Hongkong Chinese Limited
香港華人有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 655)

2018
INTERIM REPORT

*For identification purpose only

Contents

The Board of Directors (the "Board") 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 30 September 2018 (the "Period").

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2018

	Note	Unaudited Six months ended 30 September **2018** **HK$'000**	 2017 HK$'000 (Restated)
Continuing operations			
Revenue	4	**38,079**	46,859
Cost of sales		**(1,997)**	(4,231)
Gross profit		**36,082**	42,628
Administrative expenses		**(16,023)**	(20,239)
Other operating expenses		**(30,261)**	(8,660)
Net fair value gain on financial instruments at fair value through profit or loss		**3,499**	222
Finance costs		**(7,934)**	(6,305)
Share of results of associates		**5,696**	1,841
Share of results of joint ventures	6	**(112,244)**	4,780
Profit/(Loss) before tax from continuing operations	5	**(121,185)**	14,267
Income tax	7	**(561)**	(1,277)
Profit/(Loss) for the period from continuing operations		**(121,746)**	12,990
Discontinued operation			
Loss for the period from discontinued operation	8	**(4,657)**	(5,896)
Profit/(Loss) for the period		**(126,403)**	7,094
Attributable to:			
Equity holders of the Company		**(126,039)**	7,759
Non-controlling interests		**(364)**	(665)
		(126,403)	7,094
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	9		
Basic and diluted			
— For profit/(loss) for the period		**(6.3)**	0.4
— For profit/(loss) from continuing operations		**(6.1)**	0.7

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2018

	Unaudited Six months ended 30 September 2018 HK$'000	2017 HK$'000 (Restated)
Profit/(Loss) for the period	**(126,403)**	7,094
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale financial assets	**–**	233
Exchange differences on translation of foreign operations	**(42,665)**	28,809
Share of other comprehensive loss of an associate	**(7)**	(2)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	**(333,810)**	285,304
Other reserves	**6,469**	1,495
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax	**(370,013)**	315,839
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instrument at fair value through other comprehensive income	**(2)**	–
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	**(368,757)**	–
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax	**(368,759)**	–
Other comprehensive income/(loss) for the period, net of tax	**(738,772)**	315,839
Total comprehensive income/(loss) for the period	**(865,175)**	322,933
Attributable to:		
Equity holders of the Company	**(861,983)**	321,675
Non-controlling interests	**(3,192)**	1,258
	(865,175)	322,933
Total comprehensive income/(loss) for the period attributable to equity holders of the Company:		
— From continuing operations	**(856,516)**	326,420
— From discontinued operation	**(5,467)**	(4,745)
	(861,983)	321,675

Condensed Consolidated Statement of Financial Position

As at 30 September 2018

	Note	**30 September 2018 HK$'000 (Unaudited)**	31 March 2018 HK$'000 (Audited)
Non-current assets			
Fixed assets		**52,940**	38,670
Investment properties		**114,240**	122,328
Interests in associates		**369,480**	381,059
Interests in joint ventures	6	**9,868,153**	10,631,431
Financial assets at fair value through other comprehensive income	2(a)	**21**	–
Financial assets at fair value through profit or loss	2(a)	**3,270**	–
Available-for-sale financial assets	2(a)	**–**	3,175
Other financial asset		**52,294**	48,826
		10,460,398	11,225,489
Current assets			
Properties held for sale		**83,377**	91,653
Properties under development		**28,906**	30,580
Loans and advances		**9,126**	20,833
Debtors, prepayments and deposits	11	**11,720**	36,533
Financial assets at fair value through profit or loss		**16,879**	7,518
Client trust bank balances		**–**	300,909
Restricted cash		**–**	1,073
Time deposits with original maturity of more than three months		**4,570**	4,785
Cash and cash equivalents		**344,686**	539,031
		499,264	1,032,915
Assets classified as held for sale	8	**410,467**	–
		909,731	1,032,915
Current liabilities			
Creditors, accruals and deposits received	12	**214,893**	471,705
Tax payable		**54,235**	58,786
		269,128	530,491
Liabilities directly associated with assets classified as held for sale	8	**271,181**	–
		540,309	530,491
Net current assets		**369,422**	502,424
Total assets less current liabilities		**10,829,820**	11,727,913

	Note	**30 September 2018 HK$'000 (Unaudited)**	31 March 2018 HK$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	13	**484,167**	481,667
Deferred tax liabilities		**13,772**	15,234
		497,939	496,901
Net assets		**10,331,881**	11,231,012
Equity			
Equity attributable to equity holders of the Company			
Share capital	14	**1,998,280**	1,998,280
Reserves	15	**8,312,340**	9,200,672
		10,310,620	11,198,952
Non-controlling interests		**21,261**	32,060
		10,331,881	11,231,012

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium account HK$'000	Capital redemption reserve *(Note 15(c))* HK$'000	Fair value reserve of financial assets at FVOCI* HK$'000	Hedging reserve *(Note 15(d))* HK$'000	Exchange equalisation reserve HK$'000	Distributable reserves *(Note 15(b))* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 31 March 2018, as previously reported	1,998,280	92,775	22,144	384,033	1,419	717,684	7,982,617	11,198,952	32,060	11,231,012
Impact on initial application of HKFRS 9 *(Note 2(a))*	–	–	–	(64,395)	–	–	58,839	(5,556)	–	(5,556)
At 1 April 2018, as adjusted	1,998,280	92,775	22,144	319,638	1,419	717,684	8,041,456	11,193,396	32,060	11,225,456
Loss for the period	–	–	–	–	–	–	(126,039)	(126,039)	(364)	(126,403)
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(39,837)	–	(39,837)	(2,828)	(42,665)
Changes in fair value of equity instrument at fair value through other comprehensive income	–	–	–	(2)	–	–	–	(2)	–	(2)
Share of other comprehensive loss of an associate	–	–	–	–	–	(7)	–	(7)	–	(7)
Share of other comprehensive income/(loss) of joint ventures	–	–	–	(369,191)	6,903	(333,810)	–	(696,098)	–	(696,098)
Total comprehensive income/(loss) for the period	–	–	–	(369,193)	6,903	(373,654)	(126,039)	(861,983)	(3,192)	(865,175)
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	(810)	(810)	–	(810)
Transfer of reserve of a joint venture	–	–	–	(553)	–	–	553	–	–	–
2017/2018 final dividend declared to shareholders of the Company	–	–	–	–	–	–	(19,983)	(19,983)	–	(19,983)
Return of capital to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(7,607)	(7,607)
At 30 September 2018	**1,998,280**	**92,775**	**22,144**	**(50,108)**	**8,322**	**344,030**	**7,895,177**	**10,310,620**	**21,261**	**10,331,881**

	Share capital HK$'000	Share premium account HK$'000	Capital redemption reserve *(Note 15(c))* HK$'000	Investment revaluation reserve HK$'000	Hedging reserve *(Note 15(d))* HK$'000	Exchange equalisation reserve HK$'000	Distributable reserves *(Note 15(b))* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2017	1,998,280	92,775	22,144	267,984	(15,693)	45,114	7,601,588	10,012,192	43,226	10,055,418
Profit/(Loss) for the period	–	–	–	–	–	–	7,759	7,759	(665)	7,094
Other comprehensive income/(loss) for the period:										
Changes in fair value of available-for-sale financial assets	–	–	–	233	–	–	–	233	–	233
Exchange differences on translation of foreign operations	–	–	–	–	–	26,886	–	26,886	1,923	28,809
Share of other comprehensive loss of an associate	–	–	–	–	–	(2)	–	(2)	–	(2)
Share of other comprehensive income/(loss) of joint ventures	–	–	–	8,999	(7,504)	285,304	–	286,799	–	286,799
Total comprehensive income/(loss) for the period	–	–	–	9,232	(7,504)	312,188	7,759	321,675	1,258	322,933
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	(6,934)	(6,934)	–	(6,934)
2016/2017 final dividend declared to shareholders of the Company	–	–	–	–	–	–	(19,983)	(19,983)	–	(19,983)
At 30 September 2017	1,998,280	92,775	22,144	277,216	(23,197)	357,302	7,582,430	10,306,950	44,484	10,351,434

