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HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014

The Directors of Hongkong Chinese Limited (the “Company”) announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th September, 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September, 2014

| | | Unaudited six months ended 30th September, 2014 HK\$'000 | 2013 HK\$'000 |
|--|------|---|------------------|
| | Note | | |
| Revenue | 2 | 114,516 | 1,927,797 |
| Cost of sales | | (31,627) | (1,164,156) |
| Gross profit | | 82,889 | 763,641 |
| Administrative expenses | | (39,179) | (39,831) |
| Other operating expenses | | (21,929) | (54,013) |
| Net fair value gain on investment properties | | 20,081 | — |
| Finance costs | | (1,137) | (654) |
| Share of results of associates | | 14,289 | 31,841 |
| Share of results of joint ventures | 4 | (78,976) | 68,035 |
| Profit/(Loss) before tax | 5 | (23,962) | 769,019 |
| Income tax | 6 | (20,357) | (283,036) |
| Profit/(Loss) for the period | | (44,319) | 485,983 |
| Attributable to: | | | |
| Equity holders of the Company | | (50,327) | 402,589 |
| Non-controlling interests | | 6,008 | 83,394 |
| | | (44,319) | 485,983 |
| | | <i>HK cents</i> | <i>HK cents</i> |
| Earnings/(Loss) per share attributable to equity holders of the Company | 7 | | |
| Basic | | (2.5) | 20.1 |
| Diluted | | N/A | N/A |

Details of the interim distribution are disclosed in Note 8 to the interim results.

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2014

| | Unaudited six months ended 30th September, | |
|---|---|-----------------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Profit/(Loss) for the period | (44,319) | 485,983 |
| Other comprehensive income/(loss) | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | |
| Available-for-sale financial assets: | | |
| Changes in fair value | 85 | (4,549) |
| Adjustments for disposal | 4 | 481 |
| Income tax effect | 371 | 1,847 |
| | <u>460</u> | <u>(2,221)</u> |
| Share of other comprehensive loss of joint ventures: | | |
| Share of changes in fair value of available-for-sale financial assets | (5,082) | (4,165) |
| Share of effective portion of changes in fair value of cash flow hedges | (1,351) | (4,018) |
| Share of exchange differences on translation of foreign operations | (76,807) | (119,316) |
| | <u>(83,240)</u> | <u>(127,499)</u> |
| Exchange differences on translation of foreign operations | <u>(9,126)</u> | <u>(3,071)</u> |
| Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax | <u>(91,906)</u> | <u>(132,791)</u> |
| Total comprehensive income/(loss) for the period | <u>(136,225)</u> | <u>353,192</u> |
| Attributable to: | | |
| Equity holders of the Company | (142,428) | 268,238 |
| Non-controlling interests | 6,203 | 84,954 |
| | <u>(136,225)</u> | <u>353,192</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2014

| | | 30th September, 2014 | 31st March, 2014 |
|---|------|-------------------------|-----------------------|
| | Note | HK\$'000 (Unaudited) | HK\$'000 (Audited) |
| Non-current assets | | | |
| Goodwill | | 71,485 | 71,485 |
| Fixed assets | | 73,187 | 16,915 |
| Investment properties | | 239,558 | 219,917 |
| Interests in associates | | 472,354 | 506,968 |
| Interests in joint ventures | 4 | 7,856,183 | 7,978,964 |
| Available-for-sale financial assets | | 95,800 | 104,245 |
| Loans and advances | | 97,331 | 91,151 |
| | | <u>8,905,898</u> | <u>8,989,645</u> |
| Current assets | | | |
| Properties held for sale | | 150,449 | 173,087 |
| Properties under development | | 739,801 | 633,422 |
| Loans and advances | | 266,561 | 276,447 |
| Debtors, prepayments and deposits | 9 | 118,318 | 167,022 |
| Available-for-sale financial assets | | 20,940 | 3,753 |
| Financial assets at fair value through profit or loss | | 120,688 | 123,474 |
| Tax recoverable | | 422 | 518 |
| Client trust bank balances | | 326,858 | 311,353 |
| Restricted cash | | 96,784 | 174,303 |
| Treasury bills | | 48,500 | 33,950 |
| Cash and bank balances | | 1,999,679 | 2,289,239 |
| | | <u>3,889,000</u> | <u>4,186,568</u> |
| Current liabilities | | | |
| Bank and other borrowings | | 345,083 | 308,387 |
| Creditors, accruals and deposits received | 10 | 1,126,333 | 1,177,804 |
| Current, fixed, savings and other deposits of customers | | 358,026 | 332,180 |
| Tax payable | | 284,938 | 611,570 |
| | | <u>2,114,380</u> | <u>2,429,941</u> |
| Net current assets | | <u>1,774,620</u> | <u>1,756,627</u> |
| Total assets less current liabilities | | <u>10,680,518</u> | <u>10,746,272</u> |

