during the Year.

Repurchase

During the Year, the Company had not repurchased any of the Company’s share.

Cash Payment Ratio

Based on (a) the core loss for the Year of HK\$2,118.6 million or HK\$1.11 per share (2020: core profit of HK\$2,227.3 million or HK\$1.17 per share); and (b) no final dividend (2020: cash final dividend of HK1 cent per share) proposed; and (c) no interim dividend (2020: cash interim dividend of HK1 cent per share) paid, the cash payment ratio is undefined as a result of core loss for the Year (2020: ratio of cash payment to the core profit was 1.7%).

Total Comprehensive Expenses

Total comprehensive expenses for the Year attributable to owners of the Company was HK\$14,375.7 million or HK\$7.54 per share (2020: HK\$4,978.6 million or HK\$2.61 per share), which comprised (a) loss for the Year attributable to owners of the Company of HK\$3,515.3 million (2020: profit of HK\$622.2 million); and (b) other comprehensive expenses for the Year attributable to owners of the Company of HK\$10,860.4 million (2020: HK\$5,600.8 million) which mainly included realised loss of HK\$7,869.9 million (2020: nil) and unrealised loss of HK\$3,051.9 million (2020: HK\$5,762.0 million) on fair value changes of listed equity investment at FVTOCI, details are disclosed in the subparagraph headed “Listed Equity Investments at Fair Value Through Other Comprehensive Income (b) Implication on Other Comprehensive Expenses for the Year” of paragraph headed “Securities Investments” above.

Net Asset Value

As at 31 December 2021, the Group’s net asset value attributable to owners of the Company amounted to HK\$14,375.6 million (2020: HK\$28,758.8 million), a decrease of HK\$14,383.2 million or 50.0% when compared with 31 December 2020. With the total number of ordinary shares in issue of 1,907,619,079 as at 31 December 2021 and 2020, the net asset value per share attributable to owners of the Company was HK\$7.54 (2020: HK\$15.08). The movement in net asset value was mainly due to (a) total comprehensive expenses for the Year attributable to owners of the Company of HK\$14,375.7 million; (b) final dividend recognised as distribution during the Year totaling of HK\$19.1 million; and (c) forfeiture of unclaimed dividends recorded in retained profits of HK\$11.6 million.

During the Year, loss on fair value changes of listed equity investment categorised as financial assets measured at FVTOCI of HK\$10,921.8 million (2020: HK\$5,761.9 million) was recorded in other comprehensive expenses, and the Group transferred the negative balance of the financial assets measured at FVTOCI reserve of the disposed listed equity investment of HK\$9,219.0 million to retained profits. The cumulative amount of loss on fair value changes of listed equity investment included in financial assets measured at FVTOCI reserve as at 31 December 2021 was HK\$2,484.8 million (2020: HK\$782.0 million).

Other than the existing projects and those disclosed in the final results, the Group did not have material acquisition or disposal of assets and any future plans for material investment or capital assets.

Securities Investments

The Group’s strategy is to maintain securities investment portfolio for treasury management and invest in securities investments and treasury products with attractive yield and good prospect in order to bring stable and satisfactory realised return in long run. During the Year, the Group diversified the bonds portfolio comprised of the bonds issued by overseas financial institutions and PRC-based real estate companies.

As at 31 December 2021, the portfolio of securities investments and treasury products of HK\$1,066.0 million (2020: HK\$16,306.8 million) comprised (a) bonds, listed investments held-for-trading and structured products (presented as financial assets measured at FVTPL (non-current and current assets)) in aggregate of HK\$701.4 million (2020: HK\$3,492.8 million); and (b) listed equity investment (presented as financial assets measured at FVTOCI) of HK\$364.6 million (2020: HK\$12,814.0 million), representing 4.9% (2020: 43.5%) of total assets.

The respective securities investments under different categories are elaborated below:

Listed Equity Investments at Fair Value Through Other Comprehensive Income

In prior years, the Group had acquired 860,000,000 shares of China Evergrande and recorded as financial assets measured at FVTOCI. During the Year, the Group disposed of 630,703,000 shares of China Evergrande. Hence, the Group held 229,297,000 shares of China Evergrande as at 31 December 2021, representing approximately 1.7% of the total issued share capital of China Evergrande as at 31 December 2021.