* FVOCI stands for fair value through other comprehensive income and the balance at 31 March 2018 represents investment revaluation reserve in relation to the available-for-sale financial assets under HKAS 39 basis.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

		Unaudited	
		Six months ended 30 September	
		2018	2017
	Note	**HK$'000**	HK$'000
Net cash flows used in operating activities		**(3,045)**	(19,135)
Cash flows from investing activities			
Capital injection in a joint venture		**(25,220)**	–
Payments to acquire fixed assets		**(19,236)**	(145)
Repayment from an associate		**–**	28,827
Other net cash flows arising from investing activities		**138**	1,085
Net cash flows from/(used in) investing activities		**(44,318)**	29,767
Cash flows from financing activities			
Drawdown of bank and other borrowings		**100,000**	–
Repayment of bank and other borrowings		**(100,000)**	–
Return of capital to a non-controlling shareholder of a subsidiary		**(7,607)**	–
Other net cash flows arising from financing activities		**(5,238)**	(3,790)
Net cash flows used in financing activities		**(12,845)**	(3,790)
Net increase/(decrease) in cash and cash equivalents		**(60,208)**	6,842
Cash and cash equivalents at beginning of period		**539,031**	536,878
Exchange realignments		**(11,549)**	9,378
Cash and cash equivalents at end of period		**467,274**	553,098
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents as stated in the statement of financial position		**344,686**	553,098
Cash and cash equivalents attributable to a discontinued operation	8	**122,588**	–
Cash and cash equivalents as stated in the statement of cash flows		**467,274**	553,098

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 "Stock Exchange") (the "Listing Rules"). 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 31 March 2018.

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 31 March 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") as disclosed in Note 2 to the interim financial statements.

2. CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
Amendments to HKFRS 1 included in *Annual Improvements 2014-2016 Cycle*	*First-time Adoption of Hong Kong Financial Reporting Standards*
Amendments to HKAS 28 included in *Annual Improvements 2014-2016 Cycle*	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*

Except for HKFRS 9 and HKFRS 15, the application of other amendments and interpretation do not have material financial effects on the Group's financial statements. The Group has initially applied HKFRS 9 and HKFRS 15 with effect from 1 April 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 April 2018. The nature and effect of these changes in accounting policies are disclosed below.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) HKFRS 9 *Financial Instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has adopted HKFRS 9 from 1 April 2018. The Group has not restated comparative information as permitted by the transitional provisions in HKFRS 9. The transition adjustments were recognised against the opening balance of equity at 1 April 2018. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9:

	31 March 2018 As previously reported HK$'000	Effect on adoption of HKFRS 9 HK$'000	1 April 2018 As adjusted HK$'000
Non-current assets			
Interests in joint ventures	10,631,431	(5,556)	10,625,875
Financial assets at fair value through other comprehensive income	–	24	24
Financial assets at fair value through profit or loss	–	3,151	3,151
Available-for-sale financial assets	3,175	(3,175)	–
Total non-current assets	11,225,489	(5,556)	11,219,933
Net assets	11,231,012	(5,556)	11,225,456
Equity			
Reserves	9,200,672	(5,556)	9,195,116
Equity attributable to equity holders of the Company	11,198,952	(5,556)	11,193,396
Total equity	11,231,012	(5,556)	11,225,456

The impacts from adopting HKFRS 9 related to the classification and measurement and the impairment requirements are summarised as follows:

Classification and measurement

Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) HKFRS 9 *Financial Instruments* *(Continued)*

Classification and measurement (Continued)

The new classification and measurement of the Group's financial assets are as follows:

(i) Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

(ii) Debt instruments at FVOCI for financial assets that are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the instrument fulfils the contractual cash flows character, with gains or losses recycled to profit or loss on derecognition.

(iii) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group invests in for strategic purpose and intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. Financial assets at FVOCI are not subject to an impairment assessment under HKFRS 9.

(iv) Financial assets at FVPL comprise derivative financial instruments, equity instruments that are held for trading and all other equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify as FVOCI. This category also includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business model was made as of the date of initial application, i.e. 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

The above changes in classification and measurement mainly affect the classification and measurement of the Group's available-for-sale ("AFS") financial assets. Besides, the Group's joint ventures changed the classification and measurement of their financial assets to HKFRS 9 categories.

Impairment

The adoption of HKFRS 9 has changed the Group's accounting for impairments by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis.

Upon adoption of HKFRS 9, the Group has applied the simplified approach and recorded lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade debtors. The results of the revision at 1 April 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's financial assets.

A joint venture has applied the general approach and recorded lifetime or twelve-month expected credit losses in accordance with HKFRS 9.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) HKFRS 9 *Financial Instruments* (Continued)

The following table summarised the impact on changes in the classification and measurement of financial assets and ECL impact on 1 April 2018, the date of initial application of HKFRS 9:

	Note	HKAS 39 measurement category	HKFRS 9 measurement category	HKAS 39 carrying amount at 31 March 2018 HK$'000	Re-classification HK$'000	Re-measurement (including ECL impact) HK$'000	HKFRS 9 carrying amount at 1 April 2018 HK$'000
Available-for-sale financial assets:							
Equity securities	1	AFS	FVOCI	24	(24)	–	–
Debt securities	2	AFS	FVPL	2,880	(2,880)	–	–
Investment funds	3	AFS	FVPL	271	(271)	–	–
Financial assets at fair value through other comprehensive income	1	N/A	FVOCI	–	24	–	24
Financial assets at fair value through profit or loss	2,3	FVPL	FVPL	7,518	3,151	–	10,669
Interests in joint ventures	4	N/A	N/A	10,631,431	–	(5,556)	10,625,875
Total assets subject to HKFRS 9 impact on initial recognition				10,642,124	–	(5,556)	10,636,568

N/A: Not applicable

The following table summarised the impact of initial application of HKFRS 9 on the Group's equity as at 1 April 2018:

	Note	Fair value reserve of financial assets at FVOCI HK$'000	Retained profits HK$'000
HKAS 39 carrying amount at 31 March 2018		384,033	7,237,642
ECL adjustments	4	110	(5,666)
Transfer from retained profits to fair value reserve of financial assets at FVOCI	1	(64,000)	64,000
Transfer from fair value reserve of financial assets at FVOCI to retained profits	5	(575)	575
Transfer of fair value reserve of financial assets at FVOCI by a joint venture	6	70	(70)
Balance at 1 April 2018, as adjusted		319,638	7,296,481

Note:

1. Equity securities classified as AFS were reclassified to FVOCI because the Group invests in such investments for strategic purpose and intends to hold for the foreseeable future and the Group has irrevocably elected to so classify upon initial recognition or transition. Besides, certain unlisted equity instruments classified as AFS were previously carried at cost less impairment. Upon initial application of HKFRS 9 at 1 April 2018, the accumulated impairment was transferred from retained profits to fair value reserve of financial assets at FVOCI (formerly investment revaluation reserve).
2. Certain debt securities were reclassified from AFS to FVPL as their cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.
3. Investment funds classified as AFS were reclassified to FVPL as their cash flows are not solely payments of principal and interest on the principal outstanding.
4. HKFRS 9 ECL decreased the net asset value of a joint venture of the Company. Hence, the Group's interests in joint ventures decreased.
5. Investment revaluation reserve relating to debt securities and investment funds, which was previously presented under accumulated other comprehensive income, was transferred to retained profits.
6. A joint venture reclassified its financial assets in accordance with HKFRS 9. The amount represented the share of transfer from fair value reserve of financial assets at FVOCI to retained profits.

2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. HKFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under HKFRS 15, revenues are recognised at amounts that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers.

The Group has elected to apply the modified retrospective approach for transition to the new revenue standard on 1 April 2018. Results for the periods beginning on or after 1 April 2018 are presented under HKFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis.

