

Registered number: 03857131

**Circadian Limited**

**Annual report and financial statements**

**for the year ended 31 December 2023**

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# **Circadian Limited**

## **Annual report and financial statements For the year ended 31 December 2023**

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# Circadian Limited

## Strategic report

The directors present their strategic report for the year ended 31 December 2023.

### Principal activities and review of business

The principal activity of the Company is the development of acquired land at Lots Road, London, SW10 as a mixed-use property scheme known as Chelsea Waterfront project and to sell the developed residential apartments and car park spaces. Planning, design and construction work have been undertaken in relation to the development proposals. The directors are satisfied with the level of business and year-end financial position of the Company.

### Results and performance

The results and financial position of the Company for the year ended 31 December 2023 are set out in the financial statements.

As shown in the profit and loss account on page 11, the turnover is £55,448,356 (2022: £67,330,842) representing income from residential apartments and car park spaces sales and rental income receivable from development land. During the year there were 20 sale completions compared with 15 in 2022, which has increased sales volumes year on year. Gross profit margin, at 49.3%, is lower than prior year (61.5%) due to the change in sales mix achieved during the year. Due to the increase in interest rate on the Company's loans the Company has recognised loss for the financial year of £4,838,916 (2022: profit £20,496,389), this has been transferred to reserves. The net finance charge for the year includes a finance charge of £30,032,579 (2022: £12,077,882) relating to loans from fellow group companies.

The balance sheet on page 12 shows the Company's financial position at the year-end with net assets of £87,850,837 (2022: £92,689,753 net assets).

### Financing

As at 31 December 2023 the Company has loans from fellow group companies of £578,597,000 (2022: £546,597,000) and cash at bank of £33,765,652 (2022: £21,497,620). The loans issued in the year are disclosed further in Note 15. On 18 September 2023 a £32,000,000 interest bearing loan at a rate of SONIA +1% per annum and unsecured from a £270,000,000 credit commitment was issued by Bayswater Yingkoudao (HK) Limited, a fellow subsidiary of CK Asset Holdings Limited, repayable on 23 February 2026.

### Future developments

The Company will continue to develop the Chelsea Waterfront project and to sell the developed properties.

### Principal risks and uncertainties

The key business risks and uncertainties affecting the Company are considered to relate to the external economic climate and demands in both commercial and residential property sectors.

During the year the increase in cost of living with the rising cost of energy, interest rate and inflation have had no material impact to ongoing activities. However, the Company continues to closely monitor the position and assess any possible impacts on the going concern of the Company.

### Financial risk management

The management manages and assesses the exposures to the following financial risks by the Company to ensure appropriate measures are implemented on a timely and effective manner.

#### (i) Credit risk

The Company has no significant concentrations of credit risk with third parties.

#### (ii) Interest rate risk

The Company has no significant interest bearing assets, its income and operating cash flows are substantially independent of changes in market interest rates. Borrowings at market interest rates expose the Company to cash flow interest rate risk.

# **Circadian Limited**

## **Strategic report (continued)**

### **Financial risk management (continued)**

#### (iii) Liquidity risk

The Company manages liquidity risk by ensuring that it can meet its financial obligations as and when they fall due. The Company expects to meet its financial obligations through management of resources and operating cash flows.

### **Key performance indicators (KPIs)**

The principal activity of the Company is the development of residential property; accordingly, sale of investment property is the main KPI of the company. The KPIs are presented in the results and performance section above.

### **Section 172(1) statement**

As far as the directors are aware, all legal requirements under section 172 of the Companies Act 2006 have been complied with during the period and up to the date of signing the accounts.

The statement of actions and responsibilities of the Board below has been produced with regard to the matters set out in section 172(1)(a) to (f) of Companies Act 2006, as listed below:

- The likely consequences of any decision in the long term (approving the strategic direction and values);
- The interests of the company's employees, if any;
- The desirability of the company maintaining a reputation for high standards of business conduct;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment; and
- The need to act fairly as between members of the company.