| | 30th September, 2014 <i>HK\$'000</i> (Unaudited) | 31st March, 2014 <i>HK\$'000</i> (Audited) |
|--|---|---|
| Non-current liabilities | | |
| Bank and other borrowings | 104,660 | – |
| Deferred tax liabilities | 110,844 | 106,724 |
| | <u>215,504</u> | <u>106,724</u> |
| Net assets | <u>10,465,014</u> | <u>10,639,548</u> |
| Equity | | |
| Equity attributable to equity holders of the Company | | |
| Issued capital | 1,998,280 | 1,998,280 |
| Reserves | 8,212,498 | 8,393,235 |
| | <u>10,210,778</u> | <u>10,391,515</u> |
| Non-controlling interests | 254,236 | 248,033 |
| | <u>10,465,014</u> | <u>10,639,548</u> |

Note:

1. PRINCIPAL ACCOUNTING POLICIES

The interim results are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. The interim results have been reviewed by the audit committee of the Company.

The accounting policies and basis of preparation adopted in the preparation of these interim results are consistent with those used in the Group’s audited financial statements for the year ended 31st March, 2014, except as described below.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”), which have become effective for accounting periods beginning on or after 1st April, 2014, for the first time for the current period’s interim results:

| | |
|---|---|
| HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments | Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i> |
| HKAS 32 Amendments | Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> — <i>Offsetting Financial Assets and Financial Liabilities</i> |
| HKAS 39 Amendments | Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> — <i>Novation of Derivatives and Continuation of Hedge Accounting</i> |
| HK(IFRIC)-Int 21 | <i>Levies</i> |

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim results.

2. REVENUE

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from underwriting and securities broking, gross interest income, commissions, dealing income and other revenue from a banking subsidiary, gross income from project management, and interest and other income from money lending and other businesses.

An analysis of the revenue of the Group by principal activity is as follows:

| | Six months ended 30th September, | |
|--|---|------------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Property investment | 5,416 | 6,438 |
| Property development (<i>Note</i>) | 50,945 | 1,869,537 |
| Treasury investment | 25,590 | 11,237 |
| Securities investment | 4,863 | 4,940 |
| Corporate finance and securities broking | 10,801 | 15,824 |
| Banking business | 11,479 | 10,322 |
| Project management | – | 3,857 |
| Other | 5,422 | 5,642 |
| | 114,516 | 1,927,797 |

Note: The revenue mainly represents proceeds from sales of properties of the property development project in Beijing which was completed during the six months ended 30th September, 2013.

Revenue attributable to the banking business represents revenue generated from The Macau Chinese Bank Limited, a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China. Revenue attributable to the banking business is analysed as follows:

| | Six months ended 30th September, | |
|-------------------|---|-----------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Interest income | 9,338 | 8,463 |
| Commission income | 1,883 | 1,313 |
| Other revenue | 258 | 546 |
| | 11,479 | 10,322 |

3. SEGMENT INFORMATION

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

- (a) the property investment segment includes letting and resale of properties;
- (b) the property development segment includes development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes dealings in securities and financial assets available-for-sale;
- (e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (f) the banking business segment engages in the provision of commercial and retail banking services;
- (g) the project management segment engages in the provision of project management, marketing, sales and administrative and other related services; and
- (h) the “other” segment comprises principally the development of computer hardware and software, money lending and the provision of fund management and investment advisory services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that corporate expenses and finance costs unallocated are excluded from such measurement.

