



Hongkong Chinese Limited

香港華人有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 655)

2016
INTERIM REPORT

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The Directors of Hongkong Chinese Limited (the "Company") are pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2016.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th September, 2016

		Unaudited	
		six months ended 30th September,	
		2016	2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	145,175	1,218,605
Cost of sales	5	(40,715)	(811,678)
Gross profit		104,460	406,927
Administrative expenses		(27,430)	(41,829)
Other operating expenses		(23,499)	(44,195)
Gain/(Loss) on disposal of subsidiaries	15	(1,823)	211,655
Net fair value gain/(loss) on financial instruments at fair value through profit or loss		17,229	(6,709)
Finance costs		(53)	(256)
Share of results of associates		(370)	694
Share of results of joint ventures	6	125,610	(124,527)
Profit before tax	5	194,124	401,760
Income tax	7	(7,747)	(53,179)
Profit for the period		186,377	348,581
Attributable to:			
Equity holders of the Company		186,118	347,785
Non-controlling interests		259	796
		186,377	348,581
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company	8		
Basic and diluted		9.3	17.4

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2016

	Note	Unaudited	
		six months ended 30th September, 2016 HK\$'000	2015 HK\$'000 (Restated) ⁽¹⁾
Profit for the period		186,377	348,581
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		(1,027)	(571)
Adjustments for disposal		1,381	69
Income tax effect		–	288
		354	(214)
Share of other comprehensive loss of joint ventures		(167,464)	(281,298)
Share of exchange differences on translation of a foreign associate		(40)	(1)
Exchange differences on translation of foreign operations		(32,414)	(66,472)
Adjustments relating to disposal of subsidiaries:			
Exchange differences on translation of foreign operations		(2)	202
Available-for-sale financial assets		–	(2,775)
Income tax effect		–	333
	15	(2)	(2,240)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax		(199,566)	(350,225)
Total comprehensive loss for the period		(13,189)	(1,644)
Attributable to:			
Equity holders of the Company		(10,766)	1,474
Non-controlling interests		(2,423)	(3,118)
		(13,189)	(1,644)

⁽¹⁾ Refer to Note 21

Condensed Consolidated Statement of Financial Position

As at 30th September, 2016

	Note	30th September, 2016 HK\$'000 (Unaudited)	31st March, 2016 HK\$'000 (Audited)
Non-current assets			
Fixed assets		45,140	48,566
Investment properties		116,080	119,340
Interests in associates		451,832	456,824
Interests in joint ventures	6	9,217,933	9,186,042
Available-for-sale financial assets		4,777	6,039
Other financial asset		24,812	25,295
		9,860,574	9,842,106
Current assets			
Properties held for sale		103,285	141,350
Properties under development		32,071	28,613
Loans and advances		15,179	15,917
Debtors, prepayments and deposits	10	59,808	143,949
Financial assets at fair value through profit or loss		8,144	44,173
Tax recoverable		2	13
Client trust bank balances		285,922	295,784
Restricted cash		1,004	1,004
Cash and bank balances		930,143	904,015
		1,435,558	1,574,818
Current liabilities			
Creditors, accruals and deposits received	11	689,987	698,460
Tax payable		91,154	114,357
		781,141	812,817
Net current assets		654,417	762,001
Total assets less current liabilities		10,514,991	10,604,107

Condensed Consolidated Statement of Financial Position (Continued)
As at 30th September, 2016

	30th September, 2016	31st March, 2016
Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current liabilities		
Deferred tax liabilities	22,521	23,526
Net assets	10,492,470	10,580,581
Equity		
Equity attributable to equity holders of the Company		
Share capital	12 1,998,280	1,998,280
Reserves	14 8,412,734	8,502,720
	10,411,014	10,501,000
Non-controlling interests	81,456	79,581
	10,492,470	10,580,581

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2016

	Unaudited													
	Attributable to equity holders of the Company												Non-controlling interests	Total equity
	Share capital	Share premium account	Share option reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve	Exchange equalisation reserve	Distributable reserves	Total		
HK\$'000	HK\$'000	HK\$'000	(Note 14(c)) HK\$'000	(Note 14(d)) HK\$'000	(Note 14(e)) HK\$'000	HK\$'000	HK\$'000	(Note 14(f)) HK\$'000	HK\$'000	(Note 14(b)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st April, 2016	1,998,280	92,775	-	22,144	-	-	285,111	-	(28,509)	407,001	7,724,198	10,501,000	79,581	10,580,581
Profit for the period	-	-	-	-	-	-	-	-	-	-	186,118	186,118	259	186,377
Other comprehensive income/(loss) for the period:														
Available-for-sale financial assets:														
Changes in fair value	-	-	-	-	-	-	(1,027)	-	-	-	-	(1,027)	-	(1,027)
Adjustments for disposal	-	-	-	-	-	-	1,381	-	-	-	-	1,381	-	1,381
Share of other comprehensive loss of joint ventures	-	-	-	-	-	-	(2,189)	-	(6,789)	(158,486)	-	(167,464)	-	(167,464)
Share of exchange differences on translation of a foreign associate	-	-	-	-	-	-	-	-	-	(40)	-	(40)	-	(40)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	(29,732)	-	-	(29,732)	(2,682)	(32,414)
Adjustments relating to disposal of subsidiaries	-	-	-	-	-	-	-	-	(2)	-	-	(2)	-	(2)
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	(1,835)	-	(6,789)	(188,260)	186,118	(10,766)	(2,423)	(13,189)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	-	-	1,630	65	(40,949)	(39,254)	-	(39,254)
Disposal of subsidiaries with loss of control (Note 15)	-	-	-	-	-	-	-	-	-	-	-	-	4,298	4,298
2015/2016 final dividend declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	(39,966)	(39,966)	-	(39,966)
At 30th September, 2016	1,998,280	92,775	-	22,144	-	-	283,276	-	(33,668)	218,806	7,829,401	10,411,014	81,456	10,492,470
At 1st April, 2015														
As previously reported	1,998,280	92,775	-	22,144	20,114	2,691	460,839	36,074	6,540	335,986	7,163,717	10,139,160	107,099	10,246,259
Prior year adjustment (Note 21)	-	-	-	-	-	-	-	-	-	(5,439)	291,048	285,609	-	285,609
At 1st April, 2015 (restated)	1,998,280	92,775	-	22,144	20,114	2,691	460,839	36,074	6,540	330,547	7,454,765	10,424,769	107,099	10,531,868
Profit for the period	-	-	-	-	-	-	-	-	-	-	347,785	347,785	796	348,581
Other comprehensive income/(loss) for the period:														
Available-for-sale financial assets:														
Changes in fair value	-	-	-	-	-	-	(571)	-	-	-	-	(571)	-	(571)
Adjustments for disposal	-	-	-	-	-	-	69	-	-	-	-	69	-	69
Income tax effect	-	-	-	-	-	-	288	-	-	-	-	288	-	288
Share of other comprehensive loss of joint ventures (restated)	-	-	-	-	-	-	(18,579)	-	3,641	(266,360)	-	(281,298)	-	(281,298)
Share of exchange differences on translation of a foreign associate	-	-	-	-	-	-	-	-	-	(1)	-	(1)	-	(1)
Exchange difference on translation of foreign operations	-	-	-	-	-	-	-	-	-	(62,558)	-	(62,558)	(3,914)	(66,472)
Adjustments relating to disposal of a subsidiary	-	-	-	-	-	-	(2,442)	-	-	202	-	(2,240)	-	(2,240)
Total comprehensive income/(loss) for the period (restated)	-	-	-	-	-	-	(21,235)	-	3,641	(328,717)	347,785	1,474	(3,118)	(1,644)
Share of equity movements arising on equity transactions of joint ventures	-	-	2,165	-	-	-	-	-	933	28	42,503	45,629	-	45,629
Transfer of reserves upon disposal of a subsidiary	-	-	-	-	(20,114)	(2,691)	-	(36,074)	-	-	58,879	-	-	-
2014/2015 final distribution declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	(39,966)	(39,966)	-	(39,966)
At 30th September, 2015 (restated)	1,998,280	92,775	2,165	22,144	-	-	439,604	-	11,114	1,858	7,863,966	10,431,906	103,981	10,535,887