The Company is committed to pursuing leading governance practices as appropriate.

### **Actions and responsibilities of the Board**

The Board is responsible for and makes key decisions on the following areas.

#### **Approving the strategic direction and values, with consideration of the likely consequences in the long term**

The Board is responsible to the shareholders for the strategic direction of the Company in both the short and long term and seeks to balance the best interests of the Company with the objective of enhancing shareholder value.

The long term primary objectives which reflect the strategic value of the Company to develop residential apartments and commercial units of high quality standards. The Board ensure they are aware of how well the Company is performing in these areas through the review of the operations and discussions with senior management during board meetings.

Each year the Board reviews senior management's projected results of the Company over the next five years, including the funding requirements, with reference to the strategic direction of the Company. If appropriate, the Board agrees these targets as the budget for the following financial year (short term objectives).

#### **Interests of the Company's employees**

The Company does not have any employees. The operations are managed by employees of related parties.

#### **Maintaining a reputation for high standards of business conduct**

As a company we believe that we are trusted by our stakeholders and have a good reputation for high standards of professionalism within the business we conduct. As part of this, the Board has oversight of and actively monitors the strong control environment managed by senior management to ensure a high standard of business conduct is met and the reputation of the Company is maintained.

# Circadian Limited

## Strategic report (continued)

### **Maintaining relationships with key suppliers, customers and others**

The Board is focused on maintaining strong relationships with the Company's suppliers and other key stakeholders to ensure this is to the benefit of all parties. All contracts with suppliers and service providers, as well as transaction documents with counterparties are approved by directors, having first been reviewed by the legal department and other members of the senior management team. Payments to suppliers and service providers are authorised by directors and are made on a timely basis. The directors also review any feedback or requests made by suppliers and other key stakeholders upon receipt.

### **Monitoring the impact of the company: environmental matters and community impact**

Stakeholder engagement is very important to the Company and is encouraged by the Board. Local communities are engaged in consultation and considerations for the operational hours of construction are also made to minimise the disruption as well as the noise impact to the local residents.

### **Maintenance of the need to act fairly between members of the company**

The Company is a wholly-owned subsidiary of Circadian (CH) Limited hence only has one member. The fiduciary duties of the Board include the promotion of the Company's success and ensuring the interests of the member are appropriately protected.

Approved by the Board and signed on its behalf by:



Raymond Chow  
Director

16 September 2024

# Circadian Limited

## Directors' report

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2023. Details of principal risks and uncertainties, review of business, future developments, financial risk management, results and performance and KPIs can be found in the Strategic Report on pages 1 to 3.

### Dividends

No interim dividend was paid during the year (2022: nil) and the directors do not recommend the payment of a final dividend (2022: nil).

### Going concern

The Company has recorded a loss for the year of £4,838,916 and has net current assets of £657,682,080. During the year, the Company has drawn down £32,000,000 across a £270,000,000 credit commitment available until 31 December 2025 and repayable on 23 February 2026 from fellow subsidiary of CK Asset Holdings Limited. The directors have assessed financial forecasts and have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date when the financial statements are authorised for issue. The Company's ultimate holding company and controlling party has agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due for a period of at least twelve months from the date when the financial statements are authorised for issue. The directors have considered the ability and intent of the ultimate holding company to provide this support and are satisfied that this will remain available. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

### Directors

The following held office as directors during the year and up to the date of signing the financial statements:

Hing Lam Kam  
Justin Chiu  
Raymond Chow  
Raymond Tam

None of the directors had any interests in the shares of the Company during the year.

No director beneficially owns any of the ordinary shares or share options of the Company or has had a material interest in contracts of any significance during or at the end of the year.

Directors' and officers' liability insurance and qualifying third party indemnity are provided to the directors of the Company by another company within the CK Asset Holdings group. The CK Asset Holdings group is defined as CK Asset Holdings Limited and its subsidiaries.

