HONGKONG CHINESE LIMITED

香 港 華 人 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

FINAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2009

FINAL RESULTS

The Directors of Hongkong Chinese Limited (the "Company") announce the consolidated final results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st December, 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December, 2009

	Note	**2009** *HK$'000*	2008 *HK$'000*
Revenue	*2*	**109,727**	208,187
Cost of sales		**(25,906)**	(94,209)
Gross profit		**83,821**	113,978
Administrative expenses		**(93,772)**	(105,756)
Other operating expenses		**(45,840)**	(70,142)
Fair value gains on investment properties		**7,407**	62,899
Net fair value gain/(loss) on financial assets at fair value through profit or loss		**27,948**	(151,161)
Write-back of impairment losses on associates		**5,000**	18,000
Write-back of allowance/(Allowance) for bad and doubtful debts		**7,062**	(21,603)
Gain on disposal of subsidiaries		—	7,417
Gain on disposal of available-for-sale financial assets		—	5,988
Provisions for impairment losses on properties under development		**(3,518)**	(9,089)
Finance costs		**(16,643)**	(26,038)
Share of results of associates	*4*	**(296,499)**	(36,191)
Share of results of jointly controlled entities		**(3,377)**	(774)
Loss before tax	*5*	**(328,411)**	(212,472)
Income tax credit/(expense)	*6*	**315**	(18,065)
Loss for the year		**(328,096)**	(230,537)

	Note	2009 HK$'000	2008 HK$'000
Attributable to:			
Equity holders of the Company		**(325,978)**	(227,070)
Minority interests		**(2,118)**	(3,467)
		(328,096)	(230,537)
		HK cents	*HK cents*
Loss per share attributable to equity holders of the Company	*7*		
Basic		**(17.9)**	(13.8)
Diluted		**N/A**	N/A

Details of the distributions payable and proposed for the year are disclosed in Note 8 to the final results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2009

	2009 HK$'000	2008 HK$'000
Loss for the year	**(328,096)**	(230,537)
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	**11,380**	(48,160)
Reclassification adjustments for gain/(loss) included in the consolidated income statement		
Impairment losses	**6,317**	—
Gain on disposal	**—**	(1,719)
Income tax effect	**632**	6,620
	18,329	(43,259)
Surplus on revaluation of leasehold land and buildings	**32,108**	—
Income tax effect	**(3,853)**	—
	28,255	—
Share of other comprehensive income/(loss) of associates	**61,884**	(105,120)
Exchange differences on translation of foreign operations	**12,475**	(5,144)
Release of reserve in respect of deconsolidation of subsidiaries	**—**	(1,252)
Other comprehensive income/(loss) for the year, net of tax	**120,943**	(154,775)
Total comprehensive loss for the year	**(207,153)**	(385,312)
Attributable to:		
Equity holders of the Company	**(206,384)**	(381,398)
Minority interests	**(769)**	(3,914)
	(207,153)	(385,312)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2009

	Note	2009 HK$'000	2008 HK$'000
Non-current assets			
Goodwill		**71,485**	71,485
Fixed assets		**19,235**	132,625
Investment properties		**156,874**	530,336
Properties under development		**726,970**	259,482
Interests in associates		**3,016,950**	3,261,481
Interests in jointly controlled entities		**284,912**	254,931
Available-for-sale financial assets		**106,337**	90,905
Held-to-maturity financial assets		**9,431**	9,467
Loans and advances		**34,029**	41,059
Deferred tax assets		**—**	184
		4,426,223	4,651,955
Current assets			
Properties held for sale		**8,531**	11,975
Financial assets at fair value through profit or loss		**61,708**	47,505
Loans and advances		**160,878**	161,390
Debtors, prepayments and deposits	*9*	**82,715**	99,619
Client trust bank balances		**630,560**	509,355
Pledged time deposits		**292**	—
Treasury bills		**19,400**	—
Cash and bank balances		**648,221**	743,112
		1,612,305	1,572,956
Current liabilities			
Bank and other borrowings		**49,550**	386,182
Creditors, accruals and deposits received	*10*	**687,496**	606,140
Current, fixed, savings and other deposits of customers		**165,131**	133,220
Tax payable		**3,272**	9,157
		905,449	1,134,699
Net current assets		**706,856**	438,257
Total assets less current liabilities		**5,133,079**	5,090,212