Inter-segment transactions are on an arm’s length basis in a manner similar to transactions with third parties.

| | Property investment HK\$'000 | Property development HK\$'000 | Treasury investment HK\$'000 | Securities investment HK\$'000 | Corporate finance and securities broking HK\$'000 | Banking business HK\$'000 | Project management HK\$'000 | Other HK\$'000 | Inter- segment elimination HK\$'000 | Consolidated HK\$'000 |
|---------------------------------------|------------------------------------|-------------------------------------|------------------------------------|--------------------------------------|---|---------------------------------|-----------------------------------|-------------------|--|--------------------------|
| Six months ended 30th September, 2014 | | | | | | | | | | |
| Revenue | | | | | | | | | | |
| External | 5,416 | 50,945 | 25,590 | 4,863 | 10,801 | 11,479 | – | 5,422 | – | 114,516 |
| Inter-segment | – | – | – | – | – | – | – | 675 | (675) | – |
| Total | <u>5,416</u> | <u>50,945</u> | <u>25,590</u> | <u>4,863</u> | <u>10,801</u> | <u>11,479</u> | <u>–</u> | <u>6,097</u> | <u>(675)</u> | <u>114,516</u> |
| Segment results | <u>21,847</u> | <u>19,242</u> | <u>25,515</u> | <u>2,034</u> | <u>(6,791)</u> | <u>1,290</u> | <u>–</u> | <u>374</u> | <u>(675)</u> | <u>62,836</u> |
| Unallocated corporate expenses | | | | | | | | | | (20,975) |
| Finance costs | | | | | | | | | | (1,136) |
| Share of results of associates | – | 14,294 | – | – | – | – | – | (5) | – | 14,289 |
| Share of results of joint ventures | (78,625) | (62) | – | – | – | – | – | (289) | – | (78,976) |
| Loss before tax | | | | | | | | | | <u>(23,962)</u> |
| Six months ended 30th September, 2013 | | | | | | | | | | |
| Revenue | | | | | | | | | | |
| External | 6,438 | 1,869,537 | 11,237 | 4,940 | 15,824 | 10,322 | 3,857 | 5,642 | – | 1,927,797 |
| Inter-segment | – | – | – | – | – | – | 298 | 2,763 | (3,061) | – |
| Total | <u>6,438</u> | <u>1,869,537</u> | <u>11,237</u> | <u>4,940</u> | <u>15,824</u> | <u>10,322</u> | <u>4,155</u> | <u>8,405</u> | <u>(3,061)</u> | <u>1,927,797</u> |
| Segment results | <u>1,058</u> | <u>674,449</u> | <u>11,160</u> | <u>1,536</u> | <u>(213)</u> | <u>1,516</u> | <u>(1,068)</u> | <u>2,170</u> | <u>(954)</u> | <u>689,654</u> |
| Unallocated corporate expenses | | | | | | | | | | (19,857) |
| Finance costs | | | | | | | | | | (654) |
| Share of results of associates | – | 31,848 | – | – | – | – | – | (7) | – | 31,841 |
| Share of results of joint ventures | 65,201 | 2,834 | – | – | – | – | – | – | – | 68,035 |
| Profit before tax | | | | | | | | | | <u>769,019</u> |

4. SHARE OF RESULTS OF JOINT VENTURES/INTERESTS IN JOINT VENTURES

Interests in joint ventures mainly included the Group's interest in Lippo ASM Asia Property Limited ("LAAPL"). LAAPL is a joint venture set up to hold the controlling stake in OUE Limited ("OUE"), a listed company in Singapore. OUE focuses its business across commercial, hospitality, retail and residential property segments.