A summary of how the directors have fostered the Company's business relationships with suppliers, customers and others, including on the principal decisions taken by the Company during the financial year may be found in the Strategic Report.

### Streamlined Energy and Carbon Report

The data included in the table below covers the reporting requirements detailed in the Streamlined Energy and Carbon Reporting ("SECR") regulations and represents the carbon and energy performance of the Company for the year to 31 December 2023.

	2023	2022
Emissions from combustion of fuel for transport purposes, tCO <sub>2</sub> e (scope 1)	6	4
Emissions from purchased electricity, heat and cooling, kWh (scope 2)	616,896	709,382
Intensity ratio (kWh per square foot of unsold apartments)	4	4

# Circadian Limited

## Directors' report (continued)

### Streamlined Energy and Carbon Report (continued)

Carbon dioxide equivalent (CO<sub>2</sub>e) emissions are calculated using the UK Government GHG Conversion Factors and Methodology for Company Reporting 2022. The intensity measurement used is the unsold residential apartment floor area as the purchased electricity, heating and cooling are primarily from the unsold residential apartments.

Energy efficiency measures such as installation of smart meters and adjusting to lower temperature on the thermostat setting in the unsold residential apartments to reduce energy wastage.

### Statement of disclosure of information to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 (1) to (4) of the Companies Act 2006.

### Independent auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed to the shareholder.

Approved by the Board and signed on its behalf by:



Raymond Chow  
Director

16 September 2024

# **Circadian Limited**

## **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the CK Asset Holdings group company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# **Circadian Limited**

## **Independent auditor's report to the members of Circadian Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Circadian Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# **Circadian Limited**

## **Independent auditor's report to the members of Circadian Limited (continued)**

### **Other information (continued)**

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and directors about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included data protection legislations, health and safety regulations and employment legislation.

We discussed among the audit engagement team regarding and relevant internal specialist including real estate valuation specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

## **Circadian Limited**

### **Independent auditor's report to the members of Circadian Limited (continued)**

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)**

As a result of performing the above, we identified the greatest potential for fraud to be in the incentive for management to manipulate assumptions used in the assessment of the carrying value of stock. Our specific procedures performed to address it are described below:

- We have audited the forecast cost and sales assumptions utilised in management's impairment assessment in comparison to contracted costs and market data, including testing the mathematical accuracy of the project model. We have also performed movement analysis based on prior year values as well as sensitivity tests on adverse changes in the assumptions. Our procedures also include an internal real estate specialist to assess the relevant industry data to benchmark the key assumptions used by management.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' Report.

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

## **Circadian Limited**

### **Independent auditor's report to the members of Circadian Limited (continued)**

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andy Siddons (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

16 September 2024

## Circadian Limited

### Profit and loss account

For the year ended 31 December 2023

	Notes	2023 £	2022 £
Turnover	3	55,448,356	67,330,842
Cost of sales		(25,642,268)	(25,902,477)
<b>Gross profit</b>		<u>29,806,088</u>	<u>41,428,365</u>
Administrative expenses		(7,904,562)	(5,402,544)
Other operating income	4	<u>18,273</u>	<u>52,473</u>
<b>Operating profit</b>	5	<u>21,919,799</u>	<u>36,078,294</u>
Net interest payable and similar expenses	6	(28,444,978)	(11,190,139)
Finance lease income	7	<u>384,779</u>	<u>103,666</u>
<b>(Loss)/profit before taxation</b>		<u>(6,140,400)</u>	<u>24,991,821</u>
Tax on profit	9	<u>1,301,484</u>	<u>(4,495,432)</u>
<b>(Loss)/profit for the financial year and total comprehensive (expense)/income</b>		<u><u>(4,838,916)</u></u>	<u><u>20,496,389</u></u>

All results are from continuing operations.

There are no recognised gains or losses other than those shown above and consequently no separate statement of total comprehensive income is presented.

The notes on pages 14 to 25 form part of these financial statements.