As at 31 December 2020, the cumulative unrealised loss on fair value change of the Evergrande Shares was HK\$782.0 million and the carrying amount of the Evergrande Shares was HK\$12,814.0 million. After deducting the carrying amount of HK\$1,530.4 million upon disposal, together with realised and unrealised fair value losses of HK\$10,919.0 million for the Year, the carrying amount of the Evergrande Shares as at 31 December 2021 was HK\$364.6 million, representing 1.7% (2020: 34.2%) of total assets. The cumulative unrealised loss on fair value change of the Evergrande Shares was increased from HK\$782.0 million as at 31 December 2020 to HK\$2,484.8 million as at 31 December 2021, which was recorded in the financial assets measured at FVTOCI reserve.

China Evergrande group is principally engaged in, among other things, property development, property investment and property management in the PRC. According to the audited consolidated financial statements of China Evergrande for the years ended 31 December 2020 and 2019, the revenue and profit attributable to shareholders were Renminbi (“RMB”) 507.2 billion (2019: RMB477.6 billion) and RMB8.1 billion (2019: RMB17.3 billion) respectively; while the total assets and total equity were RMB2,301.2 billion (2019: RMB2,206.6 billion) and RMB350.4 billion (2019: RMB358.5 billion) respectively, the net debt was RMB535.8 billion (2019: RMB571.1 billion). In accordance with the unaudited consolidated financial statements of China Evergrande for the six months ended 30 June 2021, the revenue and profit attributable to shareholders were RMB222.7 billion and RMB14.4 billion respectively; while the total assets and total equity were RMB2,377.6 billion and RMB411.0 billion respectively, the net debt was RMB410.1 billion. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash.

Investments and Treasury Products at Fair Value Through Profit or Loss

As at 31 December 2020, the carrying amount of the bonds presented as financial assets measured at FVTPL was HK\$3,287.6 million. During the Year, the bonds portfolio was decreased by a net disposal of HK\$746.5 million. After deducting the fair value loss of HK\$2,274.9 million recognised in profit or loss, the bonds portfolio of the Group became HK\$266.2 million as at 31 December 2021, representing 1.2% (2020: 8.8%) of total assets, which formed part of the Group’s cash management activities.

As at 31 December 2021, the bonds portfolio comprised of 12 bonds (2020: 27 bonds). In terms of credit rating, non-investment grade and unrated were 9 bonds and 3 bonds (2020: 18 bonds and 9 bonds) respectively. In terms of maturity, 1 bond (2020: 5 bonds) was (were) contingent convertible bond(s) issued by overseas financial institution(s) which was (were) perpetual with no fixed tenor, 11 bonds (2020: 22 bonds) issued by issuers in the industry of PRC-based real estate of which 10 bonds will be matured between 2022 to 2024 and 1 bond was matured (2020: 21 bonds would be matured between 2021 to 2025 and remaining 1 bond was perpetual bond).

Details and movement of the bonds portfolio at the end of the reporting period are set out below:

	Overseas financial institutions HK\$ million	PRC-based real estate HK\$ million	Total HK\$ million
Movement of bonds portfolio			
Carrying amounts			
At 31 December 2020	309.5	2,978.1	3,287.6
Purchases	-	1,419.4	1,419.4
Disposals	(308.1)	(1,857.8)	(2,165.9)
Fair value changes (recognised in profit or loss)	9.9	(2,284.8)	(2,274.9)
At 31 December 2021	11.3	254.9	266.2
Percentage to total assets			
At 31 December 2021	0.0%	1.2%	1.2%
At 31 December 2020	0.8%	8.0%	8.8%
Bond issuers by industry			
Carrying amounts			
Overseas financial institutions	254.9	309.5	9.4%
PRC-based real estate	11.3	2,978.1	90.6%
	266.2	3,287.6	100.0%

	At 31 December 2021			At 31 December 2020		
	Coupon rate (per annum)	HK\$ million	Percentage to total	Coupon rate (per annum)	HK\$ million	Percentage to total
Bonds by currency						
Carrying amounts						
US\$	8.600% to 13.000%	254.9	95.8%	7.000% to 13.000%	3,004.6	91.4%
GBP	7.125%	11.3	4.2%	5.875% to 7.250%	262.6	8.0%
Euro		-	-	6.125%	20.4	0.6%
		266.2	100.0%		3,287.6	100.0%

As at 31 December 2021, the Group held investments held-for-trading of HK\$428.4 million (2020: HK\$152.7 million), of which HK\$194.3 million (2020: HK\$85.3 million) were listed shares in Hong Kong and HK\$234.1 million (2020: HK\$67.4 million) were listed shares in elsewhere.

