



**Hongkong Chinese Limited**

**香港華人有限公司**

*(Incorporated in Bermuda with limited liability)*

(Stock Code:655)

INTERIM REPORT  
**2014**



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The Directors of Hongkong Chinese Limited (the "Company") present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2014.

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th September, 2014

	Note	Unaudited	
		2014	2013
		HK\$'000	HK\$'000
<b>Revenue</b>	3	<b>114,516</b>	1,927,797
Cost of sales		<b>(31,627)</b>	(1,164,156)
<b>Gross profit</b>		<b>82,889</b>	763,641
Administrative expenses		<b>(39,179)</b>	(39,831)
Other operating expenses		<b>(21,929)</b>	(54,013)
Net fair value gain on investment properties		<b>20,081</b>	–
Finance costs		<b>(1,137)</b>	(654)
Share of results of associates		<b>14,289</b>	31,841
Share of results of joint ventures	4	<b>(78,976)</b>	68,035
<b>Profit/(Loss) before tax</b>	5	<b>(23,962)</b>	769,019
Income tax	6	<b>(20,357)</b>	(283,036)
<b>Profit/(Loss) for the period</b>		<b>(44,319)</b>	485,983
<b>Attributable to:</b>			
Equity holders of the Company		<b>(50,327)</b>	402,589
Non-controlling interests		<b>6,008</b>	83,394
		<b>(44,319)</b>	485,983
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings/(Loss) per share attributable to equity holders of the Company</b>	7		
Basic		<b>(2.5)</b>	20.1
Diluted		<b>N/A</b>	N/A

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

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2014

	Unaudited	
	2014	2013
	HK\$'000	HK\$'000
<b>Profit/(Loss) for the period</b>	<b>(44,319)</b>	485,983
<b>Other comprehensive income/(loss)</b>		
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
	<b>460</b>	(2,221)
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)
	<b>(83,240)</b>	(127,499)
Exchange differences on translation of foreign operations	(9,126)	(3,071)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax	<b>(91,906)</b>	(132,791)
<b>Total comprehensive income/(loss) for the period</b>	<b>(136,225)</b>	353,192
<b>Attributable to:</b>		
Equity holders of the Company	(142,428)	268,238
Non-controlling interests	6,203	84,954
	<b>(136,225)</b>	353,192

# Condensed Consolidated Statement of Financial Position

As at 30th September, 2014

		30th September, 2014	31st March, 2014
	Note	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
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	9	95,800	104,245
Loans and advances	10	97,331	91,151
		<b>8,905,898</b>	8,989,645
<b>Current assets</b>			
Properties held for sale		150,449	173,087
Properties under development		739,801	633,422
Loans and advances	10	266,561	276,447
Debtors, prepayments and deposits	11	118,318	167,022
Available-for-sale financial assets	9	20,940	3,753
Financial assets at fair value through profit or loss	12	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
		<b>3,889,000</b>	4,186,568
<b>Current liabilities</b>			
Bank and other borrowings	13	345,083	308,387
Creditors, accruals and deposits received	14	1,126,333	1,177,804
Current, fixed, savings and other deposits of customers	15	358,026	332,180
Tax payable		284,938	611,570
		<b>2,114,380</b>	2,429,941
<b>Net current assets</b>		<b>1,774,620</b>	1,756,627
<b>Total assets less current liabilities</b>		<b>10,680,518</b>	10,746,272

Condensed Consolidated Statement of Financial Position (Continued)

As at 30th September, 2014

		<b>30th September, 2014</b>	31st March, 2014
	<i>Note</i>	<b>HK\$'000</b> <b>(Unaudited)</b>	<i>HK\$'000</i> <b>(Audited)</b>
<b>Non-current liabilities</b>			
Bank and other borrowings	13	<b>104,660</b>	–
Deferred tax liabilities		<b>110,844</b>	106,724
		<b>215,504</b>	106,724
<b>Net assets</b>		<b>10,465,014</b>	10,639,548
<b>Equity</b>			
Equity attributable to equity holders of the Company			
Issued capital	16	<b>1,998,280</b>	1,998,280
Reserves	17	<b>8,212,498</b>	8,393,235
		<b>10,210,778</b>	10,391,515
Non-controlling interests		<b>254,236</b>	248,033
		<b>10,465,014</b>	10,639,548