# Circadian Limited

## Balance sheet

As at 31 December 2023

	Notes	2023 £	2022 £
<b>Fixed assets</b>			
Tangible assets	10	1,696	512
Investments	11	8,764,061	8,757,756
		<u>8,765,757</u>	<u>8,758,268</u>
<b>Current assets</b>			
Stocks	12	644,257,704	591,055,854
Debtors: amounts falling due after more than one year	13	13,223,319	34,481,483
Debtors: amounts falling due within one year	13	15,964,065	7,352,356
Cash at bank and in hand		33,765,652	21,497,620
		<u>707,210,740</u>	<u>654,387,313</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(49,528,660)</u>	<u>(23,858,828)</u>
<b>Net current assets</b>		<u>657,682,080</u>	<u>630,528,485</u>
<b>Total assets less current liabilities</b>		<u>666,447,837</u>	<u>639,286,753</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(578,597,000)</u>	<u>(546,597,000)</u>
<b>Net assets</b>		<u>87,850,837</u>	<u>92,689,753</u>
<b>Capital and reserves</b>			
Called up share capital	17	100	100
Profit and loss account		87,850,737	92,689,653
<b>Total shareholder's funds</b>		<u>87,850,837</u>	<u>92,689,753</u>

The financial statements of Circadian Limited (03857131) were approved by the Board of Directors and authorised for issue on 16 September 2024. They were signed on its behalf by:



Raymond Chow  
Director



Raymond Tam  
Director

The notes on pages 14 to 25 form part of these financial statements.

## Circadian Limited

### Statement of changes in equity For the year ended 31 December 2023

	Called up share capital £	Profit and loss account £	Total £
<b>Balance as at 1 January 2022</b>	100	72,193,264	72,193,364
Profit for the year and total comprehensive income	-	20,496,389	20,496,389
<b>Balance as at 31 December 2022</b>	100	92,689,653	92,689,753
Loss for the year and total comprehensive expense	-	(4,838,916)	(4,838,916)
<b>Balance as at 31 December 2023</b>	100	87,850,737	87,850,837

The notes on pages 14 to 25 form part of these financial statements.

# Circadian Limited

## Notes to the financial statements For the year ended 31 December 2023

### 1. Accounting policies

The principal accounting policies of the Company, which have been applied consistently during the current and previous years, are as follows:

#### a. General information and basis of accounting

Circadian Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is a private company limited by shares and is registered in England and Wales. The address of the registered office is Hutchison House, 5 Hester Road, Battersea, London, SW11 4AN, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 1 to 3.

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 issued by the Financial Reporting Council and the Companies Act 2006.

The functional and presentational currency of the Company is considered to be pounds sterling because this is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under S9.3A of FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, for financial instruments, remuneration of key management personnel and cash flow statement. The Company has taken exemption under Companies Act 2006 S.401(1)(b) to present consolidated financial statements. The Company is consolidated in the financial statements of its ultimate parent undertaking and controlling party, CK Asset Holdings Limited and its registered address is disclosed in note 19.

#### b. Going concern

The Company has recorded a loss for the year of £4,838,916 and has net current assets of £657,682,080. During the year, the Company has drawn down £32,000,000 across a £270,000,000 credit commitment available until 31 December 2025 and repayable on 23 February 2026 from fellow subsidiary of CK Asset Holdings Limited. The directors have assessed financial forecasts and have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date when the financial statements are authorised for issue. The Company's ultimate holding company and controlling party has agreed to provide adequate funds to enable the Company to meet in full its financial obligations as they fall due for a period of at least twelve months from the date when the financial statements are authorised for issue. The directors have considered the ability and intent of the ultimate holding company to provide this support and are satisfied that this will remain available. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

#### c. Tangible assets

Tangible assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Motor vehicles	20%
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Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### d. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.



# Circadian Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2023

### 1. Accounting policies (continued)

#### d. Financial assets and liabilities (continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

#### e. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost of stocks comprises land acquisition, construction and other development expenditure.