The Group and some of its associates and joint ventures are engaged in property development. Certain costs incurred in fulfilling a contract which were previously expensed may need to be capitalised as an asset and will be amortised to match the transfer of the development property to the customer under the contract. The Group has elected to apply HKFRS 15 retrospectively only to uncompleted contracts as at 1 April 2018. Except this change of accounting policy, the adoption of HKFRS 15 has insignificant effect on the interim financial statements.

(c) Issued but not yet effective new and revised HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [2]
HKFRS 16	*Leases* [1]
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments* [1]

[1] Effective for annual periods beginning on or after 1 January 2019

[2] No mandatory effective date yet determined but available for adoption

The Directors of the Company anticipate that the adoption of HKFRS 16 will have impact on the Group's consolidated financial statements. The management is in the process of making an assessment of the full impact of it, and the result is consistent with assessment the management made and disclosed in the annual financial statements for the year ended 31 March 2018. It is expected that the adoption of other new and revised HKFRSs will have no significant impact on the financial performance and the financial position of the Group.

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 investments in securities held-for-trading and for long-term strategic purpose;

(e) the banking business segment engages in the provision of commercial and retail banking services; and

(f) the "other" segment comprises principally money lending and the provision of project and fund management and investment advisory services.

The corporate finance and securities broking segment which provides securities and futures brokerage, investment banking, underwriting and other related advisory services was classified as discontinued operation during the current period (Note 8).

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.

Segment assets exclude interests in associates and joint ventures, deferred tax assets, tax recoverable and other head office and corporate assets which are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other head office and corporate liabilities which are managed on a group basis.

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

3. SEGMENT INFORMATION *(Continued)*

	Continuing operations								Discontinued operation		
	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Banking business HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000	Corporate finance and securities broking HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Six months ended 30 September 2018											
Revenue											
External	**29,668**	**5,841**	**1,714**	**–**	**–**	**856**	**–**	**38,079**	**8,724**	**–**	**46,803**
Inter-segment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**47**	**(47)**	**–**
Total	**29,668**	**5,841**	**1,714**	**–**	**–**	**856**	**–**	**38,079**	**8,771**	**(47)**	**46,803**
Segment results	**20,436**	**541**	**1,714**	**(77)**	**3,468**	**2,465**	**47**	**28,594**	**(4,610)**	**(47)**	**23,937**
Unallocated corporate expenses								**(43,231)**			**(43,231)**
Share of results of associates	**–**	**5,705**	**–**	**–**	**–**	**(9)**	**–**	**5,696**	**–**	**–**	**5,696**
Share of results of joint ventures	**(112,843)**	**30**	**–**	**–**	**569**	**–**	**–**	**(112,244)**	**–**	**–**	**(112,244)**
Loss before tax								**(121,185)**			**(125,842)**
Other segment information:											
Capital expenditure *(Note)*	**19,223**	**–**	**–**	**–**	**–**	**–**	**–**	**19,223**	**3**	**–**	**19,226**
Depreciation	**(133)**	**(8)**	**–**	**–**	**–**	**–**	**–**	**(141)**	**(40)**	**–**	**(181)**
Interest income	**26,287**	**–**	**1,714**	**–**	**–**	**148**	**–**	**28,149**	**–**	**–**	**28,149**
Finance costs	**(7,934)**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,934)**	**–**	**–**	**(7,934)**
Write-back of provision for impairment losses on loans and receivables	**–**	**–**	**–**	**–**	**–**	**2,220**	**–**	**2,220**	**–**	**–**	**2,220**
Net fair value gain on financial instruments at fair value through profit or loss	**–**	**–**	**–**	**31**	**3,468**	**–**	**–**	**3,499**	**–**	**–**	**3,499**
Unallocated:											
Capital expenditure *(Note)*								**10**			**10**
Depreciation								**(3,081)**			**(3,081)**
Six months ended 30 September 2017 (restated)											
Revenue											
External	28,985	17,036	373	14	–	451	–	46,859	7,758	–	54,617
Inter-segment	–	–	–	–	–	–	–	–	–	–	–
Total	28,985	17,036	373	14	–	451	–	46,859	7,758	–	54,617
Segment results	21,343	9,313	373	87	130	(2,323)	–	28,923	(5,896)	–	23,027
Unallocated corporate expenses								(21,277)			(21,277)
Share of results of associates	–	1,851	–	–	–	(10)	–	1,841	–	–	1,841
Share of results of joint ventures	1,345	(90)	–	–	3,525	–	–	4,780	–	–	4,780
Profit before tax								14,267			8,371
Other segment information:											
Capital expenditure *(Note)*	–	–	–	–	–	–	–	–	140	–	140
Depreciation	(1)	(24)	–	–	–	(13)	–	(38)	(81)	–	(119)
Interest income	25,659	–	373	–	–	189	–	26,221	–	–	26,221
Finance costs	(6,305)	–	–	–	–	–	–	(6,305)	–	–	(6,305)
Write-back of provision for impairment losses on a joint venture	–	465	–	–	–	–	–	465	–	–	465
Net fair value gain on financial instruments at fair value through profit or loss	–	–	–	92	130	–	–	222	–	–	222
Unallocated:											
Capital expenditure *(Note)*								5			5
Depreciation								(3,170)			(3,170)

Note: Capital expenditure includes additions to fixed assets.

3. SEGMENT INFORMATION *(Continued)*

	Continuing operations							Discontinued operation	
	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Banking business HK$'000	Other HK$'000	Consolidated HK$'000	Corporate finance and securities broking HK$'000	Consolidated HK$'000
At 30 September 2018 (unaudited)									
Segment assets	**172,927**	**113,226**	**315,403**	**20,170**	**52,294**	**9,149**	**683,169**	**410,467**	**1,093,636**
Interests in associates	**6,690**	**362,741**	**–**	**–**	**–**	**49**	**369,480**	**–**	**369,480**
Interests in joint ventures	**9,739,695**	**1,714**	**–**	**–**	**126,744**	**–**	**9,868,153**	**–**	**9,868,153**
Unallocated assets							**38,860**	**–**	**38,860**
Total assets							**10,959,662**	**410,467**	**11,370,129**
Segment liabilities	**489,752**	**11,526**	**–**	**–**	**–**	**–**	**501,278**	**445,181**	**946,459**
Unallocated liabilities							**91,789**	**–**	**91,789**
Total liabilities							**593,067**	**445,181**	**1,038,248**
As at 31 March 2018 (audited)									
Segment assets	162,561	127,472	505,073	10,693	48,826	11,193	865,818	327,951	1,193,769
Interests in associates	7,101	373,914	–	–	–	44	381,059	–	381,059
Interests in joint ventures	10,522,724	1,762	–	–	106,945	–	10,631,431	–	10,631,431
Unallocated assets							52,145	–	52,145
Total assets							11,930,453	327,951	12,258,404
Segment liabilities	485,858	15,544	–	–	–	50	501,452	439,695	941,147
Unallocated liabilities							86,245	–	86,245
Total liabilities							587,697	439,695	1,027,392

4. REVENUE

Revenue from continuing operations 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, 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 from continuing operations is as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
		(Restated)
Sales of properties	**5,841**	17,036
Revenue from contracts with customers *(Note)*	**5,841**	17,036
Property rental income	**3,381**	3,326
Interest income	**28,149**	26,221
Dividend income	**–**	14
Other	**708**	262
	38,079	46,859

Note:

Disaggregation of revenue is analysed as follows:
By operating segments:

	Six months ended 30 September					
	2018			2017		
	Revenue recognised at a point in time	**Revenue recognised over time**	**Total**	Revenue recognised at a point in time	Revenue recognised over time	Total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Revenue from contracts with customers:						
Property development	**5,841**	**–**	**5,841**	17,036	–	17,036
Property rental income			**3,381**			3,326
Interest income			**28,149**			26,221
Dividend income			**–**			14
Other			**708**			262
			38,079			46,859

4. REVENUE *(Continued)*

Note: (Continued)

By geographical locations:

	Six months ended 30 September					
	2018			2017		
	Revenue recognised at a point in time HK$'000	**Revenue recognised over time HK$'000**	**Total HK$'000**	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000	Total HK$'000
Revenue from contracts with customers:						
Macau	**5,841**	**–**	**5,841**	16,675	–	16,675
Mainland China	**–**	**–**	**–**	361	–	361
Total	**5,841**	**–**	**5,841**	17,036	–	17,036
Property rental income			**3,381**			3,326
Interest income			**28,149**			26,221
Dividend income			**–**			14
Other			**708**			262
			38,079			46,859

The geographical location is based on the location of the customers.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2018 HK$'000	2017 HK$'000 (Restated)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Held for trading financial assets at fair value through profit or loss:		
Equity securities	**154**	(2)
Investment funds	**(381)**	94
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	**260**	–
Investment funds	**(2)**	–
Derivative financial instrument	**3,468**	130
	3,499	222
Interest income:		
Loans and advances	**26,435**	25,848
Other	**1,714**	373
Depreciation	**(3,222)**	(3,208)
Write-back of provision for impairment losses on a joint venture *(Note)*	**–**	465
Write-back of provision for impairment losses on loans and receivables *(Note)*	**2,220**	–
Foreign exchange gains/(losses) — net *(Note)*	**(12,863)**	6,642
Cost of properties sold	**(1,170)**	(3,398)

Note: The amounts are included in "Other operating expenses" in the condensed consolidated statement of profit or loss.

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

Interests in joint ventures mainly included the Group's interests 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 in developing and managing assets across commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

For the six months ended 30 September 2018, the Group's share of loss of LAAPL amounted to HK$112,843,000 (2017 — share of profit of HK$1,345,000). The share of loss was mainly due to a joint venture's unrealised exchange loss on translation of its financial liabilities and a non-cash loss on disposal of interests in equity-accounted investees during the six months ended 30 September 2018. As at 30 September 2018, the Group's interests in LAAPL was approximately HK$9,739,695,000 (31 March 2018 — HK$10,522,724,000). The decrease in interests in LAAPL for the six months ended 30 September 2018 was mainly due to the decrease in share of exchange reserve on translation of LAAPL's investment from the depreciation of the Singapore dollar and the share of fair value loss of its financial assets at fair value through other comprehensive income during the period.

7. INCOME TAX

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Hong Kong:		
Charge for the period	**–**	–
Overseas:		
Charge for the period	**1,048**	1,597
Overprovision in prior periods	**(33)**	–
Deferred	**(454)**	(320)
	561	1,277
Total charge for the period from continuing operations	**561**	1,277

Hong Kong profits tax has been provided at the rate of 16.5% (2017 — 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the companies operating in mainland China, Republic of Singapore and Macau, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 25%, 17% and 12% (2017 — 25%, 17% and 12%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

8. DISCONTINUED OPERATION

In July 2018, the Group entered into a sale and purchase agreement with G-Resources Group Limited (the "GR Group") for the sale by the Group of the entire issued shares in Lippo Securities Holdings Limited ("LSH", the wholly-owned securities arm of the Company) to the GR Group for a consideration of approximately HK$348,700,000 (the "Disposal"). The completion thereof is yet to take place pending satisfaction or waiver of certain conditions precedent. After the completion, the Group will cease the corporate finance and securities broking business. LSH and its subsidiaries (the "LSH Group") were classified as disposal group held for sale as at 30 September 2018 and the results of the corporate finance and securities broking business carried out by the LSH Group were classified as discontinued operation. Cumulative exchange gains on translation of foreign operations of HK$2,322,000 relating to the LSH Group classified as held for sale have been included in other comprehensive income and included in equity.

8. DISCONTINUED OPERATION *(Continued)*

The results of the LSH Group for the period are presented below:

	Note	Six months ended 30 September 2018 HK$'000	2017 HK$'000
Revenue *(Note)*		**8,724**	7,758
Cost of sales		**(4,039)**	(3,612)
Gross profit		**4,685**	4,146
Administrative expenses		**(7,473)**	(7,008)
Other operating expenses		**(1,869)**	(3,034)
Loss before tax		**(4,657)**	(5,896)
Income tax		**–**	–
Loss for the period from discontinued operation		**(4,657)**	(5,896)
Other comprehensive income/(loss)			
Exchange differences on translation of discontinued operation		**(810)**	1,151
Total comprehensive loss for the period from discontinued operation		**(5,467)**	(4,745)
		HK cents	HK cents
Loss per share attributable to equity holders of the Company	9		
Basic and diluted			
— For loss from discontinued operation		**(0.2)**	(0.3)

Note: Revenue represents income from securities and futures brokerage, investment banking, underwriting and other related advisory services under corporate finance and securities broking segment. The revenue is recognised at a point in time and generated from customers located in Hong Kong.

The major classes of assets and liabilities of the LSH Group classified as held for sale as at 30 September 2018 are as follows:

	30 September 2018 HK$'000
Assets	
Fixed assets	**98**
Loans and advances	**10,847**
Debtors, prepayments and deposits	**14,501**
Client trust bank balances	**261,424**
Restricted cash	**1,009**
Cash and cash equivalents	**122,588**
Assets classified as held for sale	**410,467**
Liabilities	
Creditors, accruals and deposits received	**(271,181)**
Liabilities directly associated with assets classified as held for sale	**(271,181)**
	139,286

8. DISCONTINUED OPERATION *(Continued)*

The net cash flows incurred by the LSH Group are as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Operating activities	**(2,957)**	(8,659)
Investing activities	**(3)**	(140)
Financing activities	**(4)**	–
Net cash outflow	**(2,964)**	(8,799)

9. 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 (2017 — approximately 1,998,280,000 ordinary shares) in issue during the period.

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	**(121,382)**	13,655
From discontinued operation	**(4,657)**	(5,896)
	(126,039)	7,759

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2018 and 2017.

10. INTERIM DIVIDEND

	Six months ended 30 September	
	2018	2017
	HK$'000	HK$'000
Interim dividend, declared, of HK1 cent (2017 — HK1 cent) per ordinary share	**19,983**	19,983

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

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:

	30 September 2018 HK$'000	31 March 2018 HK$'000
Outstanding balances with ages:		
Repayable on demand	**–**	7,928
Within 30 days	**74**	683
	74	8,611

Trade debtors balance as at 31 March 2018 was attributable to the LSH Group. Trade debtors together with other debtors, prepayments and deposits attributable to the LSH Group were classified as held for sale as at 30 September 2018 as a result of the Disposal.

12. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Trade creditors balance as at 31 March 2018 was solely attributable to the LSH Group. Trade creditors together with other creditors, accruals and deposits received attributable to the LSH Group were classified as liabilities associated with assets classified as held for sale as at 30 September 2018 as a result of the Disposal.

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

	30 September 2018 HK$'000	31 March 2018 HK$'000
Outstanding balances with ages:		
Repayable on demand	**–**	267,135
Within 30 days	**–**	39,231
	–	306,366

Balance of creditors, accruals and deposits received also included deposits received of HK$47,000,000 (31 March 2018 — Nil) from the Disposal and an exclusivity payment of HK$130,000,000 (31 March 2018 — HK$130,000,000) in relation to the negotiation of the proposed disposal of a majority stake of the Group's securities broking operation. The exclusivity payment would only be refunded after the completion of the Disposal.

13. BANK AND OTHER BORROWINGS

	30 September 2018 HK$'000	31 March 2018 HK$'000
Repayable in the third to fifth years, inclusive:		
Unsecured bank loans	**484,167**	481,667

The Group's bank loans were denominated in Hong Kong dollars and bore interest at floating rate. The Company has provided corporate guarantee for the bank loans granted to a subsidiary of the Company.

14. SHARE CAPITAL

	30 September 2018 HK$'000	31 March 2018 HK$'000
Authorised:		
4,000,000,000 (31 March 2018 — 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 (31 March 2018 — 1,998,280,097) ordinary shares of HK$1.00 each	**1,998,280**	1,998,280

15. 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 2 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 30 September 2018 comprised retained profits of HK$7,150,202,000 (31 March 2018 — HK$7,237,642,000) and the remaining balance arising from the Cancellation of HK$744,975,000 (31 March 2018 — HK$744,975,000).