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2014

	Unaudited												
	Attributable to equity holders of the Company												
	Issued capital	Share premium account	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve	Exchange equalisation reserve	Distributable reserves	Total	Non-controlling interests	Total equity
	HKS'000	HKS'000	(Note 17(c)) HKS'000	(Note 17(d)) HKS'000	(Note 17(e)) HKS'000	HKS'000	HKS'000	(Note 17(f)) HKS'000	HKS'000	(Note 17(b)) HKS'000	HKS'000	HKS'000	HKS'000
At 1st April, 2014	1,998,280	92,775	22,144	9,840	2,691	433,393	36,074	(3,242)	949,559	6,850,001	10,391,515	248,033	10,639,548
Loss for the period	-	-	-	-	-	-	-	-	-	(50,327)	(50,327)	6,008	(44,319)
Other comprehensive income/(loss) for the period:													
Available-for-sale financial assets:													
Changes in fair value	-	-	-	-	-	85	-	-	-	-	85	-	85
Adjustments for disposal	-	-	-	-	-	4	-	-	-	-	4	-	4
Income tax effect	-	-	-	-	-	371	-	-	-	-	371	-	371
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(5,082)	-	(1,351)	(76,807)	-	(83,240)	-	(83,240)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(9,321)	-	(9,321)	195	(9,126)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(4,622)	-	(1,351)	(86,128)	(50,327)	(142,428)	6,203	(136,225)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	-	-	-	1,657	1,657	-	1,657
Transfer of reserve	-	-	-	1,874	-	-	-	-	-	(1,874)	-	-	-
2013/2014 final distribution declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	(39,966)	(39,966)	-	(39,966)
<b>At 30th September, 2014</b>	<b>1,998,280</b>	<b>92,775</b>	<b>22,144</b>	<b>11,714</b>	<b>2,691</b>	<b>428,771</b>	<b>36,074</b>	<b>(4,593)</b>	<b>863,431</b>	<b>6,759,491</b>	<b>10,210,778</b>	<b>254,236</b>	<b>10,465,014</b>
At 1st April, 2013	1,998,280	92,775	22,144	7,854	2,691	336,919	36,074	-	1,085,962	6,693,927	10,276,626	61,768	10,338,394
Profit for the period	-	-	-	-	-	-	-	-	-	402,589	402,589	83,394	485,983
Other comprehensive income/(loss) for the period:													
Available-for-sale financial assets:													
Changes in fair value	-	-	-	-	-	(4,549)	-	-	-	-	(4,549)	-	(4,549)
Adjustments for disposal	-	-	-	-	-	481	-	-	-	-	481	-	481
Income tax effect	-	-	-	-	-	1,847	-	-	-	-	1,847	-	1,847
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(4,165)	-	(4,018)	(119,316)	-	(127,499)	-	(127,499)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(4,631)	-	(4,631)	1,560	(3,071)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(6,386)	-	(4,018)	(123,947)	402,589	268,238	84,954	353,192
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	-	-	-	(38,146)	(38,146)	-	(38,146)
Repayment to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,468)	(2,468)
Transfer of reserve	-	-	-	1,986	-	-	-	-	-	(1,986)	-	-	-
2012/2013 final distribution declared and paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	(39,966)	(39,966)	-	(39,966)
<b>At 30th September, 2013</b>	<b>1,998,280</b>	<b>92,775</b>	<b>22,144</b>	<b>9,840</b>	<b>2,691</b>	<b>330,533</b>	<b>36,074</b>	<b>(4,018)</b>	<b>962,015</b>	<b>7,016,418</b>	<b>10,466,752</b>	<b>144,254</b>	<b>10,611,006</b>



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2014

	Unaudited six months ended 30th September,	
	2014 HK\$'000	2013 HK\$'000
Net cash flows from/(used in) operating activities	<b>(355,038)</b>	93,597
Net cash flows from investing activities	<b>14,334</b>	152,831
Net cash flows from/(used in) financing activities	<b>139,348</b>	(106,736)
Net increase/(decrease) in cash and cash equivalents	<b>(201,356)</b>	139,692
Cash and cash equivalents at the beginning of period	<b>1,398,913</b>	592,212
Exchange realignments	<b>950</b>	5,377
Cash and cash equivalents at end of period	<b>1,198,507</b>	737,281
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	<b>1,999,679</b>	708,181
Treasury bills	<b>48,500</b>	29,100
Time deposits with original maturity of more than three months	<b>(849,672)</b>	–
	<b>1,198,507</b>	737,281

# Notes to the Interim Financial Statements

## 1. PRINCIPAL ACCOUNTING POLICIES

The interim financial statements 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 accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements 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 financial statements:

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 financial statements.