#### f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### g. Investments

Investments in subsidiaries and associates are measured at cost less impairment.

#### h. Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### i. Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments for periods that are different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more than likely that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# Circadian Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2023

### 1. Accounting policies (continued)

#### j. Turnover

Turnover is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Where payments are received from customers in advance of the residential apartments and car park spaces are legally transferred to the customers, the amounts are recorded as sales received in advance. Rental income is recognised as per the term of the tenancy at will between the Company and the tenant which is terminable at any time.

#### k. Finance lease income

The capital elements of future lease receivables are recorded as assets, whilst the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the asset.

#### l. Finance lease asset

Finance lease asset is initially recognised at fair value of the leased asset, or if lower, the present value of the minimum lease payments determined at the start of the lease.

#### m. Interest receivable

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### n. Other operating income

Other operating income from forfeited reservation fee are recognised when payments are received and the customers notify the Company of the forfeited sale. Licence fee for alteration and assignment are recognised when payments are received.

#### o. Foreign currency

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction, except when covered by a forward exchange contract when the contracted rate is used.

Balances at the year-end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources, for example, accruals. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The directors have not identified any critical accounting judgements this year.

#### *Key source of estimation uncertainty – impairment of stock*

Stock is value at the lower of cost and estimated net realisable value. Determining whether stocks are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future costs to complete the stock and their forecast sales income along with a suitable discount rate in order to calculate present value, taking into consideration of the sensitivities and movements in the market. The value of stock at the end of 2023 is £644,257,704 (2022: £591,055,854).

# Circadian Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2023

### 3. Turnover

An analysis of the Company's turnover, which all arises in the United Kingdom, is as follows:

	2023 £	2022 £
Sale of residential apartments	54,233,406	66,525,892
Sale of car park spaces	1,170,000	760,000
Gross rental income	44,950	44,950
	<u>55,448,356</u>	<u>67,330,842</u>

Gross rental income represents rental income receivable from development land in the United Kingdom.

### 4. Other operating income

	2023 £	2022 £
Forfeited reservation fee on abandoned sales	16,523	51,523
Sundry income	1,750	950
	<u>18,273</u>	<u>52,473</u>

### 5. Operating profit

Operating profit is stated after charging the following:

	2023 £	2022 £
Auditor's remuneration for auditing of the financial statements	21,679	21,047
Depreciation – owned asset (note 11)	245	115
Foreign currency loss	1,552	3,663
	<u>23,476</u>	<u>24,825</u>

# Circadian Limited

## Notes to the financial statements (continued)

For the year ended 31 December 2023

### 6 Net interest payable and similar expenses

	2023 £	2022 £
Interest payable and similar expenses:		
Interest payable on loan from fellow group companies (note 18)	30,032,579	12,077,882
Other interest expense	36,451	-
	<u>30,069,030</u>	<u>12,077,882</u>
Interest receivable and similar income:		
Less: Interest receivable on loan to fellow group companies (note 18)	(321,724)	(485,560)
Less: Bank interest receivable	(1,212,127)	(398,992)
Less: Other interest receivable	(90,201)	(3,191)
	<u>28,444,978</u>	<u>11,190,139</u>

### 7. Finance lease income

	2023 £	2022 £
Finance lease income	<u>384,779</u>	<u>103,666</u>

Ground rent is receivable from lease of freehold land in relation to residential property within the Chelsea Waterfront development in the UK.

### 8. Employees and directors' emoluments

No fees or other emoluments were paid to the directors in respect of their services to the Company during the year (2022: nil). The directors are remunerated through other group companies and a proportionate amount cannot be determined for their work for this Company.

The Company had no employees in both the current and prior year.