Unlisted Securities Investments

The Group invested in the Cayman Islands Partnership (presented as financial assets measured at FVTOCI) and the carrying amount was HK\$488.6 million as at 31 December 2020. During the Year, the Group has contributed US\$1.2 million (equivalent to approximately HK\$9.0 million), after deducting the fair value loss for the Year of HK\$71.7 million (which was recognised in financial assets measured at FVTOCI reserve), the carrying amount was HK\$425.9 million as at 31 December 2021, representing 2.0% (2020: 1.3%) of total assets.

Risk Management

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. This is supplemented by active management involvement, effective internal controls and adequate internal audit in the best interests of the Group.

Equity

The number of issued ordinary shares as at 31 December 2021 and 2020 were 1,907,619,079.

Debt and Gearing

As at 31 December 2021, the Group's total debt amounted to HK\$5,515.2 million (2020: HK\$7,389.0 million), comprised bank borrowings of HK\$5,455.5 million (2020: bank and other borrowings of HK\$7,263.8 million) and lease liabilities amounted to HK\$59.7 million (2020: HK\$125.2 million). Cash and deposits at banks amounted to HK\$2,479.9 million (2020: HK\$1,654.5 million), pledged deposits amounted to HK\$277.5 million (2020: HK\$260.5 million) and net debt (including lease liabilities) amounted to HK\$2,757.8 million (2020: HK\$5,474.0 million).

Total debt to equity ratio (including lease liabilities) was 38.3% (2020: 25.7%) and net debt to equity ratio (including lease liabilities) was 19.2% (2020: 19.0%), which are expressed as a percentage of total debt, and net debt, respectively, over the total equity of HK\$14,398.8 million (2020: HK\$28,780.3 million). The increase in total debt to equity ratio was mainly due to decrease in total equity.

If the securities investments and treasury products of HK\$1,066.0 million (2020: HK\$16,306.8 million) are included, the net debt to equity ratio would be 11.8% (2020: net cash position of HK\$10,832.8 million).

As at 31 December 2021, the Group's bank borrowings of HK\$5,455.5 million, 66.8%, 5.8% and 27.4% were repayable within 1 year, 1 to 2 years and 2 to 5 years respectively. Of which the Group's bank borrowings were denominated in HK\$ (27.0%), GBP (50.3%) and US\$ (22.7%) before entering the cross currency swap. During the Year, the Group has entered into short term US\$/HK\$ cross currency swap to enhance interest payable on borrowing, and as at 31 December 2021, notional amount of approximately US\$159.0 million was outstanding. As at 31 December 2021, the Group's bank borrowings were carried at interest rates calculated with reference to cost of funds, Hong Kong Interbank Offered Rate, London Interbank Offered Rate or compounded reference rate and all the Group's bank borrowings were on floating rate basis. Except as disclosed, no hedging for interest rate is subsisted at the end of the reporting period.

Pledge of Assets

As at 31 December 2021, the Group had pledged the following assets with their respective carrying amounts:

- (a) The Group's investment properties of HK\$11,334.9 million (2020: HK\$12,387.0 million), properties of HK\$42.9 million (2020: nil) and bank deposits of HK\$277.5 million (2020: HK\$233.2 million) were pledged to the banks to secure general banking facilities granted to the Group.
- (b) As at 31 December 2021, none of securities investment were pledged (2020: the Group's bonds, listed equity investments and structured product with carrying amounts of HK\$12,877.3 million and cash deposits of HK\$27.3 million were pledged to the financial institutions to secure margin and securities facilities granted to the Group in respect of securities transactions, of which HK\$1,074.1 million was utilised as at 31 December 2020 as borrowings due within one year).
- (c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group.

Financial and Interest Income/Expenses

Interest income was included in revenue and investment expenses, net. Interest income for the Year decreased to HK\$320.4 million (2020: HK\$603.4 million), representing a decrease of 46.9% as compared with last year which was mainly due to the decrease in bonds portfolio and hence its relevant interest income during the Year.

