



Hongkong Chinese Limited

香港華人有限公司*

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

2020

Interim Report

**For identification purpose only*

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The Board of Directors (the “Board”) of Hongkong Chinese Limited (the “Company”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2020 (the “Period”).

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2020

	Note	Unaudited	
		Six months ended 30 September 2020 HK\$'000	2019 HK\$'000 (Restated)
Continuing operations			
Revenue	4	63,167	36,387
Cost of sales		(16,453)	(653)
Gross profit		46,714	35,734
Administrative expenses		(15,723)	(16,636)
Other operating expenses	6	(11,183)	(12,675)
Other gains — net	5	2,747	2
Finance costs		(6,988)	(9,589)
Share of results of associates		6,266	13,277
Share of results of joint ventures	7	(733,589)	262,801
Profit/(Loss) before tax from continuing operations	6	(711,756)	272,914
Income tax	8	(7,827)	(827)
Profit/(Loss) for the period from continuing operations		(719,583)	272,087
Discontinued operation			
Profit/(Loss) for the period from discontinued operation	9	134,599	(3,374)
Profit/(Loss) for the period		(584,984)	268,713
Attributable to:			
Equity holders of the Company		(585,419)	269,297
Non-controlling interests		435	(584)
		(584,984)	268,713
		HK cents	HK cents (Restated)
Earnings/(Loss) per share attributable to equity holders of the Company	10		
Basic and diluted			
— For profit/(loss) for the period		(29.3)	13.5
— For profit/(loss) from continuing operations		(36.0)	13.6

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2020

	Unaudited	
	Six months ended 30 September 2020 HK\$'000	2019 HK\$'000
Profit/(Loss) for the period	(584,984)	268,713
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	25,703	(16,582)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	(5,720)	–
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	325,953	(181,920)
Other reserves	(17,127)	(14,639)
Adjustment for disposal of interests in a joint venture	282	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	329,091	(213,141)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	10	1
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(7,525)	88,080
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax	(7,515)	88,081
Other comprehensive income/(loss) for the period, net of tax	321,576	(125,060)
Total comprehensive income/(loss) for the period	(263,408)	143,653
Attributable to:		
Equity holders of the Company	(264,587)	145,246
Non-controlling interests	1,179	(1,593)
	(263,408)	143,653
Total comprehensive income/(loss) for the period attributable to equity holders of the Company:		
— From continuing operations	(399,987)	148,416
— From discontinued operation	135,400	(3,170)
	(264,587)	145,246

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Note	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current assets			
Fixed assets		25,019	26,777
Investment properties		139,022	138,207
Interests in associates		398,066	375,999
Interests in joint ventures	7	9,795,541	10,319,111
Financial assets at fair value through other comprehensive income		83	69
Financial assets at fair value through profit or loss		2,880	2,900
Other financial asset	9	–	46,780
		10,360,611	10,909,843
Current assets			
Properties held for sale		67,718	80,732
Properties under development		30,983	30,179
Loans and advances		8,215	7,041
Debtors, prepayments and other assets	12	2,875	3,334
Financial assets at fair value through profit or loss		10,695	11,121
Tax recoverable		173	150
Cash and cash equivalents		421,931	135,169
		542,590	267,726
Current liabilities			
Bank and other borrowings	13	24,854	–
Other payables, accruals and other liabilities		16,678	33,356
Tax payable		58,063	48,775
		99,595	82,131
Net current assets		442,995	185,595
Total assets less current liabilities		10,803,606	11,095,438

Condensed Consolidated Statement of Financial Position (Continued)
As at 30 September 2020

	Note	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	13	494,313	491,667
Deferred tax liabilities		15,751	15,483
		510,064	507,150
Net assets			
		10,293,542	10,588,288
Equity			
Equity attributable to equity holders of the Company			
Share capital	14	1,998,280	1,998,280
Reserves	15	8,275,692	8,571,617
		10,273,972	10,569,897
Non-controlling interests		19,570	18,391
		10,293,542	10,588,288