	2009	2008
	HK$'000	*HK$'000*
Non-current liabilities		
Bank and other borrowings	**449,808**	201,503
Deferred tax liabilities	**31,587**	27,792
	481,395	229,295
Net assets	**4,651,684**	4,860,917
Equity		
Equity attributable to equity holders of the Company		
Issued capital	**1,816,656**	1,818,186
Reserves	**2,645,512**	2,851,404
	4,462,168	4,669,590
Minority interests	**189,516**	191,327
	4,651,684	4,860,917

Note:

1. PRINCIPAL ACCOUNTING POLICIES

The final results have been reviewed by audit committee of the Company.

The accounting policies and basis of preparation adopted in the preparation of these final results are consistent with those used in the Group's audited financial statements for the year ended 31st December, 2008, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRS"), Hong Kong Accounting Standards ("HKAS") and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs"), which have become effective for accounting periods beginning on or after 1st January, 2009, that are adopted for the first time for the current year final results:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 *Revenue — Determining whether an entity is acting as a principal or as an agent*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC) – Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) – Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
HK(IFRIC) – Int 13	*Customer Loyalty Programmes*
HK(IFRIC) – Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC) – Int 16	*Hedges of a Net Investment in a Foreign Operation*
HK(IFRIC) – Int 18	*Transfers of Assets from Customers* (adopted from 1st July, 2009)
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary*, which is effective for annual periods beginning on or after 1st July, 2009.

The adoption of the above new and revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's final results, except for the following:

(a) Amendments to HKFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

(b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. These revised disclosures, including the related revised comparative information, are shown in Note 3 to the final results.

(c) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

(d) Improvements to HKFRSs (October 2008) — Amendments to HKAS 40 *Investment Property*

The amendments to HKAS 40 revise the scope such that property being constructed or developed for future as an investment property is classified as an investment property. The Group has applied the amendments prospectively from 1st January, 2009. The Group's accounting policy for investment properties is to subsequently state them at fair value with changes in fair value recognised in profit or loss. As a result of the amendments, an investment property under construction is carried at fair value at the earlier of when the fair value first becomes reliably determinable and when the construction of the property is completed.

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

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*[1]
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters*[2]
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*[2]
HKFRS 3 (Revised)	*Business Combinations*[1]
HKFRS 9	*Financial Instruments*[6]
HKAS 24 (Revised)	*Related Party Disclosures*[5]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*[3]
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[1]
HK(IFRIC) – Int 14 Amendments	Amendments to HK(IFRIC) – Int 14 *Prepayments of a Minimum Funding Requirement*[5]
HK(IFRIC) – Int 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC) – Int 19	*Extinguishing Financial Liabilities with Equity Instruments*[4]
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary*[1]
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases*[2]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC) – Int 9 and HK(IFRIC) – Int 16 are effective for annual periods beginning on or after 1st July, 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1st January, 2010 although there are separate transitional provisions for each standard or interpretation.

