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HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

FINAL RESULTS FOR THE FIFTEEN MONTHS ENDED 31ST MARCH, 2013

The consolidated final results for the fifteen months ended 31st March, 2013 of Hongkong Chinese Limited (the “Company”) were prepared due to the change of financial year end date from 31st December to 31st March, as set out in the announcement of the Company dated 28th December, 2012. The Directors of the Company announce the consolidated final results of the Company and its subsidiaries (collectively, the “Group”) for the fifteen months ended 31st March, 2013 (the “period ended 31st March, 2013”) together with the comparative figures for the year ended 31st December, 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the fifteen months ended 31st March, 2013

		Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000 (Restated)
	Note		
Revenue	2	133,989	103,269
Cost of sales		(19,601)	(19,304)
Gross profit		114,388	83,965
Administrative expenses		(130,439)	(106,725)
Other operating expenses		(86,994)	(67,802)
Fair value gains on investment properties		26,351	5,314
Gain on disposal of fixed assets		8,822	10
Net fair value loss on financial assets at fair value through profit or loss		(1,230)	(18,511)
Write-back of allowance/(Allowance) for bad and doubtful debts		5,328	(5,475)
Finance costs		(4,675)	(8,098)
Share of results of associates	4	(140,108)	1,124,765
Share of results of jointly controlled entities		(352)	17,180
Profit/(Loss) before tax	5	(208,909)	1,024,623
Income tax	6	(9,361)	(1,180)
Profit/(Loss) for the period/year		(218,270)	1,023,443

		Period ended 31st March, 2013	Year ended 31st December, 2011
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Attributable to:			
Equity holders of the Company		(209,464)	1,022,294
Non-controlling interests		(8,806)	1,149
		(218,270)	1,023,443
		<i>HK cents</i>	<i>HK cents</i> (Restated)
Earnings/(Loss) per share attributable to equity holders of the Company			
Basic	7	(10.5)	52.7
Diluted		(10.5)	52.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the fifteen months ended 31st March, 2013

	Period ended 31st March, 2013 <i>HK\$'000</i>	Year ended 31st December, 2011 <i>HK\$'000</i> (Restated)
Profit/(Loss) for the period/year	(218,270)	1,023,443
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	5,363	(1,078)
Reclassification adjustments for disposal	1,632	85
Income tax effect	(1,635)	(213)
	5,360	(1,206)
Surplus on revaluation of leasehold land and buildings	8,885	–
Income tax effect	(1,066)	–
	7,819	–
Share of other comprehensive income/(loss) of associates:		
Share of changes in fair value of available-for-sale financial assets	105,638	(2,559)
Share of effective portion of changes in fair value of cash flow hedges of an associate	4,336	2,823
Share of exchange differences on translation of foreign operations	298,599	(82,832)
	408,573	(82,568)
Exchange differences on translation of foreign operations	15,110	(1,593)
Other comprehensive income/(loss) for the period/year, net of tax	436,862	(85,367)
Total comprehensive income for the period/year	218,592	938,076
Attributable to:		
Equity holders of the Company	225,831	933,934
Non-controlling interests	(7,239)	4,142
	218,592	938,076

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2013

	31st March, 2013	31st December, 2011	1st January, 2011
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)	(Restated)
Non-current assets			
Goodwill	71,485	71,485	71,485
Fixed assets	15,729	137,169	139,397
Investment properties	210,172	171,408	162,055
Interests in associates	8,938,536	8,381,354	7,280,375
Interests in jointly controlled entities	15,712	185,613	303,600
Held-to-maturity financial assets	–	27,265	11,832
Available-for-sale financial assets	106,370	46,304	90,513
Loans and advances	65,321	41,541	34,197
	9,423,325	9,062,139	8,093,454
Current assets			
Properties held for sale	9,005	8,545	8,554
Properties under development	2,410,402	1,465,655	906,477
Loans and advances	267,160	199,578	183,528
Debtors, prepayments and deposits	365,939	117,323	102,287
Financial assets at fair value through profit or loss	69,027	92,442	50,936
Client trust bank balances	356,002	550,716	560,850
Restricted cash	1,054,374	466,295	308
Treasury bills	9,700	–	9,700
Cash and bank balances	781,648	406,508	493,134
	5,323,257	3,307,062	2,315,774
Current liabilities			
Bank and other borrowings	286,915	67,349	291,771
Creditors, accruals and deposits received	3,584,286	1,432,115	870,014
Current, fixed, savings and other deposits of customers	266,786	120,225	138,772
Tax payable	2,445	1,821	3,146
	4,140,432	1,621,510	1,303,703
Net current assets	1,182,825	1,685,552	1,012,071
Total assets less current liabilities	10,606,150	10,747,691	9,105,525