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Unaudited																		
	Attributable to equity holders of the Company									Total equity HK\$'000									
	Share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve (Note 15(b)) HK\$'000	Fair value reserve of financial assets at FVOCI* HK\$'000	Hedging reserve (Note 15(c)) HK\$'000	Exchange equalisation reserve HK\$'000	Distributable reserves (Note 15(b)) HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000										
At 1 April 2020	1,998,280	92,775	22,144	(66,436)	(57,066)	(59,275)	8,639,475	10,569,897	18,391	10,588,288									
Profit/(Loss) for the period	-	-	-	-	-	-	(585,419)	(585,419)	435	(584,984)									
Other comprehensive income/(loss) for the period:																			
Exchange differences on translation of foreign operations	-	-	-	-	-	24,959	-	24,959	744	25,703									
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	-	-	-	-	-	(5,720)	-	(5,720)	-	(5,720)									
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	10	-	-	-	10	-	10									
Share of other comprehensive income/(loss) of joint ventures	-	-	-	(7,006)	(17,646)	325,953	-	301,301	-	301,301									
Adjustment for disposal of interests in a joint venture	-	-	-	282	-	-	-	282	-	282									
Total comprehensive income/(loss) for the period	-	-	-	(6,714)	(17,646)	345,192	(585,419)	(264,587)	1,179	(263,408)									
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	8,628	8,628	-	8,628									
2019/2020 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(19,983)	(19,983)	-	(19,983)									
2019/2020 special dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(19,983)	(19,983)	-	(19,983)									
At 30 September 2020	1,998,280	92,775	22,144	(73,150)	(74,712)	285,917	8,022,718	10,273,972	19,570	10,293,542									
At 1 April 2019	1,998,280	92,775	22,144	348,433	(6,546)	477,602	7,990,562	10,923,250	20,869	10,944,119									
Profit/(Loss) for the period	-	-	-	-	-	-	269,297	269,297	(584)	268,713									
Other comprehensive income/(loss) for the period:																			
Exchange differences on translation of foreign operations	-	-	-	-	-	(15,573)	-	(15,573)	(1,009)	(16,582)									
Changes in fair value of equity instrument at fair value through other comprehensive income	-	-	-	1	-	-	-	1	-	1									
Share of other comprehensive income/(loss) of joint ventures	-	-	-	88,284	(14,843)	(181,920)	-	(108,479)	-	(108,479)									
Total comprehensive income/(loss) for the period	-	-	-	88,285	(14,843)	(197,493)	269,297	145,246	(1,593)	143,653									
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	(213,601)	(213,601)	-	(213,601)									
Transfer of reserve of a joint venture	-	-	-	(509,863)	-	-	509,863	-	-	-									
2018/2019 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(19,983)	(19,983)	-	(19,983)									
At 30 September 2019	1,998,280	92,775	22,144	(73,145)	(21,389)	280,109	8,536,138	10,834,912	19,276	10,854,188									

* FVOCI stands for fair value through other comprehensive income.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Net cash flows used in operating activities	(7,484)	(43,571)
Cash flows from investing activities		
Proceed from disposal of interests in a joint venture	311,473	–
Advances to joint ventures	(225,112)	–
Repayment from a joint venture	225,040	–
Other net cash flows arising from investing activities	(304)	299
Net cash flows from investing activities	311,097	299
Cash flows from financing activities		
Drawdown of bank and other borrowings	25,000	–
Repayment of bank and other borrowings	–	(250,000)
Dividends paid to shareholders of the Company	(39,966)	(19,983)
Other net cash flows arising from financing activities	(4,511)	(7,275)
Net cash flows used in financing activities	(19,477)	(277,258)
Net increase/(decrease) in cash and cash equivalents	284,136	(320,530)
Cash and cash equivalents at beginning of period	135,169	506,525
Exchange realignments	2,626	(3,359)
Cash and cash equivalents at end of period	421,931	182,636

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 2020.

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 2020, 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 2.1 to the interim financial statements.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The application of the above revised standards has had no significant financial effect on these financial statements.

2.2 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 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment</i> — <i>Proceeds before Intended Use¹</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract¹</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, HKAS 41 and Illustrative Examples accompanying HKFRS 16 ¹
HKFRS 17	<i>Insurance Contracts²</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

The Directors of the Company anticipate that the adoption of above new and revised HKFRSs will have no significant impact on the financial performance and the financial position of the Group.

Notes to the Interim Financial Statements (Continued)

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 the letting and resale of properties;
- (b) the property development segment includes the 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 purposes; and
- (e) the “other” segment comprises principally money lending and the provision of project management services.

The banking business segment which engages in the provision of commercial and retail banking services was classified as discontinued operation during the current period (Note 9).

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource 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.