### 9. Tax on profit

	2023 £	2022 £
<b>Current tax:</b>		
UK corporation tax on profit for the year at 23.5% (2022: 19%)	(3,886,300)	(5,436,590)
Adjustment in respect of prior years	791,154	314,772
	<u>(3,095,146)</u>	<u>(5,121,818)</u>
<b>Deferred tax (note 16):</b>		
Accelerated capital allowances	554	(433)
Corporate interest restriction	5,437,069	1,040,993
Adjustment in respect of prior years	(1,040,993)	(414,174)
	<u>1,301,484</u>	<u>(4,495,432)</u>

## Circadian Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2023

#### 9. Tax on profit (continued)

##### Factors affecting the charge for the year

The tax charge assessed for the year is higher (2022: higher) than that resulting from applying the standard rate of corporation tax in the UK of 23.5% (2022: 19%). The differences are explained below:

	2023 £	2022 £
(Loss)/profit before taxation	(6,140,400)	24,991,821
Taxation credit/(charge) at 23.5% (2022: 19%)	1,442,994	(4,748,446)
Effects of:		
Adjustment in respect of prior years	(249,839)	(99,402)
Expenses not deductible for tax purposes	(4,119)	(3,793)
Capital allowance in excess of depreciation	-	36
Land remediation relief	128,793	106,335
Effect of tax rate differences	321,755	249,838
Residential Property Development Tax	(340,584)	-
Total tax credit/(charge)	<u>1,301,484</u>	<u>(4,495,432)</u>

The corporation tax rate in the UK changed from 19% to 25% with effect from 1 April 2023 (2022: remained at 19%). Accordingly, the Company's taxation for this financial year has been calculated at an effective rate of 23.5% (2022: 19%).

#### 10. Tangible assets

	Motor vehicles £
<b>Costs</b>	
At 1 January 2023	50,369
Additions during the year	1,429
At 31 December 2023	<u>51,798</u>
<b>Accumulated depreciation</b>	
At 1 January 2023	49,857
Charge for the year	245
At 31 December 2023	<u>50,102</u>
<b>Net book value</b>	
At 31 December 2023	<u>1,696</u>
At 31 December 2022	<u>512</u>

## Circadian Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2023

#### 11. Investments

	Interest in subsidiary companies £	Amounts owed from group undertaking £	Total £
As at 1 January 2023	200	8,757,556	8,757,756
Additions	-	6,305	6,305
<b>As at 31 December 2023</b>	<b>200</b>	<b>8,763,861</b>	<b>8,764,061</b>

Amounts owed from group undertaking are not expected to be settled by repayment within 12 months of the balance sheet date and therefore as of 31 December 2023 this is presented as Investments within Fixed assets.

Details of the subsidiary companies are as follows:

Name	Place of Incorporation	Principal activities and place of operation	Percentage of shareholding
Chelsea Waterfront Nominee 1 Limited	England and Wales	Property holding nominee in the United Kingdom	100%
Chelsea Waterfront Nominee 2 Limited	England and Wales	Property holding nominee in the United Kingdom	100%

The interest in subsidiary companies are unlisted ordinary shares at cost. The subsidiary companies' address of the registered office is Hutchison House, 5 Hester Road, London, SW11 4AN, United Kingdom.

#### 12. Stocks

	2023 £	2022 £
Development land and work in progress		
- Land	83,796,626	83,796,626
- Construction and other costs	455,999,405	377,652,768
- Completed stock	104,461,673	129,606,460
	<b>644,257,704</b>	<b>591,055,854</b>

There is no material difference between the balance sheet value of stocks and their replacement cost.

The cost of inventories recognised as an expense during the year in respect of continuing operations was £25,642,268 (2022: £25,902,477).