Finance costs included interest expenses on bank and other borrowings and lease liabilities; exchange difference on translation of foreign currency borrowings; and arrangement fee and facility and commitment fee expenses. Interest expenses (excluding interest expenses on lease liabilities) for the Year amounted to HK\$89.0 million, representing a decrease of 52.0% over last year of HK\$185.4 million. Interest capitalised for the Year was HK\$2.3 million (2020: HK\$2.8 million). The decrease in interest expenses was mainly due to the decrease in average total borrowings and interest rates during the Year. The average interest rate over the year under review was 1.29% (2020: 1.99%), which was expressed as a percentage of total interest paid (excluding interest on lease liabilities) over the average total interest-bearing borrowings.

Remuneration Policies

As at 31 December 2021, the Group employed a total of 474 staff (2020: 475 staff) including about 236 staff (2020: 236 staff) employed under the estate management company in Hong Kong and 5 staff (2020: 1 staff) in the United Kingdom.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance.

United Kingdom and Mainland China

As at 31 December 2021, the Group's investment properties (excluding properties occupied for own use) in the United Kingdom with carrying amount of GBP645.8 million (equivalent to approximately HK\$6,799.6 million) (2020: GBP719.7 million (equivalent to approximately HK\$7,614.2 million)) incurred a net loss of HK\$843.8 million (2020: HK\$396.7 million) to the Group for the Year, the loss mainly included in gross profit, other income, fair value changes on investment properties, administrative expenses, finance costs and taxation. GBP exchange loss of foreign operations included in other comprehensive expenses for the Year amounted to HK\$30.0 million (2020: exchange gain of HK\$132.5 million). As at 31 December 2021, the Group's net investment in the United Kingdom amounted to HK\$4,226.4 million (2020: HK\$4,025.4 million) representing 29.4% (2020: 14.0%) of the Group's total equity.

Loss incurred by the Group's investment in Mainland China (mainly included in gross profit, fair value changes on investment properties, share of results of investments accounted for using the equity method and taxation) for the Year amounted to HK\$135.7 million (2020: HK\$44.3 million). RMB exchange gain of foreign operations included in other comprehensive expenses (including share of investments accounted for using the equity method) for the Year amounted to HK\$11.9 million (2020: HK\$30.0 million). The Group's net investment in Mainland China as at 31 December 2021 amounted to HK\$392.5 million (2020: HK\$518.1 million) representing 2.7% (2020: 1.8%) of the Group's total equity.

Property Valuation

Property valuations in respect of the Group's investment properties in Hong Kong, Mainland China and one of investment properties in the United Kingdom as at 31 December 2021 were carried out by LCH (Asia-Pacific), an independent qualified professional valuer. For the remaining investment properties in the United Kingdom, the property valuations as at 31 December 2021 were carried out by Peak Vision Appraisals, another independent qualified professional valuer (2020: investment properties in Hong Kong and Mainland China were carried out by B.I. Appraisals Limited and investment properties in the United Kingdom were carried by Peak Vision Appraisals, both are independent qualified professional valuers). Their valuations were based on investment method and/or direct comparison method and/or residual method as the valuation methodologies and were used in preparing 2021 final results.

The Group's investment properties were valued at HK\$13,292.2 million (2020: HK\$14,373.3 million), a decrease of 9.5% over 2020 after adjusted for the additions, acquisition, transfer and exchange adjustments of investment properties during the Year. The decrease in fair value of HK\$1,376.6 million was recognised in the consolidated statement of comprehensive income for the Year. The Group also shared a decrease in fair value of investment properties of associates of HK\$19.3 million for the Year.

The decrease in fair value of HK\$1,376.6 million was mainly derived from the decrease in fair value of River Court in the United Kingdom. The global outbreak and persistence of COVID-19 pandemic has adversely affected the fair value of investment properties of the Group. The fair value change is a non-cash item and will not affect the cash flow of the Group.

FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the Year, but represents an extract from those consolidated financial statements. The final results of the Group for the Year have been reviewed by the Audit Committee of the Company.

Scope of work of HLB Hodgson Impey Cheng Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

BUSINESS REVIEW

Hong Kong Property Investment

Rentals from investment properties continued to be one of the major sources of our income.

During the Year, the average occupancy rate of the shops of Causeway Place was approximately 96.97%.

Olympian City 3 (25% interest), the retail mall in The Hermitage residences in West Kowloon, the average occupancy rate was approximately 94.74% during the Year.