[1] Effective for annual periods beginning on or after 1st July, 2009
[2] Effective for annual periods beginning on or after 1st January, 2010
[3] Effective for annual periods beginning on or after 1st February, 2010
[4] Effective for annual periods beginning on or after 1st July, 2010
[5] Effective for annual periods beginning on or after 1st January, 2011
[6] Effective for annual periods beginning on or after 1st January, 2013

2. REVENUE

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

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

	2009	2008
	HK$'000	*HK$'000*
Property investment	**6,015**	6,047
Property development	**3,307**	84,239
Treasury investment	**5,671**	8,133
Securities investment	**13,821**	3,211
Corporate finance and securities broking	**53,727**	65,622
Banking business	**13,815**	16,399
Other	**13,371**	24,536
	109,727	208,187

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

	2009	2008
	HK$'000	*HK$'000*
Interest income	**9,914**	11,650
Commission income	**3,415**	4,395
Other revenues	**486**	354
	13,815	16,399

3. SEGMENT INFORMATION

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

(a) the property investment segment includes letting and resale of properties;

(b) the property development segment includes development and sale of properties;

(c) the treasury investment segment includes investments in cash and bond markets;

(d) the securities investment segment includes dealings in securities and disposals of investments;

(e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;

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

(g) the "other" segment comprises principally the development of computer hardware and software, money lending and the provision of project and fund management and investment advisory services.

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

Segment assets exclude deferred tax assets and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

Year ended 31st December, 2009

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue									
External	6,015	3,307	5,671	13,821	53,727	13,815	13,371	—	109,727
Inter-segment	—	—	—	—	—	—	6,119	(6,119)	—
Total	6,015	3,307	5,671	13,821	53,727	13,815	19,490	(6,119)	109,727
Segment results	8,462	(4,775)	5,654	32,577	5,597	1,218	(1,443)	(6,119)	41,171
Unallocated corporate expenses									(53,063)
Finance costs									(16,643)
Share of results of associates	(301,114)	(320)	—	—	(78)	—	5,013	—	(296,499)
Share of results of jointly controlled entities	—	(3,377)	—	—	—	—	—	—	(3,377)
Loss before tax									(328,411)
Segment assets	166,636	949,989	309,065	177,476	709,506	402,309	12,963	—	2,727,944
Interests in associates	2,756,925	258,906	—	—	778	—	341	—	3,016,950
Interests in jointly controlled entities	—	284,912	—	—	—	—	—	—	284,912
Unallocated assets									8,722
Total assets									6,038,528
Segment liabilities	2,482	3,051	—	24	686,227	160,110	1,793	—	853,687
Unallocated liabilities									533,157
Total liabilities									1,386,844

Year ended 31st December, 2008

	Property investment *HK$'000*	Property development *HK$'000*	Treasury investment *HK$'000*	Securities investment *HK$'000*	Corporate finance and securities broking *HK$'000*	Banking business *HK$'000*	Other *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue									
External	6,047	84,239	8,133	3,211	65,622	16,399	24,536	—	208,187
Inter-segment	—	—	—	—	519	—	10,309	(10,828)	—
Total	6,047	84,239	8,133	3,211	66,141	16,399	34,845	(10,828)	208,187
Segment results	72,033	(18,149)	7,575	(155,915)	12,770	299	9,766	(9,893)	(81,514)
Unallocated corporate expenses									(70,732)
Finance costs									(23,261)
Share of results of associates	(41,541)	(132)	—	—	12	—	5,470	—	(36,191)
Share of results of jointly controlled entities	—	(104)	—	—	—	—	(670)	—	(774)
Loss before tax									(212,472)
Segment assets	680,286	247,418	623,393	148,003	586,772	389,514	23,622	—	2,699,008
Interests in associates	2,996,073	254,396	—	—	856	—	10,156	—	3,261,481
Interests in jointly controlled entities	—	254,931	—	—	—	—	—	—	254,931
Unallocated assets									9,491
Total assets									6,224,911
Segment liabilities	5,914	4,986	—	—	575,635	135,856	540	—	722,931
Unallocated liabilities									641,063
Total liabilities									1,363,994

Geographical information

(a) Revenue from external customers

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**74,294**	81,842
Macau	**16,405**	16,399
Republic of Singapore	**11,004**	98,515
Other	**8,024**	11,431
	109,727	208,187

The revenue information above is based on the location of the customers.