(c) The capital redemption reserve is not available for distribution to shareholders.

(d) The hedging reserve relates to the Group's share of the hedging reserve under joint ventures.

16. CONTINGENT LIABILITIES

As at 30 September 2018, the Group had no material contingent liabilities (31 March 2018 — Nil).

17. COMMITMENTS

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

	30 September 2018 HK$'000	31 March 2018 HK$'000
Commitments in respect of property acquisition:		
Contracted, but not provided for	**–**	6,834
Other commitments:		
Contracted, but not provided for	**579**	581
	579	7,415

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$776,000 (2017 — HK$1,471,000) to a fellow subsidiary of the Company, in respect of office premises occupied by the Company. The rentals were determined by reference to the then prevailing open market rentals.

(b) During the period, the Group paid rental expenses (including service charges) of HK$591,000 (2017 — HK$1,793,000) 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 interest income of HK$26,287,000 (2017 — HK$25,659,000) from a joint venture of the Group.

(d) As at 30 September 2018, the Group had amounts due from associates of HK$30,166,000 (31 March 2018 — HK$30,558,000). The balances with the associates are unsecured, interest-free and have no fixed terms of repayment.

(e) As at 30 September 2018, the Group had amounts due from joint ventures of HK$2,399,251,000 (31 March 2018 — HK$2,484,125,000). The amounts due from joint ventures included balances of HK$2,382,006,000 (31 March 2018 — HK$2,466,880,000), which are unsecured, bear interest at rates ranging from nil to 2.25% (31 March 2018 — nil to 2.25%) 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.

(f) As at 30 September 2018, the Group had trade payables due to a joint venture of HK$5,200,000 (31 March 2018 — HK$5,272,000). 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**	
	30 September 2018 HK$'000	31 March 2018 HK$'000	**30 September 2018 HK$'000**	31 March 2018 HK$'000
Financial assets				
Financial assets at fair value through other comprehensive income	**21**	–	**21**	–
Financial assets at fair value through profit or loss	**20,149**	7,518	**20,149**	7,518
Available-for-sale financial assets	**–**	3,175	**–**	3,175
Other financial asset:				
Put Option *(Note)*	**52,294**	48,826	**52,294**	48,826
	72,464	59,519	**72,464**	59,519

Note: Pursuant to the amended and restated shareholders agreement for the joint arrangement for investment in The Macau Chinese Bank Limited ("MCB", a joint venture of the Company) (the "Shareholders' Agreement"), the Group has a put option to sell its remaining 20% interest to the majority shareholder of MCB at any time during the 5 years from 3 November 2017 (the "Put Option"). The right to exercise the Put Option survives any termination or expiry of the Shareholders' Agreement.

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

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, 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. In addition, the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near to the end of the reporting period and the Group's non-performance risk is considered to be minimal.

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 are based on quoted market prices.

The fair values of unlisted investment 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 values of the underlying assets held under the investments. For unlisted investment funds classified under Level 3 of the fair value measurement hierarchy, when the net asset value increases/decreases 3% (31 March 2018 — 3%), the fair value will be increased/decreased by HK$145,000 (31 March 2018 — HK$220,000).

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 the Put Option used in Level 3 fair value measurements as at 30 September 2018:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Other financial asset:				
Put Option	Monte-Carlo simulation method	Volatility of underlying shares	21.9% (31 March 2018 — 22.6%)	When the volatility of the underlying shares increases/decreases 5% (31 March 2018 — 5%), the fair value will be increased/decreased by HK$708,000 and HK$478,000 (31 March 2018 — HK$123,000 and HK$269,000), 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			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 30 September 2018				
Financial assets at fair value through other comprehensive income:				
Equity securities	**21**	**–**	**–**	**21**
Held for trading financial assets at fair value through profit or loss:				
Equity securities	**12,088**	**–**	**–**	**12,088**
Investment funds	**–**	**98**	**4,693**	**4,791**
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	**–**	**3,140**	**–**	**3,140**
Investment funds	**–**	**–**	**130**	**130**
Other financial asset:				
Derivative financial instrument	**–**	**–**	**52,294**	**52,294**
	12,109	**3,238**	**57,117**	**72,464**
At 31 March 2018				
Available-for-sale financial assets:				
Equity securities	24	–	–	24
Debt securities	–	2,880	–	2,880
Investment funds	–	–	271	271
Financial assets at fair value through profit or loss:				
Equity securities	286	–	–	286
Investment funds	–	158	7,074	7,232
Other financial asset:				
Derivative financial instrument	–	–	48,826	48,826
	310	3,038	56,171	59,519

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

Fair value hierarchy *(Continued)*

The movements in fair value measurements in Level 3 for the six months ended 30 September 2018 are as follows:

	Held for trading investment funds at fair value through profit or loss HK$'000	Investment funds mandatorily classified at fair value through profit or loss HK$'000	Available-for-sale investment funds HK$'000	Other financial asset HK$'000
At 31 March 2018, as previously reported	7,074	–	271	48,826
Impact on initial application of HKFRS 9	–	271	(271)	–
At 1 April 2018, as adjusted	7,074	271	–	48,826
Total gains/(losses) recognised in the statement of profit or loss	(323)	(2)	–	3,468
Disposals	(393)	–	–	–
Return of capital	(1,665)	(139)	–	–
At 30 September 2018	4,693	130	–	52,294

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 (2017 — 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

The completion of the Disposal is yet to take place. By reference to the latest unaudited accounts of the LSH Group, it is estimated that a gain on disposal of approximately HK$153,000,000 (subject to audit and adjustment) will be reflected in the Group's financial statements upon completion of the Disposal.

21. COMPARATIVE AMOUNTS

The comparative amounts relating to the discontinued operation have been restated in the condensed consolidated statement of profit or loss and relevant notes in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (Note 8). Besides, certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

Business Review and Prospects

Business Review

Overview

During the Period, the global economy enjoyed expansion amid certain uncertainties and risks including trade tensions, interest rate hikes of the United States of America ("US"), Brexit negotiations, and other economic and geopolitical incidents. The Group and its joint ventures steered through such uncertainties and risks and execution of certain corporate transactions that were deemed essential to consolidate the Group's resources for future sustainable growth.

Results for the Period

The Group recorded a consolidated loss attributable to shareholders of approximately HK$126 million for the Period, as compared to a consolidated profit of approximately HK$8 million for the six months ended 30 September 2017 ("2017"). The loss was mainly due to share of loss from joint ventures of HK$112 million (2017 — profit of HK$5 million), after accounting for a joint venture's unrealised exchange loss on translation of its financial liabilities and non-cash loss on disposal of its interests in equity-accounted investees during the Period.

Property investment and development businesses contributed to 93% (2017 — 98%) of total revenue from continuing operations for the Period. Revenue from continuing operations for the Period decreased to HK$38 million (2017 — HK$47 million). The decrease was mainly due to less properties of the Group sold during the Period.

In July 2018, the Group entered into a sale and purchase agreement with the GR Group for the Disposal. The completion thereof is yet to take place pending satisfaction or waiver of certain conditions precedent. After the completion, the Group will cease the corporate finance and securities broking business. Accordingly, the LSH Group were classified as disposal group held for sale as at 30 September 2018 and the results of the corporate finance and securities broking business carried out by the LSH Group were classified as results from discontinued operation. This segment registered a total revenue of HK$9 million for the Period (2017 — HK$8 million) and the loss of this segment was HK$5 million for the Period (2017 — HK$6 million).

The Group's other operating expenses for the Period mainly included legal and professional fees of HK$4 million (2017 — HK$4 million), consultant and service fees of HK$5 million (2017 — HK$4 million), donation of HK$5 million (2017 — Nil) and exchange losses of HK$13 million (2017 — gains of HK$7 million). Due to the depreciation of Singapore dollar and Renminbi during the Period, the Group recorded exchange losses for the Period as compared with exchange gains for 2017. As a result, total other operating expenses increased to HK$30 million for the Period (2017 — HK$9 million).