## Circadian Limited

### Notes to the financial statements (continued) For the year ended 31 December 2023

#### 13. Debtors

	2023 £	2022 £
<b>Amounts falling due within one year:</b>		
Amounts owed from group undertakings:		
- Chelsea Waterfront Limited	46,285	39,537
- Chelsea Waterfront Nominee 1 Limited	47,670	40,728
- Chelsea Waterfront Nominee 2 Limited	47,631	40,673
- Albion Properties Limited	-	154
Interest receivable from fellow group companies	33,867	320,357
VAT recoverable	779,713	999,560
Prepayment	255,742	237,046
Other debtors	658,338	1,095,896
Corporation tax recoverable	-	2,080,216
Deferred tax asset (note 16)	6,894,819	2,498,189
Loans to a fellow group company	7,200,000	-
	<u>15,964,065</u>	<u>7,352,356</u>

All debtors are due within one year. Amounts owed from fellow group undertakings are unsecured, interest free and repayable on demand.

On 4 December 2023 interest bearing loan at a rate of SONIA +1% per annum and unsecured of £7,200,000 was issued to Convoys Properties Limited, a fellow subsidiary of CK Asset Holdings Limited, repayable on 3 December 2024.

#### Amounts falling due after more than one year:

	2023 £	2022 £
Loans to fellow group companies	-	21,700,000
Finance lease receivable on the ground rent	13,223,319	12,781,483
	<u>13,223,319</u>	<u>34,481,483</u>

The loans to fellow group companies are interest bearing at a rate of SONIA +1.01% per annum (2022: SONIA + 1.01% per annum) and unsecured, they were issued on 16 August 2021 and were repaid on 4 May 2023.

Finance lease on the ground rent are receivable as follows:

	2023 £	2022 £
<b>Minimum lease payments</b>		
Within one year	107,750	106,300
In the second to fifth years inclusive	431,000	425,200
After five years	3,030,253,250	2,989,581,200
Less future finance charge	(3,017,568,681)	(2,977,331,217)
Present value of lease receivable	<u>13,223,319</u>	<u>12,781,483</u>

## Circadian Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2023

#### 13. Debtors (continued)

	2023	2022
	£	£
<b>Present value of minimum lease payments</b>		
Within one year	104,610	103,204
In the second to fifth years inclusive	388,834	383,619
After five years	12,729,874	12,294,660
	<u>13,223,319</u>	<u>12,781,483</u>
Present value of lease receivable	<u>13,223,319</u>	<u>12,781,483</u>

The terms of the finance leases are for 979 years from 29 September 2017 with the ground rent doubling at the end of the twenty fifth, fiftieth, seventy fifth, one hundredth and one hundred and twenty fifth year.

The ground rent to be received under a 979-year lease that was granted in previous periods in relation to residential property within the Chelsea Waterfront development was not recognised as a finance lease receivable as the point the transaction was entered into.

#### 14. Creditors: amounts falling due within one year

	2023	2022
	£	£
Amounts owed to group undertakings:		
- Ferrensby Limited	168,163	189,447
- Albion Residential Limited	4,860	3,360
- Convoys Properties Limited	134,465	366,671
- Castelefield International Limited	16,584	-
- Bymoon Limited	-	23,188
Trade creditors	929,131	2,106,854
Amounts owed to related entities (note 18)	417,079	866,237
Rental deposits	500	500
Sales received in advance	3,849,809	1,215,200
Retention money payable to contractors	219,493	1,033,452
Accruals	5,172,333	10,276,709
Interest payable to a fellow group company	35,687,499	7,777,210
Corporation tax payable	2,928,744	-
	<u>49,528,660</u>	<u>23,858,828</u>

Amounts owed to fellow group undertakings and related entities are unsecured, interest free and repayable on demand.

#### 15. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Loans from fellow group companies	<u>578,597,000</u>	<u>546,597,000</u>

On 18 September 2023 a £32,000,000 interest bearing loan at a rate of SONIA +1% per annum and unsecured from a £270,000,000 credit commitment was issued by Bayswater Yingkoudao (HK) Limited, a fellow subsidiary of CK Asset Holdings Limited, repayable on 23 February 2026.