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2016

	Note	Unaudited six months ended 30th September,	
		2016 HK\$'000	2015 HK\$'000
Net cash flows from operating activities		230,406	568,377
Cash flows from investing activities			
Advances to joint ventures		(191,655)	(997,957)
Disposal of subsidiaries, net of cash and cash equivalents disposed of	15	(3,501)	109,079
Other cash flows arising from investing activities		1,645	23,446
Net cash flows used in investing activities		(193,511)	(865,432)
Cash flows from financing activities			
Drawdown of bank and other borrowings		–	20,000
Repayment of bank and other borrowings		–	(484,542)
Advances from shareholders of a joint venture		–	270,630
Other cash flows arising from financing activities		–	68,774
Net cash flows used in financing activities		–	(125,138)
Net increase/(decrease) in cash and cash equivalents		36,895	(422,193)
Cash and cash equivalents at beginning of period		904,015	1,787,780
Exchange realignments		(10,767)	(48,077)
Cash and cash equivalents at end of period		930,143	1,317,510
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		930,143	1,317,510

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

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 and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31st March, 2016.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31st March, 2016, except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “revised HKFRSs”) as disclosed in Note 2 to the interim financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following revised HKFRSs for the first time for the current period’s financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on the interim financial statements.

The Group has not adopted any new and revised HKFRSs that have been issued but are not yet effective for the year ending 31st March, 2017.

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 investments relating to 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; and
- (g) the “other” segment comprises principally the development of computer hardware and software, money lending and the provision of project and fund management and investment advisory services.

Management monitors the results of the Group’s 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) and comprises segment results of the Company and its subsidiaries, the Group’s share of results of associates and joint ventures.

Segment results are measured consistently with the Group’s profit/(loss) before tax except that the Group’s share of results of associates and joint ventures, unallocated corporate expenses and certain finance costs are excluded from such measurement.

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

3. SEGMENT INFORMATION (Continued)

Six months ended 30th September, 2016

	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	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	44,841	83,029	2,519	4,887	8,716	-	1,183	-	145,175
Inter-segment	-	-	-	-	187	-	-	(187)	-
Total	44,841	83,029	2,519	4,887	8,903	-	1,183	(187)	145,175
Segment results	42,848	41,187	2,519	22,665	(4,863)	(483)	(5,312)	-	98,561
Unallocated corporate expenses	-	-	-	-	-	-	-	-	(29,677)
Share of results of associates	-	(405)	-	-	-	-	35	-	(370)
Share of results of joint ventures	124,273	15	-	-	-	1,322	-	-	125,610
Profit before tax									194,124
Other segment information:									
Capital expenditure (Note (a))	8	-	-	-	-	-	-	-	8
Depreciation	(5)	(39)	-	-	(249)	-	(20)	-	(313)
Interest income	41,300	-	2,519	-	-	-	152	-	43,971
Finance costs	-	-	-	-	-	-	(53)	-	(53)
Loss on disposal of:									
Subsidiaries	-	-	-	-	-	-	(1,823)	-	(1,823)
Available-for-sale financial assets	-	-	-	(1,412)	-	-	-	-	(1,412)
Write-back of provision for impairment losses on a joint venture	-	2,062	-	-	-	-	-	-	2,062
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	17,712	-	(483)	-	-	17,229
Unallocated:									
Capital expenditure (Note (a))									601
Depreciation									(3,130)