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

	Continuing operations					Discontinued operation		Consolidated HK\$'000
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Banking business HK\$'000	Consolidated HK\$'000	
Six months ended 30 September 2020								
Revenue — external	33,385	28,224	130	226	1,202	63,167	–	63,167
Segment results	17,961	15,380	130	(67)	1,440	34,844	134,883	169,727
Unallocated corporate expenses						(19,277)	–	(19,277)
Share of results of associates	–	6,266	–	–	–	6,266	–	6,266
Share of results of joint ventures	(733,576)	(13)	–	–	–	(733,589)	(284)	(733,873)
Profit/(Loss) before tax						(711,756)	134,599	(577,157)
Other segment information:								
Capital expenditure (Note)	5	–	–	–	–	5	–	5
Depreciation	(4)	–	–	–	–	(4)	–	(4)
Interest income	30,573	–	130	–	114	30,817	–	30,817
Finance costs	(6,988)	–	–	–	–	(6,988)	–	(6,988)
Gain on disposal of interests in a joint venture	–	–	–	–	–	–	181,663	181,663
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	–	5,714	–	–	6	5,720	–	5,720
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(222)	–	(222)	(46,780)	(47,002)
Fair value loss on investment properties	(3,323)	–	–	–	–	(3,323)	–	(3,323)
Unallocated:								
Capital expenditure (Note)						285		285
Depreciation						(2,925)		(2,925)
Six months ended 30 September 2019 (restated)								
Revenue — external	34,385	–	833	451	718	36,387	–	36,387
Segment results	22,156	(3,589)	833	996	(716)	19,680	(4,984)	14,696
Unallocated corporate expenses						(22,844)	–	(22,844)
Share of results of associates	–	13,287	–	–	(10)	13,277	–	13,277
Share of results of joint ventures	262,813	(12)	–	–	–	262,801	1,610	264,411
Profit/(Loss) before tax						272,914	(3,374)	269,540
Other segment information:								
Depreciation	(13)	(2)	–	–	–	(15)	–	(15)
Interest income	30,768	–	833	–	125	31,726	–	31,726
Finance costs	(9,589)	–	–	–	–	(9,589)	–	(9,589)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	608	–	608	(4,984)	(4,376)
Unallocated:								
Capital expenditure (Note)						2		2
Depreciation						(2,840)		(2,840)

Note: Capital expenditure includes additions to fixed assets.

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

	Continuing operations					Discontinued operation		
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000	Banking business HK\$'000	Consolidated HK\$'000
At 30 September 2020 (unaudited)								
Segment assets	160,732	88,321	414,636	13,658	8,245	685,592	-	685,592
Interests in associates	6,679	391,309	-	-	78	398,066	-	398,066
Interests in joint ventures	9,795,356	185	-	-	-	9,795,541	-	9,795,541
Unallocated assets						24,002	-	24,002
Total assets						10,903,201	-	10,903,201
Segment liabilities	521,837	9,455	-	-	713	532,005	-	532,005
Unallocated liabilities						77,654	-	77,654
Total liabilities						609,659	-	609,659
At 31 March 2020 (audited)								
Segment assets	174,709	99,930	112,951	14,090	7,085	408,765	46,780	455,545
Interests in associates	6,290	369,646	-	-	63	375,999	-	375,999
Interests in joint ventures	10,189,628	190	-	-	-	10,189,818	129,293	10,319,111
Unallocated assets						26,914	-	26,914
Total assets						11,001,496	176,073	11,177,569
Segment liabilities	494,685	9,177	-	-	-	503,862	-	503,862
Unallocated liabilities						85,419	-	85,419
Total liabilities						589,281	-	589,281

4. REVENUE

An analysis of revenue from continuing operations is as follows:

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers:		
Sale of properties	28,224	-
Provision of project management services	334	515
Revenue from other sources:		
Property rental income from operating leases	2,812	3,617
Interest income	30,817	31,726
Dividend income	226	451
Other	754	78
	63,167	36,387

Notes to the Interim Financial Statements (Continued)

4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers

Segments	Six months ended 30 September			
	2020			2019
	Property development HK\$'000	Other HK\$'000	Total HK\$'000	Other HK\$'000
Types of goods or services:				
Sale of properties	28,224	–	28,224	–
Provision of project management services	–	334	334	515
Total revenue from contracts with customers	28,224	334	28,558	515
Geographical markets:				
Mainland China	28,224	–	28,224	–
Republic of Singapore	–	334	334	515
Total revenue from contracts with customers	28,224	334	28,558	515
Timing of revenue recognition:				
Goods transferred at a point in time	28,224	–	28,224	–
Services transferred over time	–	334	334	515
Total revenue from contracts with customers	28,224	334	28,558	515

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	Six months ended 30 September			
	2020			2019
	Property development HK\$'000	Other HK\$'000	Total HK\$'000	Other HK\$'000
Revenue from contracts with external customers	28,224	334	28,558	515
Revenue from other sources — external	–	868	868	203
Total segment revenue	28,224	1,202	29,426	718

Notes to the Interim Financial Statements (Continued)

5. OTHER GAINS — NET

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
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	338	644
Investment funds	(540)	(17)
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	(20)	(20)
Investment funds	–	1
	(222)	608
Fair value loss on investment properties	(3,323)	–
Foreign exchange gains/(losses) — net	572	(606)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	5,720	–
	2,747	2

6. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Interest income:		
Loans and advances	30,687	30,893
Other	130	833
Depreciation	(2,929)	(2,855)
Legal and professional fees (Note)	(2,992)	(3,350)
Consultancy and service fees (Note)	(3,406)	(4,462)
Cost of properties sold	(15,344)	–

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

Notes to the Interim Financial Statements (Continued)

7. 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"). OUE is listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST"). OUE is principally engaged 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 2020, the Group's share of loss of LAAPL amounted to HK\$731,195,000 (2019 — share of profit of HK\$265,571,000). Such loss was mainly resulted from the loss arising from the disposal of an investment property and partial offset by profit contribution from its equity-accounted investees during the period. As at 30 September 2020, the Group's interests in LAAPL was approximately HK\$9,654,191,000 (31 March 2020 — HK\$10,058,924,000). The decrease in interests in LAAPL for the six months ended 30 September 2020 was mainly due to the share of loss and offset by the increase in share of exchange reserve on translation of LAAPL's investment during the period.