For the six months ended 30th September, 2014, the Group's share of loss in LAAPL amounted to approximately HK\$78,625,000 (2013 — share of profit of HK\$65,201,000). The drop of share of results was mainly due to the absence of non-recurring share of profit from the write back of deferred tax liabilities during the six months ended 30th September, 2014 as compared with same period of last year. As at 30th September, 2014, the Group's interest in LAAPL was approximately HK\$7,711,764,000 (31st March, 2014 — HK\$7,854,617,000). Certain bank facilities under LAAPL were secured by certain listed shares held under it.

5. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after crediting/(charging):

| | Six months ended 30th September, | |
|--|---|-----------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Interest income: | | |
| Listed available-for-sale financial assets | 2,937 | 2,332 |
| Unlisted available-for-sale financial assets | 104 | — |
| Loans and advances | 3,236 | 2,023 |
| Banking business | 9,338 | 8,463 |
| Other | 25,590 | 11,237 |
| Dividend income: | | |
| Listed investments | 1,678 | 296 |
| Unlisted investments | 19 | 2,242 |
| Gain/(Loss) on disposal of: | | |
| Listed financial assets at fair value through profit or loss | 43 | (91) |
| Unlisted financial assets at fair value through profit or loss | 82 | 161 |
| Listed available-for-sale financial assets | — | 81 |
| Unlisted available-for-sale financial assets | — | (553) |
| Net fair value gain/(loss) on financial assets at fair value through profit or loss: | | |
| Listed | (539) | (115) |
| Unlisted | 77 | (516) |
| Cost of properties sold | (24,033) | (1,155,674) |
| Write-back of allowance/(Allowance) for bad and doubtful debts | (2,027) | 3,560 |
| Interest expense attributable to banking business | (2,400) | (1,823) |
| Depreciation | (1,805) | (1,268) |
| Foreign exchange gains/(losses) — net | (2,428) | 2,290 |

6. INCOME TAX

| | Six months ended 30th September, | |
|--------------------------------|----------------------------------|----------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Hong Kong: | | |
| Charge for the period | — | — |
| Overseas: | | |
| Charge for the period | 16,547 | 283,097 |
| Overprovision in prior periods | (636) | (61) |
| Deferred | 4,446 | — |
| | <u>20,357</u> | <u>283,036</u> |
| Total charge for the period | <u>20,357</u> | <u>283,036</u> |

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2013 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 1,998,280,000 ordinary shares (2013 — approximately 1,998,280,000 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2014 and 2013.

8. INTERIM DISTRIBUTION

| | Six months ended 30th September, | |
|--|----------------------------------|---------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Interim distribution, declared, of HK1 cent (2013 — HK2 cents) per ordinary share | <u>19,983</u> | <u>39,966</u> |

The interim distribution was declared after the end of the reporting period and hence was not accrued on that date.

9. DEBTORS, PREPAYMENTS AND DEPOSITS

Included in the balances are trade debtors with an aged analysis, based on the invoice date and net of provisions as follows:

| | 30th September, 2014 HK\$'000 | 31st March, 2014 HK\$'000 |
|---------------------------------|-------------------------------------|---------------------------------|
| Outstanding balances with ages: | | |
| Repayable on demand | 16,403 | 45,580 |
| Within 30 days | 2,950 | 15,106 |
| Between 61 and 90 days | 242 | 8 |
| | <u>19,595</u> | <u>60,694</u> |

Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing.

10. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised of pre-sale proceeds received from the property development projects of the Group of HK\$445,553,000 (31st March, 2014 — HK\$408,735,000), and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK\$327,110,000 (31st March, 2014 — HK\$357,899,000). As at 30th September, 2014, total client trust bank balances amounted to HK\$326,858,000 (31st March, 2014 — HK\$311,353,000).