(b) Non-current assets

	2009	2008
	HK$'000	*HK$'000*
Hong Kong	**1,570**	22,136
Macau	**585,674**	552,130
Republic of Singapore	**3,347,174**	3,620,411
Other	**376,037**	356,722
	4,310,455	4,551,399

The non-current asset information is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about a major customer

No customer accounted for 10 per cent. or more of the total revenue for the years ended 31st December, 2009 and 2008.

4. SHARE OF RESULTS OF ASSOCIATES

The amount included the Group's share of loss in Lippo ASM Asia Property LP ("LAAP"), a property fund which carries the objective of investing in real estates in Asia, of approximately HK$301,114,000 (2008 — HK$40,739,000). LAAP and its subsidiaries had participated in a joint venture to invest in Overseas Union Enterprise Limited ("OUE"), a listed company in the Republic of Singapore principally engaged in property investment and development and hotel operations. The loss in 2009 was mainly derived from the net fair value loss on investment properties and the impairment losses made for the property development projects held under OUE and its associates.

5. LOSS BEFORE TAX

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

	2009	2008
	HK$'000	*HK$'000*
Interest income:		
Listed financial assets at fair value through profit or loss	**—**	57
Unlisted financial assets at fair value through profit or loss	**779**	825
Listed available-for-sale financial assets	**1,487**	1,189
Listed held-to-maturity financial assets	**848**	877
Loans and advances	**642**	2,215
Banking operation	**9,914**	11,650
Other	**5,671**	8,133
Dividend income:		
Listed investments	**236**	433
Unlisted investments	**1,690**	1,336
Other unlisted investment income	**—**	1,124
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**6,734**	(4,999)
Unlisted financial assets at fair value through profit or loss	**2,047**	2,369
Unlisted available-for-sale financial assets	**—**	5,988
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	**15,915**	(27,564)
Unlisted	**12,033**	(123,597)
Provision for impairment losses on:		
Unlisted available-for-sale financial assets	**(6,317)**	(1,611)
A jointly controlled entity	**(494)**	(1,858)
Properties held for sale	**(759)**	(389)
Interest expense attributable to banking business	**(579)**	(1,666)
Depreciation	**(5,810)**	(6,363)
Gain/(Loss) on disposal of fixed assets:		
Leasehold land and buildings	**252**	—
Other items of fixed assets	**(19)**	2
Loss on disposal of investment properties	**(145)**	—
Cost of inventories sold	**(2,938)**	(67,722)

6. INCOME TAX

	2009	2008
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the year	**386**	—
Overprovision in prior years	**(2,139)**	—
Deferred	**(1,554)**	(98)
	(3,307)	(98)
Overseas:		
Charge for the year	**720**	6,956
Overprovision in prior years	**(26)**	(60)
Deferred	**2,298**	11,267
	2,992	18,163
Total charge/(credit) for the year	**(315)**	18,065

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2008 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated on the estimated assessable profits for the year at the tax rates prevailing in the countries/jurisdictions in which the Group operates.

7. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated based on (i) the consolidated loss for the year attributable to equity holders of the Company of HK$325,978,000 (2008 — HK$227,070,000); and (ii) the weighted average number of 1,816,764,000 ordinary shares (2008 — 1,650,016,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

No diluted loss per share is presented for the years ended 31st December, 2009 and 2008 as the share options and warrants outstanding during these years had no dilutive effect on the basic loss per share for these years.

8. DISTRIBUTIONS

	2009	2008
	HK$'000	*HK$'000*
Interim, declared and paid — Nil (2008 — HK1.75 cents per ordinary share)	**—**	31,819
Final, proposed — Nil (2008 — Nil)	**—**	—
	—	31,819

9. DEBTORS, PREPAYMENTS AND DEPOSITS

Included in the balances are trade debtors with an aged analysis as follows:

	2009	2008
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Repayable on demand	**38,437**	44,010
Within 30 days	**10,414**	19,162
Between 31 and 60 days	**171**	—
Between 61 and 90 days	**3**	—
	49,025	63,172

Trading terms with customers are either on a cash basis or credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management.