8. INCOME TAX

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Hong Kong:		
Charge for the period	1,333	900
Deferred	(26)	—
	1,307	900
Mainland China and overseas:		
Charge for the period	6,708	92
Underprovision in prior periods	—	59
Deferred	(188)	(224)
	6,520	(73)
Total charge for the period from continuing operations	7,827	827

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (2019 — 8.25% or 16.5%), as appropriate. For the companies operating in mainland China and the Republic of Singapore, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 25% and 17% (2019 — 25% and 17%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

Notes to the Interim Financial Statements (Continued)

9. DISCONTINUED OPERATION

In September 2020, the Group disposed of its remaining 20% interest in The Macau Chinese Bank Limited (“MCB”, a joint venture of the Company). After the disposal, the Group has ceased the banking business. Accordingly, the banking business was classified as a discontinued operation. The put option to sell its 20% interest to the majority shareholder of MCB (the “Put Option”) ceased to have effect upon the completion of the disposal.

The results of the banking business for the period are presented below:

	Note	Six months ended 30 September	
		2020 HK\$'000	2019 HK\$'000
Fair value loss on financial instrument at fair value through profit or loss		(46,780)	(4,984)
Share of results of a joint venture		(284)	1,610
Loss before tax		(47,064)	(3,374)
Income tax		–	–
Loss after tax from discontinued operation		(47,064)	(3,374)
Gain on disposal of discontinued operation		181,663	–
Profit/(Loss) for the period from discontinued operation		134,599	(3,374)
Other comprehensive income			
Share of fair value reserve of financial assets at fair value through other comprehensive income of a joint venture		519	204
Release of cumulative fair value reserve of financial assets at fair value through other comprehensive income from discontinued operation upon disposal		282	–
Other comprehensive income from discontinued operation		801	204
Total comprehensive income/(loss) for the period from discontinued operation		135,400	(3,170)
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	10		
Basic and diluted			
— For profit/(loss) from discontinued operation		6.7	(0.1)

Notes to the Interim Financial Statements (Continued)

10. 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 (2019 — approximately 1,998,280,000 ordinary shares) in issue during the period.

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000 (Restated)
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	(720,018)	272,671
From discontinued operation	134,599	(3,374)
	(585,419)	269,297

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2020 and 2019.

11. INTERIM DIVIDEND

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Interim dividend, declared, of HK1 cent (2019 — 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.

Notes to the Interim Financial Statements (Continued)

12. DEBTORS, PREPAYMENTS AND OTHER ASSETS

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Outstanding balances with ages:		
Within 30 days	64	36
Between 31 and 60 days	23	–
	87	36

13. BANK AND OTHER BORROWINGS

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Current portion:		
Unsecured bank loan	24,854	–
Non-current portion:		
Unsecured bank loan	494,313	491,667
	519,167	491,667
Bank loans repayable:		
Within one year	24,854	–
In the second year	494,313	491,667
	519,167	491,667

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.

Notes to the Interim Financial Statements (Continued)

14. SHARE CAPITAL

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Authorised:		
4,000,000,000 (31 March 2020 — 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 2020 — 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 as at 30 September 2020 comprised retained profits of HK\$7,277,743,000 (31 March 2020 — HK\$7,894,500,000) and the remaining balance arising from the Cancellation of HK\$744,975,000 (31 March 2020 — HK\$744,975,000). The distributable reserves and the capital redemption reserve are available for distribution to shareholders.
- (c) The hedging reserve relates to the Group's share of the hedging reserve under joint ventures.

16. CONTINGENT LIABILITIES

As at 30 September 2020, the Group had no material contingent liabilities (31 March 2020 — Nil).

Notes to the Interim Financial Statements (Continued)

17. COMMITMENTS

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Other commitments:		
Contracted, but not provided for	574	574

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\$746,000 (2019 — HK\$795,000) 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 received interest income of HK\$30,573,000 (2019 — HK\$30,768,000) from joint ventures of the Group.
- (c) During the period, the Group provided a loan of HK\$225,040,000 to a joint venture of the Group. The loan is unsecured, bears interest at 2.2% over 1 week US\$ London Inter-Bank Offered Rate and is repayable on demand. The loan was fully repaid by the joint venture during the period.
- (d) As at 30 September 2020, the Group had amounts due from associates of HK\$30,238,000 (31 March 2020 — HK\$29,834,000). The balances with the associates are unsecured, interest-free and repayable on demand.
- (e) As at 30 September 2020, the Group had amounts due from joint ventures of HK\$2,633,702,000 (31 March 2020 — HK\$2,500,495,000) and amount due to a joint venture of HK\$4,381,000 (31 March 2020 — HK\$4,278,000). The amounts due from joint ventures included balances of HK\$2,469,161,000 (31 March 2020 — HK\$2,346,523,000), which are unsecured, bear interest at rates ranging from nil to 2.25% per annum (31 March 2020 — nil to 2.25% per annum) and are repayable on demand. The amounts due from joint ventures also included balances of HK\$150,696,000 (31 March 2020 — HK\$140,127,000), which are unsecured, bear interest at rates ranging from nil to 7% per annum (31 March 2020 — nil to 7% per annum) and are repayable when the resources of the joint venture permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand.