## 2. 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.

## Notes to the Interim Financial Statements (Continued)

### 2. SEGMENT INFORMATION (Continued)

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	Property development	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Project management	Other	Inter-segment elimination	Consolidated
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>Six months ended 30th September, 2014</b>										
<b>Revenue</b>										
External	5,416	50,945	25,590	4,863	10,801	11,479	-	5,422	-	114,516
Inter-segment	-	-	-	-	-	-	-	675	(675)	-
<b>Total</b>	<b>5,416</b>	<b>50,945</b>	<b>25,590</b>	<b>4,863</b>	<b>10,801</b>	<b>11,479</b>	<b>-</b>	<b>6,097</b>	<b>(675)</b>	<b>114,516</b>
<b>Segment results</b>	<b>21,847</b>	<b>19,242</b>	<b>25,515</b>	<b>2,034</b>	<b>(6,791)</b>	<b>1,290</b>	<b>-</b>	<b>374</b>	<b>(675)</b>	<b>62,836</b>
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)
<b>Loss before tax</b>										<b>(23,962)</b>
<b>Six months ended 30th September, 2013</b>										
<b>Revenue</b>										
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)	-
<b>Total</b>	<b>6,438</b>	<b>1,869,537</b>	<b>11,237</b>	<b>4,940</b>	<b>15,824</b>	<b>10,322</b>	<b>4,155</b>	<b>8,405</b>	<b>(3,061)</b>	<b>1,927,797</b>
<b>Segment results</b>	<b>1,058</b>	<b>674,449</b>	<b>11,160</b>	<b>1,536</b>	<b>(213)</b>	<b>1,516</b>	<b>(1,068)</b>	<b>2,170</b>	<b>(954)</b>	<b>689,654</b>
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
<b>Profit before tax</b>										<b>769,019</b>

**3. 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, after eliminations of all significant intra-group transactions.

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

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

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

#### 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 HK\$'000	2013 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**

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

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**

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

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

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
Financial assets stated at fair value:		
Equity securities listed overseas	51	51
Debt securities listed in Hong Kong	49,423	52,807
Debt securities listed overseas	30,936	26,171
Unlisted debt securities	7,128	5,043
Unlisted investment funds	9,194	7,400
	<b>96,732</b>	91,472
Financial assets stated at cost:		
Unlisted equity securities	80,933	77,451
Unlisted debt securities	3,165	3,165
Provisions for impairment losses	<b>(64,090)</b>	(64,090)
	<b>20,008</b>	16,526
	<b>116,740</b>	107,998
Less: Amount classified under current portion	<b>(20,940)</b>	(3,753)
Non-current portion	<b>95,800</b>	104,245

The debt securities bear interest at effective rates ranging from nil to 14 per cent. (31st March, 2014 — nil to 14 per cent.) per annum.

An analysis of the issuers of available-for-sale financial assets is as follows:

	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
Equity securities:		
Corporate entities	<b>80,984</b>	77,502
Debt securities:		
Club debenture	3,165	3,165
Corporate entities	66,946	69,713
Banks and other financial institutions	20,541	14,308
	<b>90,652</b>	87,186

## 10. LOANS AND ADVANCES

The loans and advances to customers of the Group bear interest at effective rates ranging from 2 per cent. to 9 per cent. (31st March, 2014 — 3 per cent. to 9 per cent.) per annum. Certain balances arising from securities broking and banking operations are secured by clients' properties, deposits and securities being held as collaterals with a carrying amount of HK\$858,749,000 (31st March, 2014 — HK\$871,194,000).

At the end of the reporting period, the overdue or impaired balances related to securities broking, banking and money lending operations. Movements of the allowance for bad and doubtful debts during the period are as follows:

	<b>Six months ended 30th September,</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Balance at beginning of period	<b>6,845</b>	6,770
Allowance for bad and doubtful debts	<b>2,794</b>	127
Impairment allowance released	<b>(5)</b>	(3,687)
Balance at end of period	<b>9,634</b>	3,210

## 11. 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:

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

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.



## Notes to the Interim Financial Statements (Continued)

### 11. DEBTORS, PREPAYMENTS AND DEPOSITS (Continued)

At the end of the reporting period, the individually impaired receivables related to securities broking operation and a property development project. The Group does not hold sufficient collateral or other credit enhancements over these balances. Movements in the allowance for bad and doubtful debts for these individually impaired receivables during the period are as follows:

	<b>Six months ended 30th September,</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Balance at beginning of period	<b>17,917</b>	21,875
Impairment allowance released	<b>(762)</b>	–
Balance at end of period	<b>17,155</b>	21,875

### 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30th September,</b>	31st March,
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
Held for trading:		
Equity securities:		
Listed in Hong Kong	<b>28,804</b>	27,193
Listed overseas	<b>74,379</b>	77,015
	<b>103,183</b>	104,208
Unlisted investment funds	<b>17,505</b>	19,266
	<b>120,688</b>	123,474

An analysis of the issuers of financial assets at fair value through profit or loss is as follows:

	<b>30th September,</b>	31st March,
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
Equity securities:		
Corporate entities	<b>103,183</b>	104,208

## 13. BANK AND OTHER BORROWINGS

	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
Secured bank loans (Note a)	345,083	308,387
Unsecured other borrowings (Note b)	104,660	–
	<b>449,743</b>	308,387
Less: Amount classified under current portion	<b>(345,083)</b>	(308,387)
Non-current portion	<b>104,660</b>	–
Bank and other borrowings by currency:		
Hong Kong dollar	449,743	302,082
Renminbi	–	6,305
	<b>449,743</b>	308,387
Bank loans repayable:		
Within one year or on demand	345,083	308,387
Other borrowings repayable:		
In the second year	104,660	–

## Note:

- (a) At the end of the reporting period, the bank loans were secured by first legal mortgages over certain properties under development of the Group and certain bank deposits of the Group with carrying amounts of HK\$710,156,000 (31st March, 2014 — HK\$602,118,000) and HK\$96,784,000 (31st March, 2014 — HK\$95,885,000), respectively.