## Circadian Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2023

#### 16. Deferred tax

##### Deferred tax asset

	2023 £	2022 £
Accelerated capital allowances	5,715	5,161
Corporate interest restriction	6,889,104	2,493,028
Deferred tax asset	<u>6,894,819</u>	<u>2,498,189</u>
At 1 January	2,498,189	1,871,803
Deferred tax at 19% for the financial year	-	(433)
Deferred tax at 23.5% for the financial year	554	-
Deferred tax at 25% for the financial year	<u>4,396,076</u>	<u>626,819</u>
At 31 December	<u>6,894,819</u>	<u>2,498,189</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Company.

There is no expiry date on timing differences, unused tax losses or tax credits.

#### 17. Called up share capital

	2023 £	2022 £
<b>Allotted and fully paid</b>		
100 (2022: 100) ordinary shares of £1	<u>100</u>	<u>100</u>

#### 18. Related party transactions

During the year, the Company incurred expenditure for project management fees charged by its fellow group company as follows:

	2023 £	2022 £
Hutchison Property Group (UK) Limited	<u>3,857,797</u>	<u>4,243,655</u>

Included in accruals is the not yet invoiced amount of £891,222 (2022: £2,236,752) relating to the Hutchison Property Group (UK) Limited project management fee as shown as above.

## Circadian Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2023

#### 18. Related party transactions (continued)

During the year, the Company incurred expenditure for sales consultancy fees charged by its fellow group companies as follows:

	2023 £	2022 £
Hutchison Property Group (UK) Limited	138,097	136,261
Bymoon Limited	276,193	272,522
	<u>414,290</u>	<u>408,783</u>

During the year, the Company incurred professional fees for licence fee for alteration and assignment on the resident units in the Chelsea Waterfront development by its fellow group company as follows:

	2023 £	2022 £
Hutchison Property Group (UK) Limited	1,750	950

The Company has borrowed loans from its fellow group companies, Super Achieve Investments Limited and Bayswater Yingkoudao (HK) Limited. Finance charges were accrued and charged to the profit and loss account as follows:

	2023 £	2022 £
Super Achieve Investments Limited	22,536,187	9,660,424
Bayswater Yingkoudao (HK) Limited	7,496,392	2,417,458
	<u>30,032,579</u>	<u>12,077,882</u>

The Company has issued loans to its fellow group companies, Convoys Properties Limited and Castlefield International Limited. Finance incomes were accrued and recognised to the profit and loss account as follows:

	2023 £	2022 £
Convoys Properties Limited	266,010	391,581
Castlefield International Limited	55,714	93,979
	<u>321,724</u>	<u>485,560</u>

## Circadian Limited

### Notes to the financial statements (continued)

For the year ended 31 December 2023

#### 18. Related party transactions (continued)

During the year, the Company has claimed group relief on its corporation tax from the following related entities:

	2023	2022
	£	£
CK Noble (Jersey) Limited	-	1,106
Wellness Legion (Jersey) Limited	417,079	150,907
Wellness Legion (UK) Limited	-	1,426
CK William Midco 1 Limited	-	1,249
CK Steel (UK) Limited	-	711,549
	<u>417,079</u>	<u>866,237</u>

All other amounts owed to or from related parties are disclosed in notes 10 and 13 to 15.

#### 19. Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is Circadian (CH) Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent undertaking and controlling party is CK Asset Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited and incorporated in the Cayman Islands. The address of the registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The group financial statements of CK Asset Holdings Limited, which is both the largest and smallest group into which the financial results of the Company are consolidated, can be obtained from 7th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

#### 20. Financial commitments

Capital commitments are as follows:

	2023	2022
	£	£
Contracted for but not provided for		
- Properties under development	17,737,082	92,842,042
	<u>17,737,082</u>	<u>92,842,042</u>

#### 21. Subsequent events

On 19 February 2024 interest bearing loan at a rate of SONIA +1% per annum and unsecured of £4,800,000 was issued to Convoys Properties Limited, a fellow subsidiary of CK Asset Holdings Limited, repayable on 18 February 2025.