Notes to the Interim Financial Statements (Continued)

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 2020 HK\$'000	31 March 2020 HK\$'000	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Financial assets				
Financial assets at fair value through other comprehensive income	83	69	83	69
Financial assets at fair value through profit or loss	13,575	14,021	13,575	14,021
Other financial asset: Put Option	–	46,780	–	46,780
	13,658	60,870	13,658	60,870

Management has assessed that the fair values of cash and cash equivalents, financial assets included in debtors, prepayments and other assets, loans and advances, amounts due from associates and joint ventures and financial liabilities included in other payables, accruals and other liabilities approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank loans approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near the end of the reporting period and the changes in fair value as a result of the Group's non-performance risk were 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.

Notes to the Interim Financial Statements (Continued)

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

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

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

The fair values of unlisted debt securities are determined by reference to the quoted market prices from the broker using a valuation technique with market observable inputs.

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 by 3% (31 March 2020 — 3%), the fair value will be increased/decreased by HK\$78,000 (31 March 2020 — HK\$101,000).

The fair value of the Put Option as at 31 March 2020 was determined by Monte-Carlo simulation, which was the capitalisation of discounted cash flows generated by possible share price paths simulated by the model. The Put Option was derecognised upon the completion of the disposal of 20% interest in MCB during the period (Note 9). Set out below is a summary of significant unobservable input to the valuation of the Put Option used in Level 3 fair value measurements as at 31 March 2020:

	Valuation technique	Significant unobservable input	Rate	Sensitivity of fair value to the input
Other financial asset:				
Put Option	Monte-Carlo simulation method	Volatility of underlying shares	20.9%	When the volatility of the underlying shares increases/decreases by 5%, the fair value will be increased/decreased by HK\$343,000 and HK\$75,000, respectively.

Notes to the Interim Financial Statements (Continued)

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 30 September 2020				
Financial assets at fair value through other comprehensive income:				
Equity securities	83	-	-	83
Held for trading financial assets at fair value through profit or loss:				
Equity securities	8,094	-	-	8,094
Investment funds	-	-	2,544	2,544
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	-	2,880	-	2,880
Investment fund	-	-	57	57
	8,177	2,880	2,601	13,658
At 31 March 2020				
Financial assets at fair value through other comprehensive income:				
Equity securities	69	-	-	69
Held for trading financial assets at fair value through profit or loss:				
Equity securities	7,757	-	-	7,757
Investment funds	-	-	3,305	3,305
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	-	2,900	-	2,900
Investment fund	-	-	59	59
Other financial asset:				
Derivative financial instrument	-	-	46,780	46,780
	7,826	2,900	50,144	60,870

Notes to the Interim Financial Statements (Continued)

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 six months ended 30 September 2020 are as follows:

	Held for trading investment funds at fair value through profit or loss HK\$'000	Investment fund mandatorily classified at fair value through profit or loss HK\$'000	Other financial asset HK\$'000
At 1 April 2020	3,305	59	46,780
Total losses recognised in the statement of profit or loss	(540)	(2)	(46,780)
Distributions	(221)	–	–
At 30 September 2020	2,544	57	–

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 (2019 — 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. COMPARATIVE AMOUNTS

- The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period (Note 9).
- Certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

Business Review and Prospects

Business Review

Overview

The Period saw the overwhelmingly damaging impacts of the COVID-19 coronavirus pandemic (the “Pandemic”) on businesses worldwide. Yet, the Group and its joint ventures managed to complete disposal of certain assets during the Period resulting in the strengthening of their financial position in the midst of challenging times.

Results for the Period

The Group recorded a consolidated loss attributable to shareholders of approximately HK\$585 million for the Period, as compared to a consolidated profit of approximately HK\$269 million for the six months ended 30 September 2019 (“2019”). The loss was mainly due to share of loss of joint ventures (primarily resulting from the loss arising from the disposal of an investment property by a joint venture and partial offset by profit contribution from its equity-accounted investees) and partial offset by the profit arising from the disposal by the Group of a joint venture during the Period.

Property investment and development businesses contributed to 98% (2019 — 94%) of total revenue from continuing operations for the Period. Revenue from continuing operations for the Period increased to approximately HK\$63 million (2019 — approximately HK\$36 million), which was mainly attributable to the completion of sale of the Group’s properties held for sale during the Period.