The bank loans as at 31st March, 2014 were also secured by first legal mortgages over certain investment properties of the Group with carrying amount of HK\$104,659,000.

- (b) The Group's other borrowings as at 30th September, 2014 comprised unsecured loans advanced from Lippo Limited ("Lippo"), an intermediate holding company of the Company, of HK\$104,660,000 (31st March, 2014 — Nil).

The Group's bank and other borrowings bear interest at floating rates ranging from 2.8 per cent. to 3.7 per cent. (31st March, 2014 — 3.6 per cent. to 7.3 per cent.) per annum.

**14. 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:

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

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.

**15. CURRENT, FIXED, SAVINGS AND OTHER DEPOSITS OF CUSTOMERS**

The current, fixed, savings and other deposits of customers attributable to banking operation bear interest at effective rates ranging from 0.01 per cent. to 3.0 per cent. (31st March, 2014 — 0.01 per cent. to 3.0 per cent.) per annum.

**16. SHARE CAPITAL***Shares*

	<b>30th September, 2014</b>	31st March, 2014
	<b>HK\$'000</b>	HK\$'000
<b>Authorised:</b>		
4,000,000,000 (31st March, 2014 — 4,000,000,000) ordinary shares of HK\$1.00 each	<b>4,000,000</b>	4,000,000
<b>Issued and fully paid:</b>		
1,998,280,097 (31st March, 2014 — 1,998,280,097) ordinary shares of HK\$1.00 each	<b>1,998,280</b>	1,998,280

**16. SHARE CAPITAL** (Continued)

*Share Option Scheme*

Pursuant to the share option scheme of the Company (the "Share Option Scheme") adopted and approved by the shareholders of the Company, Lippo, an intermediate holding company of the Company, and Lippo China Resources Limited ("LCR"), a fellow subsidiary of the Company and formerly an intermediate holding company of the Company, on 7th June, 2007 (the "Adoption Date"), the board of the Directors of the Company (the "Board") may, at its discretion, offer to grant to any eligible employee (including director, officer and/or employee of the Group or any member of it); or any consultant, adviser, supplier, customer or sub-contractor of the Group or any member of it; or any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Group or any member of it or as having spent any material time in or about the promotion of the Group or its business (together the "Eligible Persons") an option to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide Eligible Persons with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. Under the rules of the Share Option Scheme, no further options shall be granted on and after the tenth anniversary of the Adoption Date. The options can be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which shall not be later than the day last preceding the tenth anniversary of the date of grant. The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such term(s) on the grant of an option. No grantee of option is required to pay for the grant of the relevant option.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30 per cent. of the issued shares of the Company from time to time. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any shares subject to options granted after the Adoption Date pursuant to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company on the Adoption Date, that is, 134,682,909 shares (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed one per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); (ii) the average closing price of the shares of the Company for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

At the beginning and end of the period, there were no outstanding options granted under the Share Option Scheme to subscribe for ordinary shares of HK\$1.00 each in the Company.

No option of the Company was granted, exercised, cancelled or lapsed during the period.

## 17. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior periods are presented in the condensed consolidated statement of changes in equity on page 6.

- (a) Cancellation of the share premium account and transfer to distributable reserves:  
Pursuant to a special resolution passed at a special general meeting of the Company on 2nd December, 1997, the entire amount standing to the credit of the share premium account of HK\$3,630,765,000 was cancelled (the "Cancellation"). The credit arising from the Cancellation was transferred to distributable reserves. The balance of the reserves arising from the Cancellation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company.
- (b) Distributable reserves of the Group at 30th September, 2014 comprised retained profits of HK\$5,934,584,000 (31st March, 2014 — HK\$5,985,128,000) and the remaining balance arising from the Cancellation of HK\$824,907,000 (31st March, 2014 — HK\$864,873,000).
- (c) The capital redemption reserve is not available for distribution to shareholders.
- (d) The legal reserve represents the part of reserve generated by a banking subsidiary of the Company which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which the subsidiary operates.
- (e) The regulatory reserve represents the part of reserve generated by a banking subsidiary of the Company arising from the difference between the impairment allowance made under HKAS 39 and for regulatory purpose.
- (f) The hedging reserve relates to the Group's share of the hedging reserve under joint ventures.