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing. The carrying amounts of debtors and deposits approximate to their fair values.

10. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Included in the balances are trade creditors with an aged analysis as follows:

	2009	2008
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Repayable on demand	**650,888**	534,248
Within 30 days	**14,604**	19,319
	665,492	553,567

The outstanding balances that are repayable on demand include client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking business. As at 31st December, 2009, total client trust bank balances amounted to HK$630,560,000 (2008 — HK$509,355,000).

Except for certain client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking business are interest-bearing, the balances of trade creditors are non-interest-bearing.

MANAGEMENT DISCUSSION AND ANALYSIS

The impact of the global financial crisis continued to persist in 2009. The global investment environment remained challenging despite there being some signs of recovery. The pace of economic recovery varied across industry sectors and regions. The property markets in Singapore, where the Group has substantial investments, and in other Asian countries remained sluggish and uncertain. As a result, the overall performance of the Group for 2009 suffered.

Results for the year

Turnover for the year 2009 of HK$110 million was 47 per cent. lower than the HK$208 million recorded in 2008.

The Group reported a loss attributable to shareholders of HK$326 million for the year 2009 compared with HK$227 million in 2008. This was mainly attributable to the net fair value loss of the property portfolio of the Group's associates.

Property investment and development

Benefiting from the recovery in the property markets in the mainland China and Macau, the Group recorded a net revaluation gain on its investment properties of HK$7 million (2008 — HK$63 million) during the year. For the year 2009, the property investment business registered a turnover of HK$6 million (2008 — HK$6 million), with a profit of HK$8 million (2008 — HK$72 million).

The Group has invested in a property fund, Lippo ASM Asia Property LP, which has indirect interests in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investments and development and hotel operations. The hotels managed by OUE, including inter alia the Mandarin Orchard Hotel in Singapore, are strategically located in various well known tourist destinations in Singapore, Malaysia and mainland China. OUE also holds interests in prime office buildings, such as 50 Collyer Quay near Marina Bay and One Raffles Place in the central financial and business district of Singapore. Over the last two to three years, OUE has also participated in property development and investment projects, which include the redevelopment projects at the 21 Angullia Park and 25 Leonie Hill Road in Singapore. All the interests in 21 Angullia Park were sold in December 2009 to consolidate the resources for the development of 25 Leonie Hill Road. To enhance its recurrent rental income, OUE has renovated the Mandarin Gallery of the Mandarin Orchard Hotel to a premier luxury retail mall. The Mandarin Gallery commenced its operation in the fourth quarter of 2009. The retail space is fully let. For 2009, the Group registered a share of loss of HK$301 million from the investment as compared to HK$41 million in 2008. The loss was mainly attributable to the net fair value loss on investment properties and impairment of development properties.

A residential development project in Singapore was completed with approximately 96 per cent. of units sold in 2008. The remaining unit of the residential development project was sold during 2009. As a result, the property development business recorded a revenue of HK$3 million in 2009 (2008 — HK$84 million).

The Group provided for impairment loss for some of its development projects. Overall, the property development segment recorded a loss of HK$5 million, as compared to a loss of HK$18 million in 2008.

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore, Thailand and Japan. In Singapore, the Marina Collection, a joint venture development in Sentosa Cove, in which the Group has 50 per cent. interest, is scheduled for completion around end of 2010. Pre-sale has been launched and revenue is expected to be recognised upon completion. Other projects include the development at Holland Road and Kim Seng Road in Singapore and the Beijing Economic-Technological Development Area in mainland China.

Treasury and securities investments

The stimulus programmes implemented by various national governments have helped to bring stability to the global stock markets. Benefiting from the liquidity flow into the market, the Group recorded fair value gain for its investment portfolio during the year. For the year 2009, treasury and securities investments business registered a profit of HK$38 million (2008 — loss of HK$148 million).