Property Investment
Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group's investment properties portfolio and interest income from the loans to a subsidiary of LAAPL (together with its subsidiaries the "LAAPL Group"), a principal joint venture of the Company. The segment revenue for the Period amounted to HK$30 million (2017 — HK$29 million). Segment profit for the Period before accounting for the share of results from the Group's joint ventures amounted to HK$20 million (2017 — HK$21 million).

LAAPL is the vehicle holding a controlling stake of approximately 68.7% equity interest in OUE (together with its subsidiaries the "OUE Group") as at 30 September 2018. OUE is listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST"). The OUE Group grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail, residential and healthcare sectors. With its core strategy of investing in and enhancing a stable of distinctive properties, the OUE Group is committed to developing a portfolio with a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. The OUE Group has established a high quality property portfolio at prime locations in Singapore, Shanghai in the People's Republic of China (the "PRC") and Los Angeles in the US. It owns directly Downtown Gallery in Singapore with approximately 14,000 sq. m. of premium retail space and Oakwood Premier OUE Singapore with 268 serviced residences. In September 2018, the OUE Group announced a conditional purchase of plots of land of approximately 8,000 sq. m. in a prime location in the central business district in South Jakarta, Indonesia.

The LAAPL Group held, as at 30 September 2018, approximately 38.6% of the total number of stapled securities of OUE Hospitality Trust which is listed on the Main Board of the SGX-ST. Its portfolio includes the 1,077-room Mandarin Orchard Singapore, the adjoining Mandarin Gallery and the 563-room Crowne Plaza Changi Airport in Singapore. The hotels recorded better performance during the Period.

The OUE Group also had, as at 30 September 2018, an approximately 55.9% interest in OUE Commercial Real Estate Investment Trust ("OUE C-REIT") which is listed on the Main Board of the SGX-ST. Its Grade A property portfolio as at 30 September 2018 included OUE Bayfront and One Raffles Place in Singapore as well as the properties at Lippo Plaza in Shanghai. The portfolio's committed occupancy attained 94.9% as at 30 September 2018 with all three properties continuing to achieve higher-than-market office occupancy. The portfolio has been expanded by the addition in November 2018 of the Grade A office components of OUE Downtown in Singapore's Central Business District following the acquisition thereof by OUE C-REIT from the OUE Group for a consideration of S$908 million (approximately HK$5.2 billion), which acquisition was financed in part through a rights issue of new units of OUE C-REIT.

Further, the OUE Group had, as at 30 September 2018, an approximately 64.3% equity interest in OUE Lippo Healthcare Limited ("OUELH", together with its subsidiaries the "OUELH Group") in Singapore which is listed on the Catalist Board of the SGX-ST. The OUELH Group provides high-quality and sustainable healthcare solutions through the acquisition, development, management, and operations of healthcare facilities. It currently owns 12 quality nursing homes in Japan and derives rental revenue therefrom. It has 2 hospital projects in the PRC and owns a strategically located site in Kuala Lumpur, Malaysia. As part of its Pan-Asian growth strategy, it completed in October 2018 the acquisition of a 40% interest in Bowsprit Capital Corporation Limited ("Bowsprit", the manager of First Real Estate Investment Trust ("First REIT") which is listed on the Main Board of the SGX-ST since 2006) and an approximately 10.6% of the total issued units of First REIT which acquisition was financed through OUELH's rights issue. OUE acquired the remaining 60% interest in Bowsprit at the same time. The acquisition of Bowsprit is in line with the OUE Group's strategy to grow its asset management business. Bowsprit also owned approximately 7% of the total issued units of First REIT as at 30 September 2018. First REIT is a healthcare real estate investment trust which invests in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare related purposes. As at 30 September 2018, First REIT had 20 properties comprising 16 in Indonesia, 3 in Singapore and 1 in South Korea.

The OUE Group now manages various trusts with accumulated assets under management of approximately S$8 billion (approximately HK$46 billion).

The Group recorded a share of loss of joint ventures of HK$113 million from its investment in LAAPL for the Period (2017 — share of profit of HK$1 million). The share of loss of joint ventures was mainly due to a joint venture's unrealised exchange loss and non-cash loss on disposal of its interests in equity-accounted investees as mentioned above. Besides, the LAAPL Group held various investments for long-term strategic purpose and recorded those investments as financial assets at fair value through other comprehensive income. Due to the volatility of global stock markets for the Period, the Group shared a fair value loss in other comprehensive income from those investments of HK$369 million. Further, the Group shared a decrease in exchange reserve on translation of LAAPL's investment of HK$334 million during the Period due to the depreciation of the Singapore dollar. As a result, the Group's total interests in LAAPL as at 30 September 2018 decreased to HK$9.7 billion (31 March 2018 — HK$10.5 billion).

Property Development

"M Residences" in Macau was fully sold following the sale of the remaining car and motor vehicle parking spaces in April 2018. Sale of the remaining apartment unit, small number of shophouses and carparking spaces at Lippo Plaza in Beijing was slow due to persistent local conditions. With a substantial portion of the completed development properties sold and recognised in prior years, the segment revenue and segment profit for the Period decreased to HK$6 million (2017 — HK$17 million) and HK$1 million (2017 — HK$9 million) respectively, before accounting for the share of results from the Group's associates and joint ventures.

Sale of some of the remaining units of the luxurious Marina Collection in Sentosa, Singapore (in which the Group has a 50% interest) was completed during the Period. A portion of the remaining units is leased out. The Group shared a profit of associate of HK$6 million (2017 — HK$2 million) from the investment.

Treasury and Securities Investments

The Group managed its investment portfolio and looked for opportunities to enhance yields. The treasury and securities investments businesses recorded a net profit of HK$2 million for the Period (2017 — HK$0.5 million). Total revenue from treasury and securities investments businesses for the Period amounted to HK$2 million (2017 — HK$0.4 million).

Banking

MCB is a joint venture of the Company in which the Group had a 20% equity interest as at 30 September 2018. During the Period, the Group injected MOP26 million into MCB as its pro-rata subscription of MCB's share capital increase of MOP130 million. MCB recorded strong growth in customer deposits and loans during the Period. The Group's share of profit from MCB amounted to HK$0.6 million for the Period (2017 — HK$4 million) due to a reduction in equity interest in MCB after the completion of its disposal of 31% equity interests in November 2017.

Pursuant to the Amended and Restated Shareholders Agreement in June 2018, the Group has the Put Option. The fair value of the Put Option was included in "Other financial asset" of the Group's consolidated statement of financial position. The banking business segment reported a profit of HK$3.5 million for the Period (2017 — HK$0.1 million), resulting from the increase in the fair value of the Put Option.

Financial Position

The Group's financial position remained healthy. As at 30 September 2018, its total assets amounted to HK$11.4 billion (31 March 2018 — HK$12.3 billion). Property-related assets amounted to HK$10.4 billion as at 30 September 2018 (31 March 2018 — HK$11.2 billion), representing 91% (31 March 2018 — 91%) of total assets. Total liabilities as at 30 September 2018 amounted to HK$1.0 billion (31 March 2018 — HK$1.0 billion). Total cash and bank balances (consisted of cash and cash equivalents, time deposits with original maturity of more than three months and restricted cash) as at 30 September 2018 decreased to HK$349 million (31 March 2018 — HK$545 million), mainly due to the reclassification of cash and bank balances of the LSH Group to assets classified as held for sale. Current ratio as at 30 September 2018 amounted to 1.7 (31 March 2018 — 1.9). The Group maintained a strong liquidity position.

As at 30 September 2018, the Group's bank and other borrowings amounted to HK$484 million (31 March 2018 — HK$482 million). The bank loans were denominated in Hong Kong dollars, carried interest at floating rate and were not repayable within one year. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 4.7% as at 30 September 2018 (31 March 2018 — 4.3%).