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30th September, 2015

	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	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	11,789	1,172,634	7,816	3,499	10,456	8,062	4,349	-	1,218,605
Inter-segment	-	-	-	-	-	-	464	(464)	-
Total	11,789	1,172,634	7,816	3,499	10,456	8,062	4,813	(464)	1,218,605
Segment results	6,022	352,456	7,734	(4,550)	(3,495)	213,697	(1,693)	(464)	569,707
						(Note (b))			
Unallocated corporate expenses									(43,884)
Finance costs									(230)
Share of results of associates	-	703	-	-	-	-	(9)	-	694
Share of results of joint ventures	(124,884)	26	-	-	-	331	-	-	(124,527)
Profit before tax									401,760
Other segment information:									
Capital expenditure (Note (a))	-	-	-	-	12	999	39	-	1,050
Depreciation	(8)	(97)	-	-	(561)	(504)	(30)	-	(1,200)
Interest income	5,664	-	7,816	1,921	-	6,791	144	-	22,336
Finance costs	-	-	-	-	(26)	-	-	-	(26)
Gain on disposal of:									
A subsidiary	-	-	-	-	-	211,655	-	-	211,655
Available-for-sale financial assets	-	-	-	1,872	-	-	-	-	1,872
Write-back of provision(Provision) for impairment losses on:									
A joint venture	-	1,250	-	-	-	-	-	-	1,250
Loans and receivables	-	-	-	-	-	(779)	-	-	(779)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	(7,730)	-	1,021	-	-	(6,709)
Net fair value loss on investment properties	(2,505)	-	-	-	-	-	-	-	(2,505)
Unallocated:									
Capital expenditure (Note (a))									8
Depreciation									(3,050)
Finance costs									(230)

Note:

- (a) Capital expenditure includes additions to fixed assets.
 (b) The amount included gain on disposal of a subsidiary of HK\$211,655,000.

4. REVENUE

Revenue 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 then 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 is as follows:

	Six months ended 30th September,	
	2016	2015
	HK\$'000	<i>HK\$'000</i>
Property rental income	3,541	6,125
Sales of properties (<i>Note</i>)	83,029	1,172,634
Interest income	43,971	15,545
Dividend income	4,887	1,578
Corporate finance and securities broking	8,716	10,456
Banking business	–	8,062
Other	1,031	4,205
	145,175	1,218,605

Note: The revenue mainly came from sales of properties of the property development project in Macau which was completed during the six months ended 30th September, 2015.

Notes to the Interim Financial Statements (Continued)

5. PROFIT BEFORE TAX

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

	Six months ended 30th September,	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of sales:		
Cost of properties sold (<i>Note</i>)	(35,366)	(804,446)
Other	(5,349)	(7,232)
	(40,715)	(811,678)
Interest income:		
Available-for-sale financial assets	–	1,921
Loans and advances	41,452	5,808
Banking business	–	6,791
Other	2,519	7,816
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss	17,712	(7,730)
Derivative financial instrument	(483)	1,021
Gain/(Loss) on disposal of available-for-sale financial assets	(1,412)	1,872
Write-back of provision/(Provision) for impairment losses on:		
A joint venture	2,062	1,250
Loans and receivables	–	(779)
Net fair value loss on investment properties	–	(2,505)
Interest expense attributable to the banking business	–	(1,928)
Depreciation	(3,443)	(4,250)
Foreign exchange losses — net	(1,815)	(16,800)

Note: The amount mainly represented cost of properties sold of the property development project in Macau which was completed during the six months ended 30th September, 2015.

6. 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. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

For the six months ended 30th September, 2016, the Group's share of profit in LAAPL amounted to approximately HK\$124,273,000 (2015 — share of loss of HK\$124,884,000). The share of profit recognised during the six months ended 30th September, 2016 was mainly resulted from the reversal of impairment loss and profit from disposal of OUE's properties under development and net fair value gain from investments designated at fair value through profit or loss. The share of loss for the six months ended 30th September, 2015 was mainly attributable to net fair value loss on investments designated at fair value through profit or loss. As at 30th September, 2016, the Group's interest in LAAPL was approximately HK\$8,970,783,000 (31st March, 2016 — HK\$8,940,899,000).

7. INCOME TAX

	Six months ended 30th September,	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong:		
Charge for the period	—	—
Overseas:		
Charge for the period	8,037	75,678
Deferred	(290)	(22,499)
	7,747	53,179
Total charge for the period	7,747	53,179

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2015 — 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.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) *Basic earnings per share*

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 1,998,280,000 ordinary shares (2015 — approximately 1,998,280,000 ordinary shares) in issue during the period.

(b) *Diluted earnings per share*

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2016 and 2015.

9. INTERIM DIVIDEND/DISTRIBUTION

	Six months ended 30th September,	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend, declared, of HK1 cent (2015 — interim distribution of HK1 cent) per ordinary share	19,983	19,983

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

10. 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,	31st March,
	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding balances with ages:		
Repayable on demand	13,283	10,580
Within 30 days	1,074	32,200
	14,357	42,780

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.

11. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised deposits received for the further disposal of a 31 per cent. equity interest in a joint venture of HK\$270,630,000 (31st March, 2016 — HK\$270,630,000) and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK\$303,907,000 (31st March, 2016 — HK\$336,481,000). As at 30th September, 2016, total client trust bank balances amounted to HK\$285,922,000 (31st March, 2016 — HK\$295,784,000).

An aged analysis of trade creditors, based on the invoice date, is as follows:

	30th September, 2016	31st March, 2016
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Repayable on demand	292,515	288,677
Within 30 days	11,392	47,856
	303,907	336,533

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.

12. SHARE CAPITAL

	30th September, 2016	31st March, 2016
	HK\$'000	HK\$'000
Authorised:		
4,000,000,000 (31st March, 2016 — 4,000,000,000) ordinary shares of HK\$1.00 each	4,000,000	4,000,000
Issued and fully paid:		
1,998,280,097 (31st March, 2016 — 1,998,280,097) ordinary shares of HK\$1.00 each	1,998,280	1,998,280

13. 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 Limited ("Lippo"), an intermediate holding company of the Company, and Lippo China Resources Limited ("LCR"), a former intermediate holding company and currently a fellow subsidiary 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.

14. 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.

Note:

- (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, 2016 comprised retained profits of HK\$7,084,426,000 (31st March, 2016 — HK\$6,979,223,000) and the remaining balance arising from the Cancellation of HK\$744,975,000 (31st March, 2016 — HK\$744,975,000).
- (c) The capital redemption reserve is not available for distribution to shareholders.
- (d) The legal reserve represents the part of reserve generated by The Macau Chinese Bank Limited ("MCB"), a joint venture of the Company and previously a subsidiary of the Company, which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which MCB operates.
- (e) The regulatory reserve represents the part of reserve generated by MCB 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.