In September 2020, the Group disposed of its remaining 20% interest in MCB for an aggregate consideration of approximately MOP322 million (approximately HK\$312 million). After the aforesaid disposal, the Group has ceased the banking business. Accordingly, the results of the banking business were classified as discontinued operation. The Group recognised a gain on disposal of joint venture of HK\$182 million for the Period. After accounting for the fair value loss on derecognition of the Put Option of HK\$47 million as the Put Option ceased to have effect upon completion of the disposal, profit arising from the disposal of the joint venture amounted to HK\$135 million. Together with the share of loss of MCB of HK\$0.3 million for the Period (2019 — share of profit of HK\$2 million), the net profit of the banking business was approximately HK\$135 million for the Period (2019 — loss of approximately HK\$3 million).

The Group’s other operating expenses mainly included legal and professional fees and consultancy and service fees. Other operating expenses from continuing operations amounted to approximately HK\$11 million for the Period (2019 — approximately HK\$13 million).

Property Investment

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group's investment properties and interest income from the loans to joint ventures of the Company. The segment revenue for the Period amounted to approximately HK\$33 million (2019 — approximately HK\$34 million). Segment profit for the Period before accounting for the share of results from the Group's joint ventures amounted to approximately HK\$18 million (2019 — approximately HK\$22 million).

LAAPL (together with its subsidiaries, the "LAAPL Group"), a principal joint venture of the Company 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 2020. OUE is listed on the Mainboard of the SGX-ST. The OUE Group is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. It directly owns Downtown Gallery, a lifestyle retail mall in Singapore of approximately 14,000 sq.m.

In June 2020, the OUE Group completed the acquisition of plots of land with a total area of approximately 8,000 sq.m. in a prime location in the central business district in South Jakarta, Indonesia for a consideration of IDR1,316 billion (approximately HK\$684 million). In September 2020, the OUE Group also completed the disposal of U.S. Bank Tower in Los Angeles, California, the United States of America for a consideration of US\$430 million (approximately HK\$3.3 billion).

The LAAPL Group had in aggregate an approximately 48.9% interest in OUE Commercial Real Estate Investment Trust ("OUE C-REIT", listed on the SGX-ST) (including the OUE Group's 47.9% interest therein) as at 30 September 2020. OUE C-REIT's portfolio of 7 high-quality prime properties includes OUE Bayfront, One Raffles Place, OUE Downtown Office, 1,077-room Mandarin Orchard Singapore, the adjoining Mandarin Gallery and the 563-room Crowne Plaza Changi Airport in Singapore as well as the properties at Lippo Plaza in Shanghai, the People's Republic of China (the "PRC") with more than 200,000 sq.m. of office and retail space and 1,640 upscale hotel rooms. It is one of the largest diversified REITs listed on the Mainboard of the SGX-ST and had total assets under management of approximately S\$6.8 billion (approximately HK\$38.6 billion) as at 30 September 2020. The OUE Group's operations were affected by the Pandemic during the Period. While its office segment remained resilient, leasing demand was dampened by weak economic outlook, business uncertainties and the containment measures imposed by the Singapore Government. The OUE Group provided rental and other relief to tenants across its portfolio in order to assist them in navigating challenges and to foster long-term relationships. The office segment committed occupancy and the retail segment committed occupancy of OUE C-REIT's portfolio were 92.3% and 93.9% respectively as at 30 September 2020. The room occupancy and food and beverage sales of the hospitality business declined significantly due to travel restrictions and containment measures as compared to 2019.

Business Review and Prospects (Continued)

The OUE Group had, as at 30 September 2020, an approximately 64.4% 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 across Asia. It owns 12 quality nursing homes in Japan which provided stable rental revenue. It has been focusing on improving and enhancing Wuxi Lippo Xi Nan Hospital’s operations, services and marketing efforts as well as refurbishment. It also has an integrated hospital development project in Chengdu and land and building in Wuxi, the PRC as well as a strategically located site in Kuala Lumpur, Malaysia. It expects some delays in the development of the joint venture hospital with the China Merchants group in Prince Bay, Shenzhen, the PRC due to the Pandemic.

As at 30 September 2020, the OUE Group, through the OUELH Group and First REIT Management Limited (formerly Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust (“First REIT”) which is listed on the Mainboard of the SGX-ST) had an approximately 19.5% interest in First REIT. 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 2020, First REIT had 20 properties comprising 16 in Indonesia, 3 in Singapore and 1 in South Korea. It provided rental and other relief to its tenants in light of the Pandemic during the Period.

The Group recorded a share of loss of joint ventures of HK\$731 million from its investment in LAAPL for the Period (2019 — share of profit of HK\$266 million). The loss was mainly resulted from the loss arising from the disposal of the U.S. Bank Tower by the OUE Group and partial offset by profit contribution from its equity-accounted investees during the Period. Due to the appreciation of the Singapore dollar during the Period, the Group shared an increase in exchange reserve on translation of LAAPL’s investment of HK\$318 million during the Period. As a result, the Group’s total interests in LAAPL as at 30 September 2020 decreased to HK\$9.7 billion (31 March 2020 — HK\$10.1 billion).