However, the broad outlook for the financial markets is still unclear. The Group will be watchful on market developments and will continue to be prudent in managing its investment portfolio with a continuing focus on improving overall asset quality.

Corporate finance and securities broking

Despite Hong Kong capital markets gradually recovering in 2009, participation from retail investors remained slow and hesitant in a highly volatile market. This clearly affected the Group's corporate finance and securities broking business. In 2009, it registered a decrease in turnover of HK$54 million (2008 — HK$66 million) and profit derived from this segment fell to HK$6 million (2008 — HK$13 million).

Banking business

The Macau Chinese Bank Limited ("MCB") is a wholly-owned subsidiary of the Company. Despite the slower and uncertain operating environment, MCB managed to maintain the quality of its client and loan portfolio. Management continued to lend conservatively and seek growth selectively. With a lower interest rate environment, the banking business delivered a turnover of HK$14 million (2008 — HK$16 million) in 2009, with a profit of HK$1.2 million (2008 — HK$0.3 million).

Financial position

As at 31st December, 2009, the Group's total assets slightly decreased to HK$6.0 billion (2008 — HK$6.2 billion). Property-related assets remained at HK$4.4 billion (2008 — HK$4.4 billion), representing 73 per cent. of the total assets (2008 — 71 per cent.). Total liabilities amounted to HK$1.4 billion (2008 — HK$1.4 billion). The Group's financial position remained healthy and the current ratio (measured as current assets to current liabilities) increased to 1.8 to 1 (2008 — 1.4 to 1).

As at 31st December, 2009, bank and other borrowings of the Group (other than those attributable to banking business) decreased to HK$499 million (2008 — HK$588 million). As at 31st December, 2009, total bank loans amounted to HK$215 million (2008 — HK$241 million), comprising secured bank loans of HK$205 million (2008 — HK$202 million) and unsecured bank loans of HK$10 million (2008 — HK$39 million), which were denominated in Hong Kong dollars, United States dollars and Renminbi. The bank loans were secured by first legal mortgages over certain properties and certain fixed deposits of the Group. The bank loans carried interest at floating rates and 5 per cent. of the bank loans (2008 — 16 per cent.) were repayable within one year. The Group's other borrowings as at 31st December, 2009 comprised of unsecured loans advanced from Lippo Limited ("Lippo") and a third party of HK$244 million (2008 — HK$192 million) and HK$40 million (2008 — HK$155 million) respectively. The advance from Lippo would be repayable on or before 30th June, 2011, while the third party's advance would be repayable on or before 26th June, 2010. At the end of the year, the gearing ratio (measured as total borrowings to shareholders' funds) decreased to 11 per cent. (2008 — 13 per cent.).

The net asset value of the Group remained strong and amounted to HK$4.5 billion (2008 — HK$4.7 billion). This was equivalent to HK$2.5 per share (2008 — HK$2.6 per share).

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

Apart from the abovementioned, there were no charges on the Group's assets at the end of the year (2008 — Nil). Aside from those arising from the normal course of the Group's banking operation, the Group had no material contingent liabilities outstanding (2008 — Nil).

As at 31st December, 2009, the Group's total capital commitment increased to HK$165 million (2008 — HK$120 million). The investments or capital assets will be financed by the Group's internal resources and/or external banking financing, as appropriate.

Staff and remuneration

The Group had approximately 207 employees as at 31st December, 2009 (2008 — 215 employees). Total staff costs (including directors' emoluments) during the year amounted to HK$63 million (2008 — HK$76 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under the share option scheme of the Company.

Outlook

2010 is another challenging year. Business environment remains challenging to companies around the world. However, the Group remains positive of the prospects of the Asia Pacific region over the medium term. China and other economies in the Asia Pacific region appear to be leading the global economic recovery. The Group will continue to focus on developments in the Asia Pacific region. At the same time, it will continue to remain prudent in managing its property and investment portfolios.