15. DISPOSAL OF SUBSIDIARIES

	Six months ended 30th September,	
	2016 HK\$'000	2015 HK\$'000
Net assets disposed of:		
Goodwill	–	71,485
Fixed assets	144	10,994
Investment properties	–	121,250
Available-for-sale financial assets	–	84,355
Loans and advances	–	363,609
Debtors, prepayments and deposits	208	13,586
Cash and bank balances	3,502	279,634
Treasury bills	–	38,800
Creditors, accruals and deposits received	(6,326)	(5,847)
Current, fixed, savings and other deposits of customers	–	(501,532)
Tax payable	–	(227)
Deferred tax liabilities	–	(13,456)
Non-controlling interests	4,298	–
	1,826	462,651
Release of cumulative exchange differences on translation of foreign operations	(2)	202
Release of cumulative changes in fair value of available-for-sale financial assets, net of income tax effect	–	(2,442)
	(2)	(2,240)
Gain/(Loss) on disposal	1,824	460,411
	(1,823)	211,655
	1	672,066
Satisfied by:		
Cash consideration received	1	427,513
Increase in interests in a joint venture (Note)	–	231,170
Other financial asset	–	13,383
	1	672,066

Note: The Group engaged an external valuer to perform fair value assessment on the net assets acquired. The initial accounting for interests in a joint venture was in progress during the six months ended 30th September, 2015 and was completed as at 31st March, 2016.

Notes to the Interim Financial Statements (Continued)

15. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	Six months ended 30th September,	
	2016 HK\$'000	2015 HK\$'000
Cash consideration received	1	427,513
Cash and bank balances disposed of	(3,502)	(279,634)
Treasury bills disposed of	–	(38,800)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	(3,501)	109,079

16. CONTINGENT LIABILITIES

As at 30th September, 2016, the Company and its subsidiaries had no material contingent liabilities (31st March, 2016 — Nil).

17. COMMITMENTS

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

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
	Commitments in respect of properties under development:	
Contracted, but not provided for	9,741	9,840
Other commitments:		
Contracted, but not provided for (Note)	574	106,128
	10,315	115,968

Note: The balance as at 31st March, 2016 included commitment in relation to the Exchangeable Loans, which were fully utilised by the joint ventures during the six months ended 30th September, 2016. Further details of the Exchangeable Loans are disclosed in Note 18 to the interim financial statements.

18. 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\$1,454,000 (2015 — HK\$1,442,000) to a fellow subsidiary 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 paid rental expenses (including service charges) of HK\$2,107,000 (2015 — HK\$1,950,000) to a joint venture of the Group. The rental was determined by reference to the then prevailing open market rentals.
- (c) 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\$90,000, HK\$112,000 and HK\$299,000 (2015 — HK\$199,000, HK\$2,000 and HK\$58,000) from LCR and its subsidiaries, Lippo and its subsidiaries (other than the Group and LCR and its subsidiaries) and Lippo Capital Limited and its subsidiaries (other than Lippo and its subsidiaries), respectively. The Fees were determined by reference to the prevailing fees offered to relevant market customers of comparable standing.
- (d) During the period, the Group received interest income of HK\$41,300,000 (2015 — HK\$5,664,000) from a joint venture of the Group.
- (e) During the period, certain joint ventures of the Group received rental income (including service charges) of HK\$1,767,000 (2015 — HK\$1,878,000) from certain fellow subsidiaries of the Company. The rentals were determined by reference to the then prevailing open market rentals.
- (f) During the period, certain subsidiaries of LAAPL (the “LAAPL Subsidiaries”), joint ventures of the Group and an intermediate holding company of the Company, took up in full their respective pro-rata entitlements to the rights issue of OUE Hospitality Trust (“OUE H-Trust”) at aggregate subscription amount of approximately S\$18,400,000 (equivalent to approximately HK\$105,600,000) and S\$3,000,000 (equivalent to approximately HK\$17,227,000), respectively. OUE H-Trust, being a subsidiary of LAAPL, is listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The subscription amount of the LAAPL Subsidiaries of approximately S\$18,400,000 (equivalent to approximately HK\$105,600,000) was funded by a wholly-owned subsidiary of the Company in April 2016 by way of interest free exchangeable loans in exchange for the OUE H-Trust stapled securities subscribed by the LAAPL Subsidiaries under the rights issue (the “Exchangeable Loans”). Subsequent to completion of the rights issue in April 2016, the exchange right under the Exchangeable Loans was exercised to fully settle the Exchangeable Loans.

- (g) As at 30th September, 2016, the Group had amounts due from associates of HK\$73,481,000 (31st March, 2016 — HK\$73,979,000). The balances with the associates are unsecured, interest-free and have no fixed terms of repayment.

18. RELATED PARTY TRANSACTIONS (Continued)

- (h) As at 30th September, 2016, the Group had amounts due from joint ventures of HK\$1,400,455,000 (31st March, 2016 — HK\$1,289,420,000). The amounts due from joint ventures included balances of HK\$1,327,326,000 (31st March, 2016 — HK\$1,215,358,000), which are unsecured, bear interest at rates ranging from nil to 6.5 per cent. per annum and are repayable in 2017. The amounts due from joint ventures also included balances of HK\$54,743,000 (31st March, 2016 — HK\$53,614,000), which are unsecured, bear interest at rates ranging from nil to 6.5 per cent. per annum and are repayable on demand. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment.
- (i) As at 30th September, 2016, the Group had trade payables due to a joint venture of HK\$8,113,000 (31st March, 2016 — HK\$9,306,000). The balance is unsecured, interest-free and repayable within the normal trade credit terms.