An aged analysis of trade creditors are as follows:

| | 30th September, 2014 HK\$'000 | 31st March, 2014 HK\$'000 |
|---------------------------------|-------------------------------------|---------------------------------|
| Outstanding balances with ages: | | |
| Repayable on demand | 325,949 | 343,953 |
| Within 30 days | 1,161 | 38,788 |
| | <u>327,110</u> | <u>382,741</u> |

Trade creditors are generally settled on their normal trade terms. Except for certain client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation which are interest-bearing, the balances of creditors are non-interest-bearing.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30th September, 2014, the Group reported a loss attributable to shareholders of HK\$50 million (2013 — profit of HK\$403 million). The profit for 2013 was mainly attributable to the significant profit arising from the Group's property development project in Beijing which was completed in the third quarter of 2013 and share of profit of joint ventures from the write back of deferred tax liabilities. During the six months ended 30th September, 2014, no new property development projects were completed by the Group and there were no share of profit of joint ventures. Therefore, the results for the period decreased significantly as compared to 2013.

Results for the period

Turnover for the six months ended 30th September, 2014 totalled HK\$115 million (2013 — HK\$1,928 million). The decrease in the Group's turnover was mainly due to the absence of new property development projects completed during the period.

Property investment

Total segment revenue from the property investment business for the six months ended 30th September, 2014 amounted to HK\$5 million (2013 — HK\$6 million). In addition, the Group recorded net valuation gain on its investment properties of HK\$20 million for the period (2013 — Nil). As a result, the segment profit increased to HK\$22 million for the period (2013 — HK\$1 million).

Lippo ASM Asia Property Limited ("LAAPL"), a principal joint venture of the Group, has a majority interest in OUE Limited ("OUE"). OUE is a listed company in Singapore with assets across commercial, hospitality, retail and residential sectors primarily in Singapore. OUE is also the sponsor of OUE Hospitality Trust ("OUE H-Trust") and OUE Commercial Real Estate Investment Trust ("OUE C-REIT"). OUE H-Trust is listed in Singapore with its portfolio comprising Mandarin Orchard Singapore and the adjoining Mandarin Gallery in Singapore. OUE C-REIT is a Singapore real estate investment trust listed in Singapore. Its portfolio comprising OUE Bayfront in Singapore and Lippo Plaza in Shanghai. All these investments provide strong recurrent income to OUE. OUE is committed to enhance the investment portfolio to strengthen the recurrent income base. The revamped retail mall at One Raffles Place, which is in prime location of Singapore, commenced operations in May 2014. In August 2014, OUE has obtained preliminary approval for the development of a 10-storey extension building to the Crowne Plaza Changi Airport Hotel adjacent to Singapore airport. The expansion is expected to be completed in 2015. Asset enhancement works at OUE Downtown and U.S. Bank Tower's observation deck and lobby renovation are also underway.

The Group registered a share of loss of HK\$79 million from the investment in LAAPL during the six months ended 30th September, 2014 (2013 — share of profit of HK\$65 million). The drop of share of results was mainly due to the absence of non-recurring share of profit from the write back of deferred tax liabilities as in 2013.

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and other area of the Asia Pacific region.

For the six months ended 30th September, 2014, the segment recorded a revenue of HK\$51 million (2013 — HK\$1,870 million), mainly from the completion of sale of properties of a property development project at the Beijing Economic-Technological Development Area, mainland China (the “BDA Project”). Construction of the BDA Project was completed in the third quarter of year 2013 and substantial revenue generated from units which have completed the handover process were recognised in 2013. Since no new property development was completed by the Group during the period, the revenue decreased significantly. As a result, the segment profit decreased to HK\$19 million for the period (2013 — HK\$674 million).

In Macau, the development of “M Residences”, a property development project, is expected to be completed in 2015. Pre-sale has been launched since November 2011 and has received satisfactory response. About 96 per cent. of the saleable area of the residential units has been pre-sold as at 30th September, 2014 at a total consideration of approximately HK\$1.2 billion. The revenue and profit arising from the project will be reflected in the Group’s results in the year of completion.