BUSINESS REVIEW

The deep and widespread global recession of 2008 continued well into 2009. Markets around the world remained economically challenged during the first half of 2009. In response, governments around the world intervened on a massive unprecedented scale with fiscal and monetary "quantitative easing" measures in their efforts to restore confidence and stability in the markets. Economic meltdown was avoided and the global markets improved during the latter half of the year. However, it looks like it is going to be a long haul before the global economy can return firmly to pre-crisis prosperity. Property markets in mainland China, Singapore and other Asian countries where the Group has investments were similarly affected economically.

As a result of economic uncertainty and depressed markets, the performance of the Group was adversely affected in 2009. The Group recorded an audited consolidated loss attributable to shareholders of approximately HK$326 million for the year ended 31st December, 2009, as compared to a loss of HK$227 million in the corresponding period of 2008. The loss was mainly attributable to net fair value loss of the property portfolio of the Group's associates.

Bearing the strain of the economic downturn, property markets in Singapore stayed largely stagnant in the first half of 2009. However, towards the second half of 2009, as economic momentum returned, the property markets gradually picked up. In the past few years, the Group has participated in the development of several property projects in Singapore. These are mainly medium term projects which will see completion over the coming few years.

The Group has a 50 per cent. interest in a joint venture established to acquire and develop the property located at Sentosa Cove, Sentosa Island, Singapore ("Marina Collection"). The development comprises a total of one hundred and twenty four high-end luxury residential units with a total saleable area of approximately 29,808 square metres. Construction works have commenced with completion expected around end of 2010. Pre-sale of Marina Collection has been launching. With the opening of the casino and recreational and resort complex in the vicinity, the Board is optimistic about the prospects for Marina Collection.

The Group has a 30 per cent. interest in a joint venture established to acquire and develop the approximately 3,376 square metres site located at 53 Holland Road, Singapore. The plan is to develop the property, now named "The Holland Collection", into a luxury residential development with a total saleable area of approximately 5,497 square metres, with completion expected around end of 2011.

The Group also has a 50 per cent. interest in a joint venture which acquired the property located at No. 100, Kim Seng Road, Singapore. With a site area of approximately 5,611 square metres, the site will be re-developed into a residential development (now named as "Centennia Suites") with a saleable area of approximately 16,182 square metres, with completion expected to be in 2014. Pre-sale of the residential units has been launched recently and the response is encouraging.

Lippo ASM Asia Property LP ("LAAP") of which a wholly-owned subsidiary of the Company is the limited partner, is a property fund set up in 2005 with the investment objective of investing in real estate in the Asia region. As at the end of 2009, LAAP, through its ownership interest in a joint venture, held a majority stake in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore, principally engaged in property investments and development and hotel operations. OUE has interests in prime office buildings in the Central Business District in Singapore like One Raffles Place as well as hotels in the Asia region, including the Mandarin Orchard Hotel in Singapore. Renovation of the Mandarin Gallery in the Mandarin Orchard Hotel to turn it into a premier luxury retail mall with retail space of around 126,000 square feet has been completed. Mandarin Gallery has achieved a full occupancy rate. The high quality properties are able to generate substantial, stable and recurring income for OUE. In March 2010, LAAP acquired the direct and indirect interest in OUE held by the joint venture partner, which increased its controlling stake in OUE to approximately 88.52 per cent.

The Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the development project (the "BDA Project") at a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) in which the Group has an 85.7 per cent. interest. With a total site area of approximately 51,209 square metres, the current plan was to develop the BDA Project into office buildings, residential apartments, retail portions and car parks, with a total construction floor area of about 270,000 square metres, including the basement. Site preparation work of the BDA Project is in progress and the project has attracted strong interests from commercial entities operating in mainland China. Subject to the approval of the PRC government authority, the Group's interest in the BDA Project will be slightly reduced to 80 per cent. when the outlay payable to the PRC joint venture partner is reduced correspondingly.