19. 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, 2016 HK\$'000	31st March, 2016 HK\$'000	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Financial assets				
Available-for-sale financial assets	4,777	6,039	4,777	6,039
Financial assets at fair value through profit or loss	8,144	44,173	8,144	44,173
Other financial asset: Put Option (Note)	24,812	25,295	24,812	25,295
	37,733	75,507	37,733	75,507

Note: As provided in the shareholders' agreement for the joint arrangement for investment in MCB (the "Shareholders' Agreement"), in the event of the Group holding 20 per cent. or less of the issued share capital of MCB, the Group will be entitled to exercise a put option to require one of the shareholders of MCB to purchase all the remaining shares in MCB held by the Group (the "Put Option"). The Put Option is exercisable at any time during a period of 5 years from the date when the Group's shareholding interest in MCB becomes 20 per cent. or less. The right to exercise the Put Option survives any termination or expiry of the Shareholders' Agreement.

Management has assessed that the fair values of cash and bank balances, restricted cash, client trust bank balances, financial assets included in debtors, prepayments and deposits, loans and advances and financial liabilities included in creditors, accruals and deposits received approximate to their carrying amounts largely due to the short term maturity of these instruments.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Apart from the above, certain available-for-sale financial assets issued by private entities are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

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 statements issued by the investment fund managers, which take into consideration the fair value of the underlying properties and assets held under the investments.

For unlisted available-for-sale investment funds and investment funds at fair value through profit or loss classified under Level 3 of the fair value measurement hierarchy, the fair values are determined based on the net asset values of those investment funds. When the net asset value increases/decreases 3 per cent. (31st March, 2016 — 3 per cent.), the fair value will be increased/decreased by HK\$292,000 (31st March, 2016 — HK\$336,000).

The fair value of the Put Option is determined by Monte-Carlo simulation, which is the capitalisation of discounted cash flows generated by possible share price paths simulated by the model.

Below is a summary of significant unobservable inputs to the valuation of Put Option used in Level 3 fair value measurements as at 30th September, 2016:

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Other financial asset: Put Option	Monte-Carlo simulation method	Volatility of underlying shares	25.9 per cent. to 26.9 per cent. (31st March, 2016 — 26.4 per cent. to 27.4 per cent.)	When the volatility of the underlying shares increases/decreases 5 per cent. (31st March, 2016 — 5 per cent.), the fair value will be increased/ decreased by HK\$1,476,000 and HK\$622,000 (31st March, 2016 — HK\$1,313,000 and HK\$394,000), respectively

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)*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	
At 30th September, 2016				
Available-for-sale financial assets:				
Equity securities	36	–	–	36
Debt securities	–	2,300	–	2,300
Investment funds	–	–	2,441	2,441
Financial assets at fair value through profit or loss:				
Equity securities	688	–	–	688
Investment funds	–	165	7,291	7,456
Other financial asset:				
Derivative financial instrument	–	–	24,812	24,812
	724	2,465	34,544	37,733
At 31st March, 2016				
Available-for-sale financial assets:				
Equity securities	38	–	–	38
Debt securities	–	3,075	–	3,075
Investment funds	–	–	2,926	2,926
Financial assets at fair value through profit or loss:				
Equity securities	35,696	–	–	35,696
Investment funds	–	192	8,285	8,477
Other financial asset:				
Derivative financial instrument	–	–	25,295	25,295
	35,734	3,267	36,506	75,507

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)*Fair value hierarchy (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	Other financial asset HK\$'000	Other financial liability HK\$'000
Six months ended 30th September, 2016				
At 1st April, 2016	2,926	8,285	25,295	–
Total gains/(losses) recognised in the statement of profit or loss	(1,412)	81	(483)	–
Total gains recognised in other comprehensive income	1,131	–	–	–
Disposals	(201)	(1,079)	–	–
Exchange adjustments	(3)	4	–	–
At 30th September, 2016	2,441	7,291	24,812	–
Six months ended 30th September, 2015				
At 1st April, 2015	4,873	12,498	–	–
Total gains/(losses) recognised in the statement of profit or loss	–	(884)	1,021	–
Total losses recognised in other comprehensive income	(406)	–	–	–
Additions	–	–	13,383	(270,630)
Disposals	(108)	(1,819)	–	–
Deferred differences of fair value change (Note)	–	–	–	116,423
Exchange adjustments	(2)	(7)	–	–
At 30th September, 2015	4,357	9,788	14,404	(154,207)

Note: The amount represented the difference between the fair value and the transaction price. The recognition of such difference is deferred to subsequent periods.

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 (2015 — Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

20. EVENT AFTER THE REPORTING PERIOD

In October 2016, a subsidiary of the Company entered into a loan agreement with a subsidiary of LAAPL (the "LAAPL Subsidiary"), a joint venture of the Group, pursuant to which the Group agreed to make available a loan facility of up to S\$155,000,000 (equivalent to approximately HK\$866,962,000) to the LAAPL Subsidiary. The proceeds of this loan will be used to repay part of the existing indebtedness under LAAPL and for working capital purpose.

21. COMPARATIVE AMOUNTS

In February 2015, a joint venture of OUE, which in turn is a subsidiary of LAAPL, a principal joint venture of the Group, acquired an equity interest in a listed company (the "Acquisition"). As at 30th September, 2015, the purchase price allocation review in respect of the Acquisition was not completed. Such purchase price allocation review was completed during the year ended 31st March, 2016 and OUE recorded a share of gain from a bargain purchase in relation to the Acquisition. This gain from a bargain purchase represents the excess of fair value of assets and liabilities acquired over the consideration paid.

As a consequence, the Group has made certain adjustments to retrospectively adjust the impact of the Acquisition, which led to an increase in interests in joint ventures of HK\$285,609,000, an increase in distributable reserves of HK\$291,048,000 and a decrease in the exchange equalisation reserve of HK\$5,439,000 in the Group's consolidated statement of financial position as at 1st April, 2015 and a decrease in share of exchange equalisation reserve of joint ventures of HK\$10,498,000 for the six months ended 30th September, 2015. As a result, net other comprehensive loss for the six months ended 30th September, 2015 was increased by HK\$10,498,000. There was no impact for the profit and earnings per share attributable to equity holders of the Company for the six months ended 30th September, 2015.

Besides, certain comparative amounts have been reclassified and restated to conform with the current period's presentation and disclosures.