## 18. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had the following contingent liabilities relating to its banking subsidiary:

	<b>30th September, 2014</b>	31st March, 2014
	<b>HK\$'000</b>	HK\$'000
Guarantees and other endorsements	<b>11,867</b>	15,328
Liabilities under letters of credit on behalf of customers	<b>3,276</b>	2,735
	<b>15,143</b>	18,063

## 19. COMMITMENTS

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

	<b>30th September, 2014</b>	31st March, 2014
	<b>HK\$'000</b>	HK\$'000
Commitments in respect of properties under development:		
Contracted, but not provided for	<b>115,407</b>	216,488
Other commitments:		
Contracted, but not provided for (Note)	<b>73,194</b>	73,988
	<b>188,601</b>	290,476

Note: The balance included the Group's capital commitments in respect of the joint ventures for certain property projects in the Republic of Singapore of approximately HK\$22 million (31st March, 2014 — HK\$22 million).

## 20. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the interim financial statements, the Group had the following transactions with related parties during the period:

- (a) During the period, the Company paid rental expenses (including service charges) of HK\$1,486,000 (2013 — HK\$1,490,000) to fellow subsidiaries of the Company, in respect of office premises occupied by the Company. The rental was determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group received trading commissions, brokerage service fees, collection fees and/or other incidental fees (the "Fees") in the total amount of HK\$173,000 and HK\$601,000 (2013 — HK\$1,136,000 and HK\$10,000) from LCR and its subsidiaries and Lippo and its subsidiaries (other than the Group and LCR and its subsidiaries). The Fees were determined by reference to the prevailing fees offered to relevant market customers of comparable standing.
- (c) During the period, the Company paid finance cost to Lippo of HK\$850,000 (2013 — HK\$124,000) in respect of loans advanced to the Company.
- (d) During the period, a joint venture of the Group received rental income (including service charges) in the total amount of HK\$4,280,000 (2013 — HK\$1,824,000) from fellow subsidiaries of the Company. The rentals were determined by reference to the then prevailing open market rentals.
- (e) During the period, certain joint ventures of the Group purchased food and beverage products of HK\$750,000 (2013 — HK\$960,000) from certain fellow subsidiaries of the Company. The purchases were made on normal commercial terms in line with, and with reference to, the industry practice.
- (f) As at 30th September, 2014, the Group had amounts due from associates in a total of HK\$54,126,000 (31st March, 2014 — HK\$98,390,000) and amounts due from joint ventures in a total of HK\$145,041,000 (31st March, 2014 — HK\$105,935,000). The balances with the associates are unsecured, interest-free and have no fixed terms of repayment and are considered as quasi-equity investments in the associates. The balances with joint ventures include a loan of HK\$62,899,000 (31st March, 2014 — HK\$63,587,000), which is unsecured, bears interest at 9.5 per cent. per annum and is repayable in 2015. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment.

**21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

The carrying amounts and fair values of the Group's financial instruments carried at fair value, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
<b>Financial assets</b>				
Available-for-sale financial assets	96,732	91,472	96,732	91,472
Financial assets at fair value through profit or loss	120,688	123,474	120,688	123,474
	<b>217,420</b>	214,946	<b>217,420</b>	214,946

Management has assessed that the fair values of cash and bank balances, treasury bills, restricted cash, client trust bank balances, financial assets included in debtors, prepayments and deposits, loans and advances, financial liabilities included in creditors, payables and accruals and current, fixed, savings and other deposits of customers approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank and other borrowings with floating interest rates approximate to their carrying amounts.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of significant financial instruments. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

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

The fair values of unlisted investments funds are assessed to approximate the net asset values indicated on the net asset value statement issued by the investment fund manager, which take into consideration the fair value of the underlying properties and assets held under the investments. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.

**21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)**

Below is a summary of significant unobservable inputs to the valuation of financial instruments used in Level 3 fair value measurements at the end of the reporting period:

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of the inputs to fair value
Available-for-sale investment funds	Discounted cash flow method	Discount rate	8 per cent. to 21 per cent. (31st March, 2014 — 8 per cent. to 21 per cent.)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value
Investment funds at fair value through profit or loss	Discounted cash flow method	Discount rate	5 per cent. (31st March, 2014 — 5 per cent.)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value

*Fair value hierarchy*

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>As at 30th September, 2014</b>				
Available-for-sale financial assets:				
Equity securities	51	—	—	51
Debt securities	87,487	—	—	87,487
Investment funds	2,638	—	6,556	9,194
Financial assets at fair value through profit or loss:				
Equity securities	103,183	—	—	103,183
Investment funds	—	332	17,173	17,505
	<b>193,359</b>	<b>332</b>	<b>23,729</b>	<b>217,420</b>
<b>As at 31st March, 2014</b>				
Available-for-sale financial assets:				
Equity securities	51	—	—	51
Debt securities	84,021	—	—	84,021
Investment funds	—	—	7,400	7,400
Financial assets at fair value through profit or loss:				
Equity securities	104,208	—	—	104,208
Investment funds	—	363	18,903	19,266
	<b>188,280</b>	<b>363</b>	<b>26,303</b>	<b>214,946</b>