The net asset value attributable to equity holders of the Company remained strong and amounted to HK$10.3 billion as at 30 September 2018 (31 March 2018 — HK$11.2 billion). This was equivalent to HK$5.2 per share (31 March 2018 — HK$5.6 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, swaps and currency loans would be used to manage the foreign exchange exposure.

To secure bank facilities made available to the Group's securities broking operation, certain bank deposits were pledged. Such bank facilities had not been utilised at the end of the Period. Save as aforesaid, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 March 2018 — Nil).

The Group's commitments amounted to HK$1 million as at 30 September 2018 (31 March 2018 — HK$7 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 72 employees as at 30 September 2018 (30 September 2017 — 73 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK$15 million (2017 — HK$17 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

With uncertainties in global trade and expected interest rate increases, the Group and its joint ventures are consolidating their resources to prepare for opportunities and challenges. In particular, the OUE Group (the Group's major joint venture) operates with its diversified property portfolio in Singapore will continue to benefit from a sound recurrent income base. The OUE Group's hospitality division is expected to benefit from a strong pipeline of meetings and large biennial events in Singapore in 2018, forecast increasing international visitor arrivals following the opening of Jewel Changi Airport in early 2019 as well as reduced supply of new hotel rooms. The solid prime office and retail markets in Singapore would enhance the OUE Group's premier office and mall leasing while its enlarged Pan-Asia healthcare portfolio will strengthen its earnings accretion and cash flow generating base. In light of increasing challenges due to regional and international situations, the Group will cautiously monitor its investments and assess new opportunities with a view to delivering sustainable shareholder returns.

Additional Information

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK1 cent (2017 – HK1 cent) per share amounting to approximately HK$20 million for the Period (2017 – approximately HK$20 million), which will be paid on Friday, 25 January 2019 to shareholders whose names appear on the Company's Register of Members on Friday, 11 January 2019.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 9 January 2019 to Friday, 11 January 2019 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend for the Period, 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, 8 January 2019.

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

As at 30 September 2018, 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") (the "Associated Corporations" and each an "Associated Corporation"), 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules (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	Corporate interests (interest of controlled corporations)	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares in the Company					
Stephen Riady ("Dr Riady")	–	–	1,430,081,492 *Notes (i) and (ii)*	1,430,081,492	71.57
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03
Number of ordinary shares in Lippo Limited ("Lippo")					
Stephen Riady	–	–	369,800,219 *Note (i)*	369,800,219	74.98
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,890,184,389 *Notes (i) and (iii)*	6,890,184,389	74.99

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 30 September 2018, Lippo Capital Limited ("Lippo Capital"), an Associated Corporation, and through its wholly-owned subsidiary, J & S Company Limited ("J & S"), was directly and indirectly interested in an aggregate of 369,800,219 ordinary shares in Lippo, representing approximately 74.98% of the issued shares thereof. Lippo Capital was a 60% owned subsidiary of Lippo Capital Holdings Company Limited ("Lippo Capital Holdings"), an Associated Corporation, which in turn was a wholly-owned subsidiary of Lippo Capital Group Limited ("Lippo Capital Group"), an Associated Corporation. Dr Riady was the beneficial owner of one ordinary share in Lippo Capital Group, representing 100% of the issued share capital thereof.

(ii) As at 30 September 2018, Lippo, through its 100% owned subsidiaries, was indirectly interested in 1,430,081,492 ordinary shares in the Company, representing approximately 71.57% of the issued shares thereof.

(iii) As at 30 September 2018, Lippo, through its 100% owned subsidiaries, was indirectly interested in 6,890,184,389 ordinary shares in LCR, representing approximately 74.99% of the issued shares thereof.

Through Dr Riady's interest in Lippo Capital Group, he was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations as at 30 September 2018:

Name of Associated Corporation	*Note*	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	(a)	Ordinary shares	2	100
Auric Pacific Group Limited ("Auric")	(b)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(c)	Ordinary shares	1	100
Blue Regent Limited	(a)	Ordinary shares	100	100
Boudry Limited	(a)	Ordinary shares	10	100
	(a)	Non-voting deferred shares	1,000	100
Brainy World Holdings Limited ("Brainy World")	(d)	Ordinary shares	1	100
Brimming Fortune Limited	(a)	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	(a)	Ordinary shares	1	100
First Tower Corporation	(e)	Ordinary shares	1	100
Gainmate Hong Kong Limited	(f)	Ordinary shares	100	100
Grace Valley Limited	(a)	Ordinary shares	1	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	*Note*	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Grand Peak Investment Limited	(a)	Ordinary shares	2	100
Great Honor Investments Limited	(a)	Ordinary shares	1	100
Greenorth Holdings Limited	(a)	Ordinary shares	1	100
Hennessy Holdings Limited ("Hennessy")	(e)	Ordinary shares	1	100
HKCL Investments Limited	(a)	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	(a)	Ordinary shares	2	100
J & S Company Limited	(a)	Ordinary shares	1	100
Lippo Assets (International) Limited	(a)	Ordinary shares	1	100
	(a)	Non-voting deferred shares	15,999,999	100
Lippo Capital Holdings Company Limited	(g)	Ordinary shares	1	100
Lippo Capital Limited	(c)	Ordinary shares	423,414,001	60
Lippo Finance Limited	(a)	Ordinary shares	6,176,470	82.35
Lippo Health Care Limited	(h)	Ordinary shares	1	100
Lippo Investments Limited	(a)	Ordinary shares	2	100
Lippo Realty Limited	(a)	Ordinary shares	2	100
MG Superteam Pte. Ltd.	(a)	Ordinary shares	1	100
Multi-World Builders & Development Corporation	(a)	Ordinary shares	4,080	51
Prime Success Limited ("Prime Success")	(e)	Ordinary shares	1	100
Silver Creek Capital Pte. Ltd. ("Silver Creek")	(a)	Ordinary shares	53,670,100	100
Skyscraper Realty Limited	(e)	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	(a)	Ordinary shares	100,000	100
Valencia Development Limited	(a)	Ordinary shares	800,000	100
	(a)	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	(a)	Ordinary shares	1	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)*

Note:

(a) Such share(s) was/were 100% held directly or indirectly by Lippo Capital, an indirect 60% owned subsidiary of Lippo Capital Group.

(b) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"), an indirect 60% owned subsidiary of LCR; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd, a direct 80% owned subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd, an indirect 100% owned subsidiary of LCR and 759,000 ordinary shares were held by Max Turbo Limited, an indirect 100% owned subsidiary of LCR. In addition, as at 30 September 2018, 18,691,216 ordinary shares were held by Silver Creek. Accordingly, Dr Riady was taken to be interested in an aggregate of 80,618,551 ordinary shares in Auric, representing approximately 65.48% of the issued shares thereof.

(c) Such share(s) was/were held directly by Lippo Capital Holdings which in turn was a direct wholly-owned subsidiary of Lippo Capital Group.

(d) Such share was 100% held directly by LCM (China) Pte Ltd, an indirect 64.35% owned subsidiary of OUE. OUE was indirectly owned as to approximately 68.65% by Fortune Code Limited ("FCL"). The Company, through its 50% joint venture, LAAPL, held 92.05% interest in FCL.

(e) Such share(s) was/were 100% held directly or indirectly by Lippo.

(f) 50 shares were held by Oddish Ventures Pte. Ltd., a direct 100% owned subsidiary of OUE and 50 shares were held by Raising Fame Ventures Limited, an indirect 100% owned subsidiary of LCR.

(g) Such share was 100% held directly by Lippo Capital Group.

(h) Such share was 100% held directly by Brainy World.

As at 30 September 2018, 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.

All the interests stated above represent long positions. Save as disclosed herein, as at 30 September 2018, 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 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 30 September 2018, 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.