Coronation Circle (15% interest), the retail mall in The Coronation residences in West Kowloon, the average occupancy rate was approximately 60.27% during the Year.

During the Year, the average occupancy rate of the Group's office property, Harcourt House was approximately 74.84%.

Nos. 14-18 Ma Kok Street is an industrial site in Tsuen Wan. It will be redeveloped into a 25-storey industrial building (including 2 basement levels of parking and loading/unloading facilities). Its total gross floor area is approximately 228,001 square feet. Construction of the new development is currently underway, with the foundation works commenced in May 2021. The new building is expected to be completed by early 2025, and presale of the industrial units is expected to be launched in the third quarter of 2022.

In December 2021, the Group acquired Nos. 86 and 88 Apliu Street in Sham Shui Po, a 25-storey residential-cum-commercial building with total gross floor area of approximately 17,714 square feet. As at 31 December 2021, it is vacant. Alterations and additions works for reinstatement and refurbishment of the property are in progress and expected to be completed around the fourth quarter of 2023.

No. 1 Hung To Road (33.33% interest), a 33-storey industrial building in Kwun Tong, the average occupancy rate was approximately 93.96% during the Year.

Hong Kong Property Development

The Hermitage (25% interest) is the Group's joint venture development project in West Kowloon. It comprises 6 residential tower blocks and provides in aggregate 964 residential units and retail properties with a total gross floor area of around 1,095,980 square feet. As at 31 December 2021, 99.90% of total residential units were sold.

Grand Central (10% interest) is a joint venture development project of the Group awarded by the Urban Renewal Authority. Its total site area is approximately 234,160 square feet, with a total gross floor area of around 1,853,561 square feet. 4 residential tower blocks with 1,999 residential units in aggregate are built in two phases. Superstructure works of both phases were completed, occupation permit was issued in November 2020, and certificate of compliance was granted in April 2021. Up to 31 December 2021, 925 units of first phase and 900 units of second phase were sold.

Mainland China Property Investment

Hilton Beijing (50% interest), a five-star international hotel having 506 rooms. Due to the pandemic, the renovation works of 5th to 14th Floors of the main tower were temporarily suspended. Its occupancy rate was approximately 36.53 % as at 31 December 2021 due to renovation works and the outbreak of COVID-19.

Oriental Place (50% interest), a 10-storey office building next to Hilton Beijing. As at 31 December 2021, the occupancy rate was approximately 95.95%.

Overseas Property Investment

River Court is a freehold office building situated at 116-129 Fleet Street, London, United Kingdom. It provides a total net internal area of approximately 429,980 square feet, together with certain car parking spaces. During the Year, the retails portion of River Court was fully let while the office accommodation was vacant as the anchor tenant has moved out in the first quarter of 2020. City of London's Resolution to Grant the redevelopment of the property was secured in October 2021. Demolition work will commence once the relevant government approvals/agreements are granted/finalized.

"14 St George Street" is a freehold office building located in London, United Kingdom. The building comprises in aggregate approximately 51,861 square feet of office accommodation arranged over lower ground, ground and four upper floors, approximately 86.73% had been let out during the Year on average.

"61-67 Oxford Street and 11-14 Soho Street" is a mixed use freehold building located in London, United Kingdom, comprising approximately 55,151 square feet in aggregate. The building provides retails, office and residential accommodation, occupying approximately 33,843 square feet, 13,694 square feet and 7,614 square feet respectively, over lower ground, ground and six upper floors. As at 31 December 2021, the occupancy rate was approximately 88.86%.

"11 and 12 St James's Square and 14 to 17 Ormond Yard" is a mixed use freehold building located in London, United Kingdom. The building provides around 79,484 square feet office accommodation arranged over lower ground, ground and six upper floors. As at 31 December 2021, the occupancy rate was approximately 93.26%.

Securities Investment

Securities investment is one of the principal activities of the Group.

The Group's strategy is to maintain securities investment portfolio for treasury management. As at 31 December 2021, the Group's securities investment portfolio comprised of bonds, listed equity investments and treasury products. The Group's primary objectives when managing capital are to safeguard the abilities of the entities in the Group to continue as a going concern, so that it can continue to provide returns for shareholders of the Company. The Group's strategy for future investments is to invest in a diversified portfolio to minimise risks with attractive yield, good liquidity and issuers from reputable entities, so as to maintain a healthy financial status and grasp every good investment chance.