**21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (Continued)

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

	Available-for-sale investment funds HK\$'000	Investment funds at fair value through profit or loss HK\$'000
<b>Period ended 30th September, 2014</b>		
At 1st April, 2014	7,400	18,903
Total gains recognised in the statement of profit or loss	–	69
Total losses recognised in other comprehensive income	(1,148)	–
Purchases	293	–
Disposals	–	(1,825)
Exchange adjustments	11	26
<b>At 30th September, 2014</b>	<b>6,556</b>	<b>17,173</b>
<b>Period ended 30th September, 2013</b>		
At 1st April, 2013	12,646	29,543
Total losses recognised in the statement of profit or loss	–	(517)
Total losses recognised in other comprehensive income	(2,957)	–
Purchases	14	–
Disposals	(431)	(7,188)
Exchange adjustments	(12)	(28)
<b>At 30th September, 2013</b>	<b>9,260</b>	<b>21,810</b>

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013 — Nil).

## 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group, which are summarised below.

(a) *Credit risk*

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from lending, treasury, investment and other activities undertaken by the Group.

The credit policies for banking and margin lending businesses set out in details the credit approval and monitoring mechanism, the loan classification criteria and provision policy. Credit approval is conducted in accordance with the credit policies, taking into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Day-to-day credit management is performed by management of individual business units.

The Group has established guidelines to ensure that all new debt investments are properly made, taking into account factors such as the credit rating requirements and the maximum exposure limit to a single corporate or issuer. All relevant departments within the Group are involved to ensure that appropriate processes, systems and controls are set in place before and after the investments are acquired.

(b) *Liquidity risk*

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources.

**22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)***(b) Liquidity risk (Continued)*

An analysis of the maturity profile of assets and liabilities of the Group analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
<b>At 30th September, 2014</b>							
<b>Assets</b>							
Amount due from a joint venture	-	-	-	62,899	-	-	62,899
Debt securities:							
Available-for-sale financial assets	-	-	20,940	43,369	14,118	12,135	90,562
Loans and advances	167,583	47,341	51,637	68,468	28,863	-	363,892
Debtors and deposits	77,429	11,278	2,718	-	-	25,505	116,930
Client trust bank balances	235,312	91,546	-	-	-	-	326,858
Restricted cash	96,784	-	-	-	-	-	96,784
Treasury bills	-	48,500	-	-	-	-	48,500
Cash and bank balances	258,462	1,326,863	414,354	-	-	-	1,999,679
	<b>835,570</b>	<b>1,525,528</b>	<b>489,649</b>	<b>174,736</b>	<b>42,981</b>	<b>37,640</b>	<b>3,106,104</b>
<b>Liabilities</b>							
Bank and other borrowings	-	-	345,083	104,660	-	-	449,743
Creditors, accruals and deposits received	329,530	278,028	710	-	-	72,512	680,780
Current, fixed, savings and other deposits of customers	97,862	185,839	74,325	-	-	-	358,026
	<b>427,392</b>	<b>463,867</b>	<b>420,118</b>	<b>104,660</b>	<b>-</b>	<b>72,512</b>	<b>1,488,549</b>

**22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)***(b) Liquidity risk (Continued)*

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
At 31st March, 2014							
<b>Assets</b>							
Amount due from a joint venture	-	-	-	63,587	-	-	63,587
Debt securities:							
Available-for-sale financial assets	-	-	3,753	57,688	13,550	12,105	87,096
Loans and advances	172,545	65,680	38,222	69,984	21,167	-	367,598
Debtors and deposits	107,143	25,747	3,026	-	-	27,979	163,895
Client trust bank balances	287,301	24,052	-	-	-	-	311,353
Restricted cash	173,942	361	-	-	-	-	174,303
Treasury bills	-	33,950	-	-	-	-	33,950
Cash and bank balances	320,162	1,743,367	225,710	-	-	-	2,289,239
	<u>1,061,093</u>	<u>1,893,157</u>	<u>270,711</u>	<u>191,259</u>	<u>34,717</u>	<u>40,084</u>	<u>3,491,021</u>
<b>Liabilities</b>							
Bank and other borrowings	6,305	-	302,082	-	-	-	308,387
Creditors, accruals and deposits received	351,068	341,617	1,023	-	-	75,361	769,069
Current, fixed, savings and other deposits of customers	81,816	188,059	62,305	-	-	-	332,180
	<u>439,189</u>	<u>529,676</u>	<u>365,410</u>	<u>-</u>	<u>-</u>	<u>75,361</u>	<u>1,409,636</u>

*(c) Interest rate risk*

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury, banking and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by senior management of the Group.