The Macau Chinese Bank Limited ("MCB") is a wholly-owned subsidiary of the Company. The Macau economy continued to be dampened by the global financial crisis in the first half of 2009. With the global economic recovery, the Macau economy bounced back in the second half of 2009. While recognising that MCB's future performance will be largely dependent on the growth of the Macau economy, the Group will nevertheless continue to seek business opportunities for MCB and enhance its competitiveness in the Macau banking sector.

The stock market in Hong Kong was relatively dull and inactive in the first quarter of 2009. The result was reduced market turnover and public offering activities. This has affected the performance and profitability of Lippo Securities Holdings Limited, a wholly-owned subsidiary of the Company, and its subsidiaries, which are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services. As global and local stock markets began to pick up in the second quarter of 2009, the performance of the securities brokerage business of the Group also improved. The outlook for the local stock market will be dependent on continuing recovery in the markets in China and globally.

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

PROSPECTS

Although the world has averted a global and financial meltdown and a global depression in 2009, the road to full recovery remains challenging. It will take some time for banks to rebuild their balance sheets, companies to start making investment and consumers to pay down their debt and spend again. China and other economies in the Asia Pacific region appear to have taken the leading role in global economic recovery. The economic indicators of recent months provide confirmation of this.

The Company, being the principal property arm of the Lippo Group, will continue to focus on property investment and development businesses. Management is confident about the prospects in the Asia Pacific region over the medium term but remain watchful about the near term. For that reason, Management will continue to take a cautious and prudent approach in managing the Group's property portfolio and other businesses and in assessing new investment opportunities.

DISTRIBUTIONS

The Directors have resolved not to recommend payment of any distribution for the year ended 31st December, 2009 (2008 — HK$31.8 million, being interim distribution equivalent to HK1.75 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 4th June, 2010 to Tuesday, 8th June, 2010 (both dates inclusive) during which period no transfer of shares will be registered and no share which will fall to be allotted and issued on the exercise of the subscription rights attaching to the outstanding warrants of the Company will be registered. In order to qualify for attending and voting at the forthcoming Annual General Meeting, (i) all transfers of shares accompanied by the relevant share certificates and transfer forms and (ii) all subscription forms accompanied by the relevant warrant certificates and subscription monies relating to the exercise of outstanding warrants of the Company in respect of which holders of such warrants wish to exercise their rights must be lodged with Tricor Tengis Limited, the Company's Branch Share Registrars in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 3rd June, 2010. Shareholders whose names appear on the Company's Register of Members on Tuesday, 8th June, 2010 will be entitled to attend and vote at the forthcoming Annual General Meeting.

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

During the year, the Company had repurchased a total of 1,534,000 shares of HK$1.00 each in the Company on The Stock Exchange of Hong Kong Limited, all of which were subsequently cancelled. Particulars of the aforesaid repurchases are as follows:

Month	Number of shares of HK$1.00 each repurchased	Price per share or highest price paid per share	Lowest price paid per share	Aggregate price paid
2009		*HK$*	*HK$*	*HK$*
January	1,192,000	0.70	0.67	822,280
February	96,000	0.69	0.67	65,060
March	236,000	0.63	0.59	142,980
April	10,000	0.52	N/A	5,200
Total	1,534,000			1,035,520
			Expenses incurred for shares repurchased	7,504
			Aggregate consideration paid	1,043,024

The above repurchases were effected by the Directors with a view to benefiting the shareholders as a whole in enhancing the net asset value per share of the Company.

Save as disclosed herein, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Yung Ha Kuk (Chairman), Mr. Albert Saychuan Cheok and Mr. Tsui King Fai and one non-executive Director, Mr. Leon Chan Nim Leung. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the audited consolidated financial statements of the Company for the year ended 31st December, 2009.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31st December, 2009.

By Order of the Board
Hongkong Chinese Limited
John Lee Luen Wai
Director

Hong Kong, 9th April, 2010

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

* *For identification purpose only*