The net loss recognised from securities investments and treasury products for the Year was approximately HK\$1,995.5 million. Details of the performance of securities investments are disclosed in the "Financial Operation Review" of this announcement.

The Group will continue to closely monitor its portfolio of securities investment to achieve satisfactory returns.

OTHER INFORMATION

Subscription of Senior Notes – Discloseable Transaction

On 28 April 2021, the Group received confirmations that US\$500,000,000 11.7% senior notes due 2025 of Kaisa Group Holdings Ltd. (the shares of which are listed on the Stock Exchange (Stock Code: 1638)) ("Kaisa"), an independent third party, in the principal amount of US\$150,000,000 (equivalent to approximately HK\$1,166,355,000) was allocated to the order placed by the Group for subscription at the issue price of 100% of the principal amount thereof (the "Subscription"). The Subscription, on a stand-alone basis or when aggregated with the previous subscription, constituted a discloseable transaction for the Company under the Listing Rules as more described in the Company's announcement dated 28 April 2021.

Forfeiture of Unclaimed Dividends

As announced on 4 August 2021, all dividends declared on or before 15 June 2015 remaining unclaimed on 3 September 2021 be forfeited and reverted to the Company.

Disposal of Senior Notes – Discloseable Transaction

On 23 August 2021, the Group disposed of the 8.875% senior notes due 2021 issued by Zhongliang Holdings Group Company Limited (the shares of which are listed on the Stock Exchange (stock code: 2772)) in the principal amount of US\$7,000,000 (equivalent to approximately HK\$54,415,000) through over-the-counter market for a consideration of US\$6,838,196.20 (equivalent to approximately HK\$53,157,000) (exclusive of accrued interest) (the "Notes Disposal"). The Notes Disposal, when aggregated with the previous disposals, constituted a discloseable transaction for the Company under the Listing Rules as more described in the Company's announcement dated 23 August 2021.

Disposal of Shares in China Evergrande Group – Discloseable Transaction and Mandate for Disposal(s) of Shares in China Evergrande Group – Major Transaction

During the period from 30 August 2021 to 21 September 2021 (both dates inclusive), the Group disposed of an aggregate of 108,909,000 shares in China Evergrande Group (the shares of which are listed on the Stock Exchange (stock code: 3333)) (“China Evergrande”) (the “Disposal Shares”) in the open market of the Stock Exchange for an aggregate consideration of approximately HK\$246.5 million (exclusive of transaction costs). The average selling price per the Disposal Share was approximately HK\$2.26 (exclusive of transaction costs) (the “Disposal”). The Disposal constituted a discloseable transaction for the Company under the Listing Rules as more described in the Company’s announcement dated 23 September 2021.

On 23 September 2021, the Company had sought and obtained the written shareholders’ approval in lieu of a general meeting pursuant to Rule 14.44 of the Listing Rules for the grant of a mandate to the Directors to dispose of all or part of the Company’s 751,091,000 shares in China Evergrande (the “Disposal Mandate”) in the open market of the Stock Exchange or through block trade(s) subject to a minimum selling price of HK\$0.01 per share (excluding transaction cost) in one or series of transactions during a period of 12 months from 23 September 2021 to 22 September 2022. The possible disposal(s) and the Disposal Mandate, when aggregated with the Disposal, constituted a major transaction for the Company under the Listing Rules as more described in the Company’s announcements dated 23 September 2021, 18 October 2021 and 20 October 2021 as well as circular dated 24 November 2021. After obtaining the approval of the Disposal Mandate on 23 September 2021 and up to 31 December 2021, the Group further disposed of an aggregate of 521,794,000 shares of China Evergrande in the open market of the Stock Exchange. As at 31 December 2021, the Group held 229,297,000 shares of China Evergrande.