**22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)

(d) *Foreign currency risk*

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its banking activities, foreign exchange dealings and other investment activities.

The Group monitors the relative foreign exchange positions of its assets and liabilities and allocates accordingly to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

(e) *Equity price risk*

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets classified as available-for-sale financial assets (Note 9) and financial assets at fair value through profit or loss (Note 12) as at 30th September, 2014. The Group's listed financial assets are mainly listed on the Hong Kong and Singapore stock exchanges and are valued at quoted market prices at the end of the reporting period.

The senior management of the Group regularly reviews and monitors the mix of securities in its investment portfolio based on its fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

## 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.



## Management Discussion and Analysis (Continued)

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 and Prospects

## 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.

## Business Review and Prospects (Continued)

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.

## Business Review and Prospects (Continued)

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.

## Additional Information

### **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.

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

As at 30th September, 2014, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

### Interests in shares and underlying shares of the Company and associated corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
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#### Number of ordinary shares of HK\$1.00 each in the Company

Stephen Riady	–	–	1,315,707,842 <i>Note (i)</i>	1,315,707,842	65.84
John Lee Luen Wai	2,000,270	270	–	2,000,540	0.10
Tsui King Fai	600,000	75,000	–	675,000	0.03
Kor Kee Yee	606,000	–	–	606,000	0.03

#### Number of ordinary shares in Lippo Limited ("Lippo")

Stephen Riady	–	–	319,322,219 <i>Notes (i) and (ii)</i>	319,322,219	64.75
John Lee Luen Wai	1,031,250	–	–	1,031,250	0.21

#### Number of ordinary shares in Lippo China Resources Limited ("LCR")

Stephen Riady	–	–	6,544,696,389 <i>Notes (i), (ii) and (iii)</i>	6,544,696,389	71.24
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## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

### Interests in shares and underlying shares of the Company and associated corporations (Continued)

Note:

- (i) As at 30th September, 2014, Lippo Capital Limited ("Lippo Capital"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, was indirectly interested in 1,315,707,842 ordinary shares of HK\$1.00 each in, representing approximately 65.84 per cent. of the issued shares of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK\$1.00 each in, representing the entire issued shares of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust include, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.
- (ii) As at 30th September, 2014, Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 319,322,219 ordinary shares in, representing approximately 64.75 per cent. of the issued shares of, Lippo.
- (iii) As at 30th September, 2014, Lippo was indirectly interested in 6,544,696,389 ordinary shares in, representing approximately 71.24 per cent. of the issued shares of, LCR.

For the reasons outlined above, through his deemed interest in Lippo Capital as mentioned in Note (i) above, Dr. Stephen Riady was also taken to be interested in the issued shares of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	Ordinary shares	2	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Brimming Fortune Limited	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
First Tower Corporation	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

### Interests in shares and underlying shares of the Company and associated corporations (Continued)

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
Hennessy Holdings Limited	Ordinary shares	1	100
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
Prime Success Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

As at 30th September, 2014, Dr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares in, representing approximately 16.67 per cent. of, the issued shares of, Lanius which is the holder of the entire issued shares of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Dr. Stephen Riady), who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust include, inter alia, Dr. Stephen Riady and other members of the family.



## **Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)**

### **Interests in shares and underlying shares of the Company and associated corporations (Continued)**

As at 30th September, 2014, Dr. Stephen Riady was interested in 27,493,311 ordinary shares in Auric Pacific Group Limited ("Auric"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, held by Goldstream Capital Limited, which in turn is a wholly-owned subsidiary of Bravado International Ltd. ("Bravado"). Dr. Stephen Riady is the beneficial owner of the entire issued capital of Bravado. For the reasons mentioned above, through his deemed interest in Lippo Capital, Dr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in Auric. Accordingly, Dr. Stephen Riady was interested and taken to be interested in an aggregate of 89,420,646 ordinary shares in, representing approximately 71.16 per cent. of the issued shares of, Auric.

As at 30th September, 2014, Mr. Kor Kee Yee, as beneficial owner, was interested in 2,444,000 ordinary shares in, representing approximately 9.29 per cent. of, the issued shares of TechnoSolve Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company.