Business Review and Prospects

Business Review

Overview

Stepping into the second quarter of the year 2016, global financial markets continued to be volatile. Following the Brexit vote in the United Kingdom in a national referendum, there has been a period of volatility. It is expected that such uncertainty is likely to continue for some time. The devaluation of Renminbi continued to dampen investor confidence in the Asia region. The extent of and the timing on increase of U.S. interest rates have also added uncertainty in the global economy.

On the positive side, the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China, and the prevailing low interest rates and ample global liquidity environment have helped to maintain a more stable economic environment in the region. The performance of global stock markets improved in the third quarter of the year 2016.

Results for the Period

The Group recorded a consolidated profit attributable to shareholders of approximately HK\$186 million for the six months ended 30th September, 2016 (the “Period”), as compared to a consolidated profit of approximately HK\$348 million for the six months ended 30th September, 2015 (the “Last Period” or “2015”). The profit for the Period was mainly attributable to the share of profit of joint ventures of HK\$126 million principally resulted from the reversal of impairment loss and profit from disposal of development properties by OUE Limited (“OUE”, together with its subsidiaries, the “OUE Group”) and fair value gain from OUE’s investments designated at fair value through profit or loss.

Revenue for the Period decreased to HK\$145 million (2015 — HK\$1,219 million). The higher revenue for 2015 was mainly contributed by a development project in Macau completed in the Last Period and all pre-sale proceeds of this development project were recognised as revenue during the Last Period. No new property development projects were completed during the Period, which accounted for the decrease in revenue.

Property investment

Lippo ASM Asia Property Limited (“LAAPL”), a principal joint venture of the Company, is the vehicle holding the controlling stake of OUE, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and is principally engaged in property investment and development and hotel operation. The OUE Group has substantial and stable recurrent income stream from its high quality properties at prime locations in Singapore, Shanghai in the PRC and Los Angeles in the U.S. Asset enhancement initiatives at OUE Downtown in Singapore are near completion with new serviced residences expected to be opened in 2017. The OUE Group also completed the construction of the extension to Crowne Plaza Changi Airport Hotel (“Crowne Plaza”) in Singapore which was opened during the Period. The newly operational OUE Skyspace LA at US Bank Tower in Los Angeles contributed positively to the revenue of the OUE Group. Officially opened in June 2016, OUE Skyspace LA is the observation deck at US Bank Tower that offers visitors exhilarating, 360-degree view of Los Angeles from nearly 1,000 feet above ground. Following its active marketing activities, the OUE Group registered an increase in sale of units at OUE Twin Peaks, a residential development in Singapore, during the Period. As at 30th September, 2016, LAAPL had an aggregate equity interest of approximately 68.63 per cent. in OUE.

OUE Hospitality Trust (“OUE H-Trust”), a real estate investment trust established by OUE in 2013, is listed on the Main Board of the SGX-ST. Its portfolio includes Mandarin Orchard Singapore, Mandarin Gallery and Crowne Plaza in Singapore. In April 2016, OUE H-Trust successfully completed a rights issue (the “Rights Issue”) of 441,901,257 new stapled securities in OUE H-Trust (the “Rights Stapled Securities”) at S\$0.54 per Rights Stapled Security and raised funds of approximately S\$238.6 million. Such funds were mainly utilised by OUE H-Trust to finance its acquisition of the extension to Crowne Plaza from OUE for a consideration of approximately S\$205 million in August 2016.

LAAPL, OUE and an intermediate holding company of the Company took up in full their respective pro-rata entitlements to the Rights Stapled Securities. LAAPL’s subscription amount of approximately S\$18 million was funded by a wholly-owned subsidiary of the Company (the “Subsidiary”) by way of interest free exchangeable loans (the “Exchangeable Loans”) in exchange for the Rights Stapled Securities subscribed by LAAPL. After the exchange right under the Exchangeable Loans was exercised to fully settle the Exchangeable Loans, LAAPL further disposed of certain stapled securities in OUE H-Trust in September 2016. As a result, LAAPL and its subsidiaries held approximately 37.56 per cent. of the total number of stapled securities of OUE H-Trust in issue as at 30th September, 2016.

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) was established by OUE in early 2014 and is listed on the Main Board of the SGX-ST. Its property portfolio includes OUE Bayfront and One Raffles Place in Singapore as well as the properties at Lippo Plaza in Shanghai. The occupancy rates of its property portfolio are high. As at 30th September, 2016, the OUE Group held approximately 65.14 per cent. of the total number of OUE C-REIT units in issue.

The Group recorded a share of profit of HK\$124 million from its investment in LAAPL for the Period (2015 — share of loss of HK\$125 million). The share of profit recognised for the Period was mainly resulted from the reversal of impairment loss and profit from disposal of OUE Twin Peaks and net fair value gain from investments designated at fair value through profit or loss. The share of loss for the Last Period was mainly attributable to net fair value loss on investments designated at fair value through profit or loss. Besides, affected by the depreciation of the Singapore dollar during the Period, the Group shared a decrease in exchange reserve on translation of LAAPL’s investment of HK\$158 million during the Period. In July 2016, the Group advanced a loan of approximately S\$15 million to a subsidiary of LAAPL (the “LAAPL Subsidiary”), which was applied to repay part of the indebtedness under LAAPL. As a result, the Group’s total interests in LAAPL as at 30th September, 2016 increased to HK\$8.97 billion (31st March, 2016 — HK\$8.94 billion).

In October 2016, the Group further agreed to make available a loan facility of up to S\$155 million to the LAAPL Subsidiary. The proceeds of this loan will be used to repay part of the existing indebtedness under LAAPL and for working capital purpose.

Total segment revenue from the property investment business for the Period amounted to HK\$45 million (2015 — HK\$12 million). The segment profit amounted to HK\$43 million for the Period (2015 — HK\$6 million) before accounting for the results from the Group’s joint ventures.

Property development

“M Residences” is a residential property development at 83 Estrada de Cacilhas, Macau, in which the Group has 100 per cent. interest. “M Residences”, with a site area of approximately 3,398 square metres, has been developed into 311 residential units with a total saleable area of approximately 26,025 square metres. Occupation permit of “M Residences” was obtained in June 2015 and a substantial part of revenue was recorded in the Last Period. Hence, the segment revenue and segment profit for the Period decreased to HK\$83 million (2015 — HK\$1,173 million) and HK\$41 million (2015 — HK\$352 million) respectively, mainly from the sale of remaining units of “M Residences”.

Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK\$7 million during the Period (2015 — HK\$11 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 enhance yields and seek gains. The Group has certain direct investments in OUE H-Trust and OUE C-REIT through the Subsidiary in addition to its interests in them through LAAPL. In September 2016, all the stapled securities in OUE H-Trust and units in OUE C-REIT held by the Subsidiary were disposed of to independent third parties through married trades for an aggregate consideration of approximately S\$19.2 million and S\$6.1 million, respectively. Such disposals provided a good opportunity for the Group to realise its direct investments in OUE H-Trust and OUE C-REIT. The Group recognised a net gain of HK\$18 million for the Period from the above disposals. Besides, following the improvement in the global stock market in the third quarter of the year 2016, the Group recorded net fair value gain on its investments under the securities investment segment for the Period as compared to net fair value loss for 2015. As a consequence, the treasury and securities investments businesses recorded a net profit of HK\$25 million for the Period (2015 — HK\$3 million).

Banking business

The Group has an equity interest of 51 per cent. in The Macau Chinese Bank Limited (“MCB”), a licensed bank in Macau and a joint venture of the Company. MCB maintained strong growth in customer deposits and loans during the Period.

As provided in the shareholders’ agreement entered into between MCB and its shareholders in July 2015 to, amongst other things, regulate the relationships among shareholders of MCB (the “Shareholders’ Agreement”), in the event of the Group holding 20 per cent. or less of the issued share capital of MCB, the Group will be entitled to a put option to require Nam Yue (Group) Company Limited (a shareholder of MCB holding 40 per cent. of its equity interest) to purchase all the remaining shares in MCB held by the Group (the “Put Option”). The Put Option is exercisable at any time during a period of 5 years from the date when the Group’s shareholding interest in MCB becomes 20 per cent. or less. The right to exercise the Put Option survives any termination or expiry of the Shareholders’ Agreement. The fair value of the Put Option was included in “Other financial asset” of the Consolidated Statement of Financial Position.

The share of results of joint venture in this segment was HK\$1.3 million for the Period (2015 — HK\$0.3 million). Due to the change in fair value of the Put Option, this segment reported a segment loss of HK\$0.5 million for the Period, as compared to a segment profit of HK\$214 million which included the gain on disposal of subsidiary of HK\$212 million for the Last Period.

Corporate finance and securities broking

Lippo Securities Holdings Limited 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 continuing volatile stock markets in Hong Kong and mainland China make the local operating environment of corporate finance and securities broking business challenging. The outlook for the local stock market will be dependent on the market conditions in mainland China and economic developments globally. This segment registered a revenue of HK\$9 million for the Period (2015 — HK\$10 million) and the loss of this segment was HK\$5 million for the Period (2015 — HK\$3 million).

Financial Position

The Group's financial position remained healthy. As at 30th September, 2016, its total assets amounted to HK\$11.3 billion (31st March, 2016 — HK\$11.4 billion). Property-related assets stood at HK\$9.7 billion (31st March, 2016 — HK\$9.8 billion), representing 86 per cent. (31st March, 2016 — 86 per cent.) of the total assets. The Group maintained a strong cash position. Total cash and bank balances as at 30th September, 2016 amounted to HK\$930 million (31st March, 2016 — HK\$904 million). Current ratio as at the end of the reporting period amounted to 1.8 (31st March, 2016 — 1.9).

The net asset value attributable to equity holders of the Group remained robust and amounted to HK\$10.4 billion as at 30th September, 2016 (31st March, 2016 — HK\$10.5 billion). This was equivalent to HK\$5.2 per share (31st March, 2016 — HK\$5.3 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.

To secure bank overdraft facilities made available to the Group's securities broking operation, bank deposits of HK\$1 million were pledged as at 30th September, 2016 (31st March, 2016 — HK\$1 million). Such overdraft facilities had not been utilised at the end of the reporting period. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31st March, 2016 — Nil).

The Group's commitments are mainly related to the property development projects and securities investments. The decrease in commitments from HK\$116 million as at 31st March, 2016 to HK\$10 million as at 30th September, 2016 was mainly due to the utilisation of the Exchangeable Loans granted to certain joint ventures of the Group during the Period. 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 80 employees as at 30th September, 2016 (2015 — 100 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK\$17 million (2015 — HK\$29 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

Prospects

Looking ahead, global economic growth is expected to remain modest in the near term. The stabilisation in global demand renders support to the economy in Asia. However, the global economy still faces considerable uncertainties, including the looming interest rate hike in the U.S., possible policy change after the U.S. presidential election, the uncertainty after the Brexit vote in the United Kingdom, geopolitical tensions as well as the pace of the economic growth of mainland China. Hopefully, the prevailing low interest rates and surplus funds environment will be a compensatory positive influence to help maintaining investor confidence and create new business opportunities. The Group will continue to be watchful of market developments. The Group will also continue to take a cautious and prudent approach in managing its assets and assessing new investment opportunities to capture growth opportunities and enhance shareholders' value.

Additional Information

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK1 cent (2015 — interim distribution of HK1 cent) per share amounting to approximately HK\$20 million for the six months ended 30th September, 2016 (2015 — approximately HK\$20 million), which will be paid on or about Wednesday, 25th January, 2017 to shareholders whose names appear on the Company's Register of Members on Friday, 13th January, 2017.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 11th January, 2017 to Friday, 13th January, 2017 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend for the six months ended 30th September, 2016, 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 Tuesday, 10th January, 2017.