Proposed Privatisation of the Company by Solar Bright Ltd. by Way of a Scheme of Arrangement under Section 99 of the Companies Act and Proposed Withdrawal of Listing of the Company

On 28 September 2021, Solar Bright Ltd. (the “Offeror”) requested the Board to put forward the proposal to the scheme shareholders for the privatisation of the Company by the Offeror by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda (the “Scheme” or the “Proposal”). Under the Scheme, if the Scheme becomes effective, the scheme shareholders will receive from the Offeror the cancellation price of HK\$4.00 in cash for each scheme share cancelled. Upon completion of the Proposal, the Offeror, Century Frontier Limited and Joseph Lau Luen Hung Investments Ltd. (all being substantial shareholders of the Company as at the date of the Proposal) will hold the entire issued share capital of the Company and the listing of the Company’s shares will be withdrawn from the Stock Exchange. As the Scheme was disapproved by scheme shareholders at the scheme meeting held on 17 December 2021, the Proposal therefore not proceeded and the listing of the Company’s shares on the Stock Exchange be maintained. Details were described in the Company’s announcements dated 6 October 2021, 12 October 2021, 27 October 2021, 3 November 2021, 24 November 2021, 6 December 2021 and 17 December 2021 as well as the composite scheme document dated 24 November 2021.

Disposals of Senior Notes – Discloseable Transactions and Major Transaction

During the period from 19 October 2021 to 28 October 2021 (both dates inclusive), the Group disposed of the following senior notes issued by Kaisa through a series of transactions in the over-the-counter market, details as below:

Disposed Senior Notes	Dates/periods of disposals and the principal amount involved	Principal amount (US\$)	Consideration (excluding accrued interest) (US\$)	Consideration (including accrued interest) (US\$)
	Date/period			
9.375% Senior Notes due 2024	From 19.10.2021 to 20.10.2021 (both dates inclusive) (“Batch 1”)	19,000,000	7,127,500.00	7,681,406.28
	On 21.10.2021 (“Batch 2”)	23,000,000	6,871,500.00	7,560,302.08
	From 22.10.2021 to 25.10.2021 (both dates inclusive) (“Batch 3”)	23,000,000	7,412,500.00	8,112,239.58
	From 26.10.2021 to 28.10.2021 (both dates inclusive) (“Batch 4”)	10,000,000	3,142,000.00	3,449,291.66
10.875% Senior Perpetual Capital Securities	On 21.10.2021 (“Batch 2”)	3,000,000	802,392.00	825,048.25
	From 22.10.2021 to 25.10.2021 (both dates inclusive) (“Batch 3”)	4,000,000	1,015,135.66	1,047,760.66
	From 26.10.2021 to 28.10.2021 (both dates inclusive) (“Batch 4”)	23,000,000	5,257,464.00	5,463,786.91
11.7% Senior Notes due 2025	From 19.10.2021 to 20.10.2021 (both dates inclusive) (“Batch 1”)	29,000,000	11,179,550.10	12,696,000.10
	On 21.10.2021 (“Batch 2”)	26,000,000	7,743,590.00	9,129,390.00
	From 22.10.2021 to 25.10.2021 (both dates inclusive) (“Batch 3”)	28,000,000	8,651,596.00	10,159,921.00
	From 26.10.2021 to 28.10.2021 (both dates inclusive) (“Batch 4”)	67,000,000	18,507,000.00	22,195,100.00

The disposals under Batch 1, Batch 2 and Batch 3 respectively constituted a discloseable transaction for the Company under the Listing Rules as more described in the two Company’s announcements dated 21 October 2021 and another announcement dated 25 October 2021 respectively. The disposals under Batch 4, when aggregated with the disposals under Batch 1, Batch 2 and Batch 3, constituted a major transaction of the Company under the Listing Rules as more described in the Company’s announcement dated 28 October 2021 and circular 18 November 2021.

Update on Impact on the Outbreak of COVID-19 to the Group

The outbreak of COVID-19 in Hong Kong and many countries started in early 2020 and continues up to the date of this announcement, its social-economic impact is unprecedented. The global pandemic is having a major impact on the economies and financial markets.

The drop in rental income of the Group during the Year was mainly due to the surrender of lease by an anchor tenant of one of the Group's investment properties in the United Kingdom. Meanwhile, in view of COVID-19 pandemic, rent concession has been given by the Group to tenant to ease its hardship.

The persistence of COVID-19 pandemic has adversely affected the fair value of investment properties of the Group. During the Year, the Group recorded an unrealised loss on fair value changes of investment properties of HK\$1,376.6 million.

The Group's hotel business of Hilton Beijing (50% interest) also adversely affected by COVID-19 pandemic.

As COVID-19's duration is unpredictable and the extent of its impact is not easy to determine under this volatile situation of the pandemic, it is believed that COVID-19 will continue to affect the Group's businesses for a period of time.