The Group has interests in “Marina Collection” in Sentosa Cove, Singapore, a property development project carried out by an associate of the Group. During the period, this project further contributed a share of profit of HK\$14 million (2013 — HK\$32 million) to the Group, mainly come from the sale of properties.

Treasury and securities investments

Treasury and securities investments businesses recorded a revenue of HK\$30 million during the six months ended 30th September, 2014 (2013 — HK\$16 million), mainly attributable to the interest and dividend income received from the investment portfolio.

The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. The investment market continues to be challenging and full of uncertainties and unrealised fair value loss was recorded. The treasury and securities investments business recorded a profit of HK\$28 million for the six months ended 30th September, 2014 (2013 — HK\$13 million).

Corporate finance and securities broking

Despite there being improvement in investor sentiment, the operating environment of the corporate finance and securities broking business remains challenging. This segment registered a turnover of HK\$11 million for the six months ended 30th September, 2014 (2013 — HK\$16 million) and the loss of this segment was HK\$7 million for the period (2013 — HK\$0.2 million).

Banking business

The Macau Chinese Bank Limited (“MCB”), a licensed bank in Macau, is a wholly-owned subsidiary of the Company. It recorded a turnover of HK\$11 million for the six months ended 30th September, 2014 (2013 — HK\$10 million) and registered a profit of HK\$1 million for the period (2013 — HK\$2 million).

Financial Position

As at 30th September, 2014, the Group’s total assets decreased to HK\$12.8 billion (31st March, 2014 — HK\$13.2 billion). Property-related assets amounted to HK\$9.6 billion as at 30th September, 2014 (31st March, 2014 — HK\$9.8 billion), representing 75 per cent. (31st March, 2014 — 74 per cent.) of the total assets. Total liabilities decreased to HK\$2.3 billion (31st March, 2014 — HK\$2.5 billion). The Group’s financial position remained healthy.

As at 30th September, 2014, bank and other borrowings of the Group (other than those attributable to banking business) increased to HK\$450 million (31st March, 2014 — HK\$308 million). The bank loans amounted to HK\$345 million as at 30th September, 2014 (31st March, 2014 — HK\$308 million), which were denominated in Hong Kong dollars (31st March, 2014 — Hong Kong dollars and Renminbi). The bank loans were secured by first legal mortgages over certain properties and certain bank deposits of the Group. All of the bank loans carried interest at floating rates and were repayable within one year. The Group’s other borrowings as at 30th September, 2014 comprised of unsecured loans advanced from Lippo Limited of HK\$105 million (31st March, 2014 — Nil). Such advance would be repayable on or before 31st December, 2015. As at 30th September, 2014, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders’ funds) was 4.4 per cent. (31st March, 2014 — 3.0 per cent.).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK\$10.2 billion as at 30th September, 2014 (31st March, 2014 — HK\$10.4 billion). This was equivalent to HK\$5.1 per share (31st March, 2014 — HK\$5.2 per share).

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swap and currency loans would be used to manage the foreign exchange exposure.

As at 30th September, 2014, the Group had contingent liabilities relating to MCB of approximately HK\$15 million (31st March, 2014 — HK\$18 million), comprising guarantees and other endorsements of approximately HK\$12 million (31st March, 2014 — HK\$15 million) and liabilities under letters of credit on behalf of customers of approximately HK\$3 million (31st March, 2014 — HK\$3 million). Aside from the abovementioned, the Group had no material contingent liabilities outstanding as at 30th September, 2014 (31st March, 2014 — Nil). Apart from the abovementioned, there were no charges on the Group’s assets at the end of the period (31st March, 2014 — Nil).

The Group's commitments mainly arise from its property development projects. As the site works of M Residences are substantially completed, the total commitment as at 30th September, 2014 decreased to HK\$189 million (31st March, 2014 — HK\$290 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and remuneration

The Group had 160 employees as at 30th September, 2014 (2013 — 187 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the period amounted to HK\$28 million (2013 — HK\$27 million). The Group ensures that its employees are offered competitive remuneration packages.