As at 30th September, 2014, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at 30th September, 2014, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 30th September, 2014, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted), were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance

As at 30th September, 2014, so far as is known to the Directors of the Company, the following substantial shareholders (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) and other person, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and/or as notified to the Company as follows:

### Interests of substantial shareholders (as defined under the Listing Rules) and other person in shares of the Company

<b>Name</b>	<b>Number of ordinary shares of HK\$1.00 each</b>	<b>Approximate percentage of interests in the issued shares</b>
<i>Substantial shareholders:</i>		
Hennessy Holdings Limited ("Hennessy")	1,315,707,842	65.84
Prime Success Limited ("Prime Success")	1,315,707,842	65.84
Lippo Limited ("Lippo")	1,315,707,842	65.84
Lippo Capital Limited ("Lippo Capital")	1,315,707,842	65.84
Lanius Limited ("Lanius")	1,315,707,842	65.84
Dr. Mochtar Riady	1,315,707,842	65.84
Madam Lidya Suryawaty	1,315,707,842	65.84
<i>Other person:</i>		
Farallon Capital Management, L.L.C. ("Farallon")	199,620,650	9.98

## Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance (Continued)

### Interests of substantial shareholders (as defined under the Listing Rules) and other person in shares of the Company (Continued)

Note:

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,315,707,842 ordinary shares of HK\$1.00 each in, representing approximately 65.84 per cent. of the issued shares of, the Company.
2. Hennessy is wholly owned by Prime Success which in turn is wholly owned by Lippo.
3. Lippo Capital, the holding company of Lippo, together with its wholly-owned subsidiary, J & S Company Limited, owns ordinary shares representing approximately 64.75 per cent. of the issued shares of Lippo.
4. Lanius is the holder of the entire issued shares of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in Lippo Capital under the provisions of the SFO.
5. Hennessy's interests in the ordinary shares of the Company were recorded as the interests of Prime Success, Lippo, Lippo Capital, Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 1,315,707,842 ordinary shares in the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations". Dr. Mochtar Riady, his wife Madam Lidya Suryawaty and Dr. Stephen Riady were taken to be interested in the shares of the Company under the provisions of the SFO.
6. Farallon, through the entities and accounts managed by it as investment adviser (both directly and through its wholly-owned subsidiary Farallon Capital Asia Pte. Ltd. (formerly known as Noonday Asset Management Pte. Ltd.)), namely Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Institutional Partners III, L.P., Farallon Capital (AM) Investors, L.P., Farallon Capital Offshore Investors II, L.P., Noonday Capital Partners, L.L.C., Noonday Offshore, Inc. and Farallon Capital AA Investors, L.P., was indirectly interested in an aggregate of 199,620,650 ordinary shares of HK\$1.00 each in, representing approximately 9.98 per cent. of the issued shares of, the Company.
7. The percentage of interests of "other person" in the issued shares stated in this section is based on the disclosure form filed with the Company.

All the interests stated above represent long positions. Save as disclosed herein, as at 30th September, 2014, none of the substantial shareholders (as defined under the Listing Rules) or other person, other than the Directors or chief executive of the Company, had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **Share Option Scheme**

Details of the share option scheme of the Company are disclosed in Note 16 to the interim financial statements.

### **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.

### **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the code for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code during the period under review.

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

Hong Kong, 27th November, 2014

# Corporate Information

## Board of Directors

### Executive Directors

Dr. Stephen Riady (*Chairman*)  
Mr. John Lee Luen Wai, BBS, JP  
(*Chief Executive Officer*)  
Mr. Kor Kee Yee

### Non-executive Director

Mr. Leon Chan Nim Leung

### Independent non-executive Directors

Mr. Albert Saychuan Cheok  
Mr. Victor Yung Ha Kuk  
Mr. Tsui King Fai

## Committees

### Audit Committee

Mr. Tsui King Fai (*Chairman*)  
Mr. Leon Chan Nim Leung  
Mr. Albert Saychuan Cheok  
Mr. Victor Yung Ha Kuk

### Remuneration Committee

Mr. Tsui King Fai (*Chairman*)  
Dr. Stephen Riady  
Mr. Leon Chan Nim Leung  
Mr. Albert Saychuan Cheok  
Mr. Victor Yung Ha Kuk

### Nomination Committee

Mr. Tsui King Fai (*Chairman*)  
Dr. Stephen Riady  
Mr. Leon Chan Nim Leung  
Mr. Albert Saychuan Cheok  
Mr. Victor Yung Ha Kuk

## Secretary

Mr. Andrew Hau Tat Kwong

## Auditors

Ernst & Young

## Principal Bankers

China CITIC Bank International Limited  
Standard Chartered Bank  
Bank of Beijing Co., Ltd.  
The Bank of East Asia, Limited  
Raiffeisen Bank International AG,  
Singapore Branch  
Oversea-Chinese Banking Corporation Limited

## Solicitors

Howse Williams Bowers

## Principal Share Registrar and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08  
Bermuda

## Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## Registered Office

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

## Principal Place of Business

24th Floor, Tower One  
Lippo Centre  
89 Queensway  
Hong Kong

## Stock Code

655

## Website

[www.hkchinese.com.hk](http://www.hkchinese.com.hk)