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, 2016, 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
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
Number of ordinary shares in Lippo Limited ("Lippo")					
Stephen Riady	–	–	369,376,219 <i>Notes (i) and (ii)</i>	369,376,219	74.90
John Lee Luen Wai	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,595,476,389 <i>Notes (i), (ii) and (iii)</i>	6,595,476,389	71.79

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, 2016, 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, 2016, Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 369,376,219 ordinary shares in, representing approximately 74.90 per cent. of the issued shares of, Lippo.
- (iii) As at 30th September, 2016, Lippo was directly and indirectly interested in an aggregate of 6,595,476,389 ordinary shares in, representing approximately 71.79 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
Auric Pacific Group Limited	Ordinary shares	61,927,335	49.28
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
Gemdale Properties and Investment Corporation Limited	Ordinary shares	4,706,452,795	29.80

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
Grand Peak Investment Limited	Ordinary shares	2	100
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, 2016, 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, 2016, 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, 2016, 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, 2016, 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, 2016, 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

Name	Number of ordinary shares of HK\$1.00 each	Approximate percentage of interests in the issued shares
<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 74.90 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, 2016, 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.

Updated Directors' Information

The following are the updated information of Directors of the Company disclosed pursuant to rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

On 30th June, 2016, Mr. Tsui King Fai resigned as a director and senior consultant of a registered financial services company in Hong Kong.

On 26th August, 2016, Mr. Albert Saychuan Cheok retired as the chairman and independent non-executive director of AcrossAsia Limited, a company listed on the Stock Exchange.

On 1st September, 2016, Mr. John Lee Luen Wai resigned as an independent non-executive director of New World China Land Limited, a company previously listed on the Stock Exchange which was privatised on 4th August, 2016.

Share Option Scheme

Details of the share option scheme of the Company are disclosed in Note 13 to the interim financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30th September, 2016, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Disclosure Pursuant to Rule 13.20 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

The Group, through its indirect wholly-owned subsidiary, had granted financial assistance to Fortune Code Limited ("FCL"), a subsidiary of Lippo ASM Asia Property Limited ("LAAPL") which in turn is a principal joint venture of the Company. The relevant advances disclosed pursuant to rule 13.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and remained outstanding as at 30th September, 2016 were granted under the following loan agreements:

- (i) a loan agreement dated 29th May, 2015 entered into between FCL and Pacific Landmark Holdings Limited ("PLHL"), a subsidiary of the Company, pursuant to which PLHL agreed to advance a loan of S\$53,920,839.43 to FCL for a term up to 19th October, 2015. On 28th August, 2015, PLHL and FCL agreed to amend the loan agreement by extending the repayment date to 19th October, 2017;
- (ii) a loan agreement dated 28th August, 2015 entered into between FCL and PLHL pursuant to which PLHL agreed to make available a loan facility of S\$7,000,000 to FCL, which is repayable on demand;

Disclosure Pursuant to Rule 13.20 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Continued)

- (iii) a loan agreement dated 28th August, 2015 entered into between FCL and PLHL pursuant to which PLHL agreed to advance a further loan of S\$100,000,000 to FCL for a term up to 19th October, 2017;
- (iv) a loan agreement dated 12th October, 2015 entered into between FCL and PLHL pursuant to which PLHL agreed to make available a loan facility of S\$2,000,000 to FCL, which is repayable on demand;
- (v) a loan agreement dated 30th November, 2015 entered into between FCL and PLHL pursuant to which PLHL agreed to make available a new loan facility of S\$38,000,000 to FCL for a term up to 19th October, 2017; and
- (vi) a loan agreement dated 19th July, 2016 entered into between FCL and PLHL pursuant to which PLHL agreed to make available a new loan facility of approximately S\$14,959,000 to FCL for a term up to 19th October, 2017.

In addition, an unsecured loan of approximately S\$10,314,000 was advanced by PLHL to FCL on 20th June, 2013 for a term up to 19th October, 2015. On 28th August, 2015, PLHL and FCL agreed to amend the loan agreement by extending the repayment date to 19th October, 2017.

All the above advances from PLHL to FCL (the “Advances”) are unsecured and are subject to an interest rate of 6.5 per cent. per annum. On 20th October, 2016, PLHL had assigned all the indebtedness under the above loans and all rights, interests, benefits and title therein to Polar Step Limited (“PSL”), an indirect wholly-owned subsidiary of the Company.

Therefore, at the end of the reporting period, LAAPL was indebted to the Group an aggregate outstanding principal amount of approximately S\$226,194,000 (equivalent to approximately HK\$1,285,799,000).

Subsequent to the reporting period, on 20th October, 2016, a loan agreement (the “October 2016 Loan Agreement”) was entered into between FCL and PSL pursuant to which PSL agreed to make available a new loan facility of up to S\$155,000,000 to FCL (the “October 2016 Loan Facility”), which is unsecured, subject to an interest rate of 2.25 per cent. per annum and repayable on demand. In addition, FCL as borrower agreed to amend the agreements relating to the Advances so that the repayment date as well as the interest rate going forward with effect from the date on which the October 2016 Loan Facility is first drawn by FCL shall be the same as those provided under the October 2016 Loan Agreement.

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, 2016.

Corporate Governance

The Company is committed to ensuring a high standard 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, 2016.

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, 29th November, 2016

Supplementary Financial Information

Disclosure Pursuant to Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30th September, 2016 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	<i>HK\$'000</i>
Pro forma combined statement of financial position	
Intangible assets	935,965
Fixed assets	4,222,107
Investment properties	35,713,812
Interests in equity-accounted investees	2,314,623
Properties held for sale	4,895,699
Properties under development	14,084
Available-for-sale financial assets	957,506
Financial assets at fair value through profit or loss	1,587,718
Loans and advances	1,093,025
Debtors, prepayments and deposits	472,043
Treasury bills	19,400
Cash and bank balances	1,967,106
Other assets	141,923
Bank and other borrowings	(24,757,814)
Creditors, accruals and deposits received	(2,064,527)
Current, fixed, savings and other deposits of customers	(1,289,708)
Tax payable	(191,813)
Shareholders' advance	(1,673,375)
Deferred tax liabilities	(771,550)
Other financial liabilities	(159,337)
Non-controlling interests	(14,140,535)
	9,286,352
Group's attributable interest (<i>Note</i>)	9,669,765

Note: The Group's attributable interest represents that portion attributable to the Group before non-controlling interests included therein.

Corporate Information

Board of Directors

Executive Directors

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

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
Bank of China (Hong Kong) Limited
Standard Chartered Bank
The Bank of East Asia, Limited
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
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