Outlook

The global economic environment has stabilised but there are still various uncertainties. The US Federal Reserve has recently ended its quantitative easing program and there is a greater anticipation of increase in interest rates in the near future, which may cast shadow on the business environment. However, the Group is still confident on the long-term potential growth and development of the Company. The Group will continue to cautiously manage its investment portfolio in view of the market conditions and its business needs with a view to maximising returns to the shareholders of the Company.

BUSINESS REVIEW

The U.S. economy performed better with stronger private consumption, business investments and exports during 2014. With the gradual global economic recovery, the major stock markets in U.S. and Europe continued to perform well. However, it was overall a steady and modest economic recovery. Global economy was still overshadowed by the tapered withdrawal by the U.S. Federal Reserve of its quantitative easing program. On the positive side, although there are concerns that the present low interest rate environment may not continue to last long, the prevailing low interest rate and surplus funds environment has helped the major economies in the Asia region to sustain a stable economic environment, with mainland China continuing to be the leading economic performer.

The Group maintained steady performance during the six months ended 30th September, 2014 (the "Period"), assisted by the continuing stable economic environment of the countries in the Asia region, within which the Group substantially has its operations and investments.

The Group recorded a consolidated loss attributable to shareholders of approximately HK\$50 million for the Period, as compared to a consolidated profit of approximately HK\$403 million for the six months ended 30th September, 2013 (the "Last Period").

During the Last Period, the Group recognised a significant part of the profit arising from the pre-sold properties of the Group's property development project at Beijing Economic-Technological Development Area (北京經濟技術開發區) in Beijing, mainland China (the "BDA Project") which had been completed in the third quarter of 2013 and shared a profit from its joint ventures which was mainly attributable to the write back of certain deferred tax liabilities by a joint venture following a change of tax base of its underlying property. However, during the Period, there was no new property development projects completed by the Group and no such significant profit was recorded and there was no such non-recurring share of profit of joint ventures.

The Group has a 50 per cent. interest in the "Marina Collection", which is located at Sentosa Cove, Sentosa Island, Singapore. This property development project was completed in 2011 and provides 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres. Up to 30th September, 2014, a total of 91 units have been sold of which 2 units were sold during the Period.

Lippo ASM Asia Property Limited ("LAAPL"), a principal joint venture of the Company, is the holding vehicle holding the controlling stake of OUE Limited ("OUE"), a listed company in Singapore principally engaged in property investment and development and hotel operations. As at 30th September, 2014, LAAPL has an aggregate equity interest of approximately 68.02 per cent. in OUE.

The OUE Group successfully completed the acquisition of the U.S. Bank Tower, a Class A office property located in the core of downtown Los Angeles and the tallest iconic building in California, U.S. in 2013. Together with its interest in other well diversified and high quality properties in Singapore, such as One Raffles Place and OUE Downtown, the OUE Group has substantial and stable recurrent income stream.

OUE Hospitality Trust ("OUE H-Trust"), a real estate investment trust established by OUE in 2013, is holding the entire interest in Mandarin Orchard Singapore and Mandarin Gallery in Singapore. The staple securities in OUE H-Trust are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). As at 30th September, 2014, OUE and LAAPL held approximately 34.2 per cent. and 7.8 per cent. respectively of the total number of stapled securities units of OUE H-Trust in issue. With the listing of OUE H-Trust and by retaining a stake in OUE H-Trust, it is expected that OUE will benefit from a stable and recurring income stream.

OUE Commercial Real Estate Investment Trust ("OUE C-REIT") was established by OUE in early 2014 and is also listed on the Main Board of the SGX-ST. Its property portfolio includes OUE Bayfront, an 18-storey office building in Singapore with its ancillary properties as well as the properties at Lippo Plaza in Shanghai. By establishing OUE C-REIT, OUE will be able to diversify and expand into new geographical areas. As at 30th September, 2014, the OUE Group was holding approximately 48 per cent. of the total number of OUE C-REIT units in issue.

The Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the BDA Project in Beijing. The Group has an 80 per cent. interest in the BDA Project which has been completed in the second half of 2013. The BDA Project involves the development of an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. The sale and handover of approximately 91 per cent. of the total saleable area of the project has been completed as at 30th September, 2014.

The Group has 100 per cent. interest in the residential development known as “M Residences” at 83 Estrada de Cacilhas, Macau. Interior fitting-out works of the project have been substantially completed. “M Residences”, with a site of approximately 3,398 square metres, is being developed into 311 residential units with a total saleable area of approximately 26,025 square metres. It is aimed to have the development completed before the current financial year end. As at 30th September, 2014, about 96 per cent. of the total saleable area of the project had been pre-sold.

The Macau Chinese Bank Limited (“MCB”), a wholly-owned subsidiary of the Company, maintained steady performance during the Period amidst the strong performance of the Macau economy. The Group will continue to seek new business opportunities for MCB and enhance its competitiveness in the Macau banking sector.

Though the major stock markets in U.S. and Europe have rebounded during the Period, the stock markets in Hong Kong and mainland China remained sluggish. For the local stock market, participation from retail investors remained cautious given the uncertain market conditions. This has affected the performance and profitability of Lippo Securities Holdings Limited (“LSHL”) during the Period. LSHL is a wholly-owned subsidiary of the Company and its subsidiaries are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services. The outlook for the local stock market will be dependent on the market conditions in mainland China and economic developments globally, especially in U.S. and Europe. It is expected that the recent launching of the “Shanghai-Hong Kong Stock Connect” will help to enhance the market sentiment of both the local and mainland China stock markets.

The Group will continue to be watchful of market developments and will manage its portfolio with a view to further improving overall asset quality.

PROSPECTS

The economic prospects for Asia remain positive but with the growth momentum dependent on the pace of economic recovery in U.S. and Europe. Though there are strong signs that the global economy has picked up, the tapered withdrawal by the U.S. Federal Reserve of its quantitative easing program will undoubtedly affect the pace of the economic recovery in U.S. and globally in the coming year. Hopefully, the present low interest rate environment can continue for some time and if so, it would help promote investor confidence and create new business opportunities.

The Group will continue to focus on property investment and property development businesses in Asia Pacific region for its long term growth. Management is however watchful of the economic challenges ahead and will accordingly continue to take a cautious and prudent approach in the management of the Group's property portfolio and businesses and in its assessment of new investment opportunities.

INTERIM DISTRIBUTION

The Directors have resolved to declare the payment of an interim distribution of HK1 cent (2013 — HK2 cents) per share amounting to approximately HK\$20 million for the six months ended 30th September, 2014 (2013 — approximately HK\$40 million), which will be paid on or about Wednesday, 28th January, 2015 to shareholders whose names appear on the Company's Register of Members on Wednesday, 14th January, 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 12th January, 2015 to Wednesday, 14th January, 2015 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim distribution for the six months ended 30th September, 2014, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Tengis Limited, the Company's Branch Share Registrar in Hong Kong, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 9th January, 2015.

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

During the six months ended 30th September, 2014, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Tsui King Fai (Chairman), Mr. Albert Saychuan Cheok and Mr. Victor Yung Ha Kuk and one non-executive Director, Mr. Leon Chan Nim Leung. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th September, 2014.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance practices. The Company's Board of Directors (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders' expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance so as to safeguard the interests of shareholders and enhance shareholders' value.

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th September, 2014.

By Order of the Board
Hongkong Chinese Limited
John Lee Luen Wai
Chief Executive Officer

Hong Kong, 27th November, 2014

As at the date of this announcement, the executive Directors of the Company are Dr. Stephen Riady (Chairman) and Messrs. John Lee Luen Wai (Chief Executive Officer) and Kor Kee Yee; the non-executive Director of the Company is Mr. Leon Chan Nim Leung; and the independent non-executive Directors of the Company are Messrs. Albert Saychuan Cheok, Victor Yung Ha Kuk and Tsui King Fai.