Interests and Short Positions of Shareholders Discloseable Under the SFO

As at 30 September 2018, so far as is known to the Directors, the following persons (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 SFO as follows:

Interests of substantial shareholders in shares of the Company

Name of substantial shareholders	Number of ordinary shares	Approximate percentage of the issued shares
Hennessy Holdings Limited	1,430,081,492	71.57
Prime Success Limited	1,430,081,492	71.57
Lippo Limited	1,430,081,492	71.57
Lippo Capital Limited	1,430,081,492	71.57
Lippo Capital Holdings Company Limited	1,430,081,492	71.57
Lippo Capital Group Limited	1,430,081,492	71.57
Madam Shincee Leonardi ("Madam Leonardi")	1,430,081,492	71.57
PT Trijaya Utama Mandiri ("PT TUM")	1,430,081,492	71.57
Mr James Tjahaja Riady ("Mr James Riady")	1,430,081,492	71.57
Madam Aileen Hambali ("Madam Hambali")	1,430,081,492	71.57

Note:

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,430,081,492 ordinary shares in the Company, representing approximately 71.57% of the issued shares thereof.

2. Hennessy is wholly owned by Prime Success which in turn is wholly owned by Lippo.

3. Lippo Capital, and through its wholly-owned subsidiary, J & S, was directly and indirectly interested in approximately 74.98% of the issued ordinary shares of Lippo.

4. Lippo Capital Holdings owned 60% of the issued shares in Lippo Capital. Lippo Capital Group owned 100% of the issued share capital of Lippo Capital Holdings. Dr Riady was the beneficial owner of 100% of the issued share capital of Lippo Capital Group. Madam Leonardi is the spouse of Dr Riady.

5. PT TUM owned the remaining 40% of the issued shares in Lippo Capital. PT TUM was wholly owned by Mr James Riady who is a brother of Dr Riady. Madam Hambali is the spouse of Mr James Riady.

6. Hennessy's interests in the ordinary shares of the Company were recorded as the interests of Prime Success, Lippo, Lippo Capital, Lippo Capital Holdings, Lippo Capital Group, Madam Leonardi, PT TUM, Mr James Riady and Madam Hambali. The above 1,430,081,492 ordinary shares in the Company related to the same block of shares that Dr 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".

All the interests stated above represent long positions. Save as disclosed herein, as at 30 September 2018, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

During the Period, 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 Listing Rules

The Group had granted financial assistance to FCL, a subsidiary of LAAPL which in turn is a principal joint venture of the Group. The relevant advances disclosed pursuant to Rule 13.13 of the Listing Rules and remained outstanding as at 30 September 2018 were granted under the following loan agreements:

(i) a loan agreement dated 29 May 2015 between FCL and Pacific Landmark Holdings Limited ("PLH"), a subsidiary of the Company, pursuant to which PLH agreed to advance a loan of S$53,920,839.43 (the "Loan") to FCL;

(ii) a loan agreement dated 28 August 2015 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S$7,000,000 (the "Interim Loan") to FCL;

(iii) a loan agreement dated 28 August 2015 between FCL and PLH pursuant to which PLH agreed to advance a further loan of S$100,000,000 (the "Further Loan") to FCL;

(iv) a loan agreement dated 12 October 2015 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S$2,000,000 (the "Second Interim Loan") to FCL;

(v) a loan agreement dated 30 November 2015 between FCL and PLH pursuant to which PLH agreed to make available a new loan facility of S$38,000,000 (the "New Loan") to FCL;

(vi) a loan agreement dated 19 July 2016 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of approximately S$14,959,000 (the "July 2016 Loan") to FCL; and

(vii) a loan agreement dated 20 October 2016 between FCL and Polar Step Limited ("PSL"), a subsidiary of the Company, pursuant to which PSL agreed to make available a loan facility in the maximum principal amount of S$155,000,000 (the "October 2016 Facility") to FCL. The October 2016 Facility was first drawn on 4 January 2017 (the "October 2016 Facility Drawdown Date") and is unsecured, subject to an interest rate of 2.25% per annum and repayable on demand.

In addition, an unsecured loan of approximately S$10,314,000 (the "June 2013 Loan") was advanced by PLH to FCL on 20 June 2013.

On 20 October 2016, PLH assigned all of its rights, interests, benefits and title in the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan to PSL. Pursuant to an amended and restated loan agreement dated 20 October 2016 between, inter alia, PSL and FCL, with effect from the October 2016 Facility Drawdown Date, the interest rate of each of the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan was amended from 6.5% per annum to 2.25% per annum and the repayment date was amended to repayable on demand.

Disclosure Pursuant to Rule 13.20 of the Listing Rules *(Continued)*

On 4 January 2017, PLH assigned all of its rights, interests, benefits and title in the Interim Loan, the Second Interim Loan and the New Loan to PSL. Pursuant to an amended and restated loan agreement dated 4 January 2017 between, inter alia, PSL and FCL, with effect from 4 January 2017, the interest rate of each of the Interim Loan, the Second Interim Loan and the New Loan was amended from 6.5% per annum to 2.25% per annum and such loans will be repayable on demand.

All the above advances to FCL are unsecured. As at 30 September 2018, the balance of the above advances amounted to approximately S$380,420,000 (equivalent to approximately HK$2,173,378,000).

Corporate Governance

The Company is committed to ensuring a high standard of corporate governance practices. 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 shareholder 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 to the Listing Rules for the Period.

Audit Committee

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Messrs King Fai Tsui (Chairman), Victor Ha Kuk Yung and Edwin Neo, and one non-executive Director, Mr Leon Nim Leung Chan. 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 Group for the Period.

Model Code For Securities Transactions By Directors

The Company has adopted the Model Code as the code for securities transactions by the Directors. Having made specific enquiry of all the Directors, the Directors have complied with the required standard set out in the Model Code during the Period.

By Order of the Board
HONGKONG CHINESE LIMITED
John Luen Wai Lee
Chief Executive Officer

29 November 2018

Supplementary Financial Information

Disclosure Pursuant to Rule 13.22 of the Listing Rules

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30 September 2018 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Listing Rules:

	HK$'000
Pro forma combined statement of financial position	
Intangible assets	**1,069,236**
Fixed assets	**4,106,703**
Investment properties	**39,493,567**
Interests in equity-accounted investees	**396,158**
Properties held for sale	**3,034,048**
Properties under development	**414,720**
Financial assets at fair value through other comprehensive income	**3,700,442**
Financial assets at fair value through profit or loss	**980,434**
Loans and advances	**4,057,491**
Debtors, prepayments and deposits	**2,258,463**
Cash and cash equivalents	**4,016,938**
Other assets	**205,544**
Bank and other borrowings	**(27,861,209)**
Creditors, accruals and deposits received	**(2,472,080)**
Current, fixed, savings and other deposits of customers	**(5,097,894)**
Tax payable	**(174,218)**
Shareholders' advance	**(2,827,690)**
Deferred tax liabilities	**(1,066,595)**
Other financial liabilities	**(22,230)**
Non-controlling interests	**(15,115,678)**
	9,096,150
Group's attributable interest *(Note)*	**10,237,633**

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 Luen Wai Lee, BBS, JP
(Chief Executive Officer)

Non-executive Director

Mr Leon Nim Leung Chan

Independent non-executive Directors

Mr Victor Ha Kuk Yung
Mr King Fai Tsui
Mr Edwin Neo

Committees

Audit Committee

Mr King Fai Tsui *(Chairman)*
Mr Leon Nim Leung Chan
Mr Victor Ha Kuk Yung
Mr Edwin Neo

Remuneration Committee

Mr King Fai Tsui *(Chairman)*
Dr Stephen Riady
Mr Leon Nim Leung Chan
Mr Victor Ha Kuk Yung
Mr Edwin Neo

Nomination Committee

Mr King Fai Tsui *(Chairman)*
Dr Stephen Riady
Mr Leon Nim Leung Chan
Mr Victor Ha Kuk Yung
Mr Edwin Neo

Secretary

Mr Kelsch Woon Kun Wong

Auditor

Ernst & Young

Principal Bankers

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

Solicitors

Howse Williams Bowers

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay 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

40th Floor, Tower Two
Lippo Centre
89 Queensway
Hong Kong

Stock Code

655

Website

www.hkchinese.com.hk