PROSPECTS

The lingering COVID-19 pandemic-related disruption over the world in the past two years still posed concerns. The global economy continues its uneven recovery and enters 2022 in a weaker position than previously expected. The economic outlook is clouded with downside risks including the spread of new Omicron variant, supply-chain challenges and inflationary pressure. Moreover, developments of China-US relations and the broke out of Russia-Ukraine War raised global attention and the tension could have far-reaching global consequences.

Hong Kong's economic recovery became more entrenched in the third quarter of 2021 alongside the further revival of global economic activity and stable local epidemic situation, and recovered further in the fourth quarter of 2021. However, the onslaught of the latest wave of epidemic and the tightened anti-epidemic measures have posed renewed pressure on economic activities and weighed on sentiment.

On local front, inbound tourism was virtually at a standstill, constraining the extent of the economic recovery. In addition, tough social-distancing curbs and vaccine pass could deal a more severe blow to the retail sector than the early stages of the COVID-19 pandemic in 2020. Accordingly, overall rental level and occupancy expected to come under strain. It is expected that the Group's investment properties will continue to face numerous challenges in the short run. Despite that, the Group will continue to keep an eye on market dynamics and seize opportunities in this challenging environment.

In the United Kingdom economy, pressures from inflation, shortages of labour and supply chain bottlenecks cloud the outlook for its growth. Despite the uncertainty, the Group's immediate focus is on asset enhancement works of our investment properties. We remain to preserve long-term view for the United Kingdom economy.

For the stock market, it is likely to be volatile in short term, dampened by uncertainties over the tighten monetary policy in the United States, curb inflation, recent spike of Omicron infections and geopolitical tensions between Russia and Ukraine. On the interest rate outlook, we remain alert of the possible interest rate rises in 2022 in order to manage our risk on cost of financing.

Looking ahead, the Group will maintain a cautious stance towards risk and the uncertainties around the globe. We will also continue to manage our businesses with caution and seek new opportunities in opportune moment.

CORPORATE GOVERNANCE

Throughout the Year, the Company had applied the principles and complied with the code provisions and certain recommended best practices set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules, except the following deviations:-

Code Provision A.6.7

– Non-executive Director Attending General Meetings

Mr. Lau, Ming-wai, a Non-executive Director, was unable to attend the annual general meeting of the Company held on 26 May 2021 ("AGM") and the special general meeting of the Company held on 17 December 2021 as he had business engagement.

Code Provision E.1.2

– Chairman Attending Annual General Meeting

Mr. Lau, Ming-wai, the Chairman of the Board, was unable to attend the AGM as he had business engagement. Mr. Chan, Kwok-wai, the chairman of the Audit Committee and the Remuneration Committee, was elected as the chairman of the AGM to ensure effective communication with shareholders of the Company at the AGM. The chairman of the Nomination Committee, Ms. Phillis Loh, Lai-ping had also attended the AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms without deviation from the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “Model Code”). All Directors, after specific enquiries by the Company, confirmed that they had complied with the required standard set out in the Model Code and the said code of conduct during the Year.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees on terms no less exacting than the required standard set out in the Model Code. All the relevant employees (the “Relevant Employees”) who, because of office or employment, are likely to be in possession of unpublished inside information in relation to the Group’s securities had been requested to follow such code when dealing in the securities of the Company. After specific enquiries by the Company, the Relevant Employees, confirmed that they had complied with the required standard set out in the said code during the Year.

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

During the Year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

APPRECIATION

We would like to take this opportunity to express our gratitude to the shareholders for their continuing support. We would also like to express our sincere thanks to all staff members for their dedication and hard work.

On behalf of the Board
Lau, Ming-wai
Chairman

Hong Kong, 21 March 2022

As at the date of this announcement, the Board comprised Ms. Chan, Hoi-wan, Ms. Chan, Lok-wan and Mr. Lam, Kwong-wai as Executive Directors, Mr. Lau, Ming-wai and Ms. Amy Lau, Yuk-wai as Non-executive Directors, and Mr. Chan, Kwok-wai, Ms. Phillis Loh, Lai-ping and Mr. Ma, Tsz-chun as Independent Non-executive Directors.

Website: <http://www.chineseestates.com>

This results announcement is published on the website of the Company (<http://www.chineseestates.com>) and the HKEXnews website (<http://www.hkexnews.hk>).

Results Highlights will also be posted on the Company’s website on 21 March 2022.