Property Development

The Group managed to sell part of the remaining properties at Lippo Plaza in Beijing, the PRC during the Period. The segment revenue was HK\$28 million (2019 — Nil). Before accounting for the share of results from the Group’s associates and joint ventures, the segment recorded a profit of HK\$15 million (2019 — loss of HK\$4 million) for the Period.

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 (2019 — HK\$13 million) from the investment.

Treasury and Securities Investments

The Group managed its investment portfolio and looked for opportunities to enhance yields. Total revenue from treasury and securities investments businesses for the Period amounted to HK\$0.4 million (2019 — HK\$1 million). The treasury and securities investments businesses recorded a net profit of HK\$0.1 million for the Period (2019 — HK\$2 million).

Financial Position

The Group's financial position remained healthy. As at 30 September 2020, its total assets amounted to HK\$10.9 billion (31 March 2020 — HK\$11.2 billion). Property-related assets amounted to HK\$10.4 billion as at 30 September 2020 (31 March 2020 — HK\$10.8 billion), representing 96% (31 March 2020 — 97%) of total assets. Total liabilities as at 30 September 2020 amounted to HK\$610 million (31 March 2020 — HK\$589 million). Total cash and cash equivalents as at 30 September 2020 increased to HK\$422 million (31 March 2020 — HK\$135 million), mainly due to consideration received from the disposal of MCB during the Period. Current ratio as at 30 September 2020 was 5.4 (31 March 2020 — 3.3).

As at 30 September 2020, the Group's bank and other borrowings increased to HK\$519 million (31 March 2020 — HK\$492 million). The bank loans were denominated in Hong Kong dollars and carried interest at floating rate. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 30 September 2020, approximately 5% (31 March 2020 — Nil) of the bank loans were repayable within one year. The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 5.1% as at 30 September 2020 (31 March 2020 — 4.7%).

The net asset value attributable to equity holders of the Company remained satisfactory and amounted to HK\$10.3 billion as at 30 September 2020 (31 March 2020 — HK\$10.6 billion). This was equivalent to HK\$5.1 per share (31 March 2020 — 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, swaps and currency loans would be used to manage the foreign exchange exposure.

The Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 March 2020 — Nil).

The Group's commitments amounted to HK\$1 million as at 30 September 2020 (31 March 2020 — HK\$1 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 number of employees of the Group increased to 41 as at 30 September 2020 (30 September 2019 — 39 employees). Staff costs (including Directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK\$10 million (2019 — HK\$11 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

While the prolonged Pandemic would continue to plague the global economy and businesses for some time amid ongoing economic and political uncertainties, it is currently under control or is easing out in at least some Asia-Pacific countries and regions such as mainland China, Hong Kong, Singapore and Australia which are gradually establishing travel bubbles and corridors. There are signs that such improvements would revitalize their economies and in turn the businesses of the Group and its joint ventures.

Meanwhile, the Group and its joint ventures will continue to take proactive measures to alleviate unprecedented adverse impacts on their businesses. They will also continue to prudently manage financial resources and expenditure and implement business strategies in order to facilitate the long-term sustainability of their businesses.

Additional Information

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK1 cent (2019 — HK1 cent) per share amounting to approximately HK\$20 million for the Period (2019 — approximately HK\$20 million), which will be paid on Friday, 22 January 2021 to shareholders whose names appear on the Company's Register of Members on Friday, 8 January 2021.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 6 January 2021 to Friday, 8 January 2021 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 5 January 2021.

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 2020, 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
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Number of ordinary shares in the Company

Stephen Riady ("Dr Riady")	–	–	1,477,715,492 <i>Notes (i) and (ii)</i>	1,477,715,492	73.95
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 <i>Note (i)</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 <i>Notes (i) and (iii)</i>	6,890,184,389	74.99
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Additional Information (Continued)

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)

Notes:

- (i) As at 30 September 2020, 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 the entire issued share capital thereof.
- (ii) As at 30 September 2020, Lippo, through its wholly-owned subsidiaries, was indirectly interested in 1,477,715,492 ordinary shares in the Company, representing approximately 73.95% of the issued shares thereof.
- (iii) As at 30 September 2020, Lippo, through its wholly-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 2020:

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
Boudry Limited	(a)	Ordinary shares	10	100
	(a)	Non-voting deferred shares	1,000	100
Brimming Fortune Limited	(a)	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	(a)	Ordinary shares	1	100
First Tower Corporation	(d)	Ordinary shares	1	100
Gainmate Hong Kong Limited	(e)	Ordinary shares	100	100
Grand Peak Investment Limited	(a)	Ordinary shares	2	100
Greenorth 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)

Name of Associated Corporation	Note	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Hennessy Holdings Limited ("Hennessy")	(d)	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	(f)	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 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")	(d)	Ordinary shares	1	100
Skyscraper Realty Limited	(d)	Ordinary shares	10	100
Superfood Retail Limited ("Superfood")	(g)	Ordinary shares	10,000	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

Additional Information (Continued)

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)

Notes:

- (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 ("Nine Heritage"), a direct 80% owned subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd ("Pantogon"), an indirect wholly-owned subsidiary of LCR and 759,000 ordinary shares were held by Max Turbo Limited ("Max Turbo"), an indirect wholly-owned subsidiary of LCR. In addition, as at 30 September 2020, 18,691,216 ordinary shares were held by Silver Creek Capital Pte. Ltd. ("Silver Creek"). Dr Riady, through companies controlled by him, is the beneficial owner of all the issued shares in 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(s) was/were 100% held directly or indirectly by Lippo.
- (e) 50 ordinary shares were held by Oddish Ventures Pte. Ltd. ("Oddish"), an indirect wholly-owned subsidiary of OUE. OUE was indirectly owned as to approximately 68.72% by Fortune Crane Limited ("FCL"). The Company, through its 50% joint venture, LAAPL, held approximately 92.05% interest in FCL. 50 ordinary shares were held by Raising Fame Ventures Limited, an indirect wholly-owned subsidiary of LCR.
- (f) Such share was 100% held directly by Lippo Capital Group.
- (g) 406, 1,625, 2,937, 62 and 4,970 ordinary shares were held by Jeremiah, Nine Heritage, Pantogon, Max Turbo and Oddish respectively. Accordingly, Dr Riady was taken to be interested in an aggregate of 10,000 ordinary shares in Superfood, representing all the issued shares thereof.

As at 30 September 2020, 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.

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)

All the interests stated above represent long positions. Save as disclosed herein, as at 30 September 2020, 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 2020, 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 2020, 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 shareholder	Number of ordinary shares	Approximate percentage of the issued shares
Hennessy Holdings Limited	1,477,715,492	73.95
Prime Success Limited	1,477,715,492	73.95
Lippo Limited	1,477,715,492	73.95
Lippo Capital Limited	1,477,715,492	73.95
Lippo Capital Holdings Company Limited	1,477,715,492	73.95
Lippo Capital Group Limited	1,477,715,492	73.95
Madam Shincee Leonardi ("Madam Leonardi")	1,477,715,492	73.95
PT Trijaya Utama Mandiri ("PT TUM")	1,477,715,492	73.95
Mr James Tjahaja Riady ("Mr James Riady")	1,477,715,492	73.95
Madam Aileen Hambali ("Madam Hambali")	1,477,715,492	73.95

Additional Information (Continued)

Interests and Short Positions of Shareholders Discloseable under the SFO (Continued)

Interests of substantial shareholders in shares of the Company (Continued)

Notes:

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,477,715,492 ordinary shares in the Company, representing approximately 73.95% 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 shares of Lippo.
4. Lippo Capital Holdings owned 60% of the issued shares in Lippo Capital. Lippo Capital Group owned the entire issued share capital of Lippo Capital Holdings. Dr Riady was the beneficial owner of the entire 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 1,477,715,492 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 2020, 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.

Updated Director's Information

The following is the updated information of a Director of the Company pursuant to rule 13.51B(1) of the Listing Rules:

Dr Riady ceased to be a member of the board of commissioners of PT Lippo Karawaci Tbk, a company listed on the Indonesia Stock Exchange, on 17 July 2020.

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 has 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 2020 were granted under the following loan agreements:

- (i) a loan agreement dated 29 May 2015 between FCL and Pacific Landmark Holdings Limited (“PLH”), a then 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.

Additional Information (Continued)

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

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.

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 2020, the balance of the above advances amounted to approximately S\$380,420,000 (approximately HK\$2,159,263,000).

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

27 November 2020

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 2020 (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	1,171,363
Fixed assets	4,671,417
Investment properties	32,635,938
Right-of-use assets	295,913
Interests in equity-accounted investees	6,146,222
Properties held for sale	680,541
Financial assets at fair value through other comprehensive income	549,874
Financial assets at fair value through profit or loss	219,229
Debtors, prepayments and other assets	1,551,276
Cash and cash equivalents	3,949,733
Other assets	331,431
Bank and other borrowings	(21,520,508)
Lease liabilities	(149,364)
Creditors, accruals and other liabilities	(1,678,362)
Tax payable	(264,985)
Shareholders' advance	(3,077,813)
Deferred tax liabilities	(900,942)
Other financial liabilities	(261,862)
Non-controlling interests	(16,034,650)
	8,314,451
Group's attributable interest (<i>Note</i>)	10,193,607

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

The Bank of East Asia, Limited

Solicitors

Howse Williams

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

4th Floor North

Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Tengis Limited

Level 54, 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