	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000 (Restated)	1st January, 2011 HK\$'000 (Restated)
Non-current liabilities			
Bank and other borrowings	222,582	699,057	240,927
Deferred tax liabilities	45,174	35,808	34,292
	267,756	734,865	275,219
Net assets	10,338,394	10,012,826	8,830,306
Equity			
Equity attributable to equity holders of the Company			
Issued capital	1,998,280	2,003,215	1,816,715
Reserves	8,278,346	7,920,458	6,900,999
	10,276,626	9,923,673	8,717,714
Non-controlling interests	61,768	89,153	112,592
	10,338,394	10,012,826	8,830,306

Note:

1. PRINCIPAL ACCOUNTING POLICIES

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

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, the current financial period covers a fifteen-month period from 1st January, 2012 to 31st March, 2013. The comparative figures cover a twelve-month period from 1st January, 2011 to 31st December, 2011, which may not be comparable with amounts shown for the current period.

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, 2011, except in relation to the following revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "revised HKFRSs"), that are adopted for the first time for the current period's final results:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the above revised HKFRSs has had no significant impact on the accounting policies of the Group and the methods of computation in these final results.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

In prior years, deferred tax was provided on the basis that the carrying amounts of investment properties will be recovered through use. Upon adoption of HKAS 12 Amendments, deferred tax is provided on the basis that the carrying amounts of the investment properties will be recovered through sale except that the basis of recovery through use will continue to apply to those investment properties which are held with an objective to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. This change in accounting policy has been applied retrospectively and the effects are summarised below:

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
<i>Consolidated income statement</i>		
Increase/(Decrease) in share of results of associates and profit for the period/year	<u>(10,067)</u>	<u>151,375</u>
Increase/(Decrease) in basic earnings per share (<i>HK cents</i>)	<u>(0.5)</u>	<u>7.8</u>
Increase/(Decrease) in diluted earnings per share (<i>HK cents</i>)	<u>(0.5)</u>	<u>7.8</u>
<i>Consolidated statement of other comprehensive income</i>		
Increase/(Decrease) in profit for the period/year	<u>(10,067)</u>	<u>151,375</u>
Increase/(Decrease) in share of other comprehensive income of associates	<u>35,603</u>	<u>(12,688)</u>
Increase in total comprehensive income for the period/year	<u>25,536</u>	<u>138,687</u>
	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
<i>Consolidated statement of financial position</i>		
Increase in interests in associates and net assets	<u>850,340</u>	<u>791,860</u>
Increase in exchange equalisation reserve	<u>70,913</u>	<u>35,310</u>
Increase in distributable reserves	<u>779,427</u>	<u>756,550</u>
Increase in equity	<u>850,340</u>	<u>791,860</u>
	1st January, 2011 HK\$'000	

In addition, the Group has changed voluntarily its accounting policy regarding the current/non-current assets classification for properties under development intended for sale. In prior years, the Group classified the properties under development intended for sale as properties under development in non-current assets in the consolidated statement of financial position which would be transferred to properties under development in current assets when the construction was expected to be completed within one year from the end of the reporting period. Under the revised accounting policy, properties under development intended for sale are classified as current assets. In the opinion of the Directors, the financial statements according to the revised policy will provide more relevant information to the users of the financial statements and bring the Group in line with the treatment adopted by other entities in the real estate industry. This change in policy has been applied retrospectively and comparative amounts have been restated. The above change has had no effect on the consolidated income statement and the net assets of the Group.

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 revenue 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:

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Property investment	16,626	11,543
Treasury investment	13,376	4,708
Securities investment	14,223	15,972
Corporate finance and securities broking	41,828	43,831
Banking business	19,124	11,393
Project management	15,134	4,806
Other	13,678	11,016
	<u>133,989</u>	<u>103,269</u>

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

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Interest income	14,847	9,199
Commission income	3,619	1,916
Other revenue	658	278
	<u>19,124</u>	<u>11,393</u>

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;
- (g) the project management segment engages in the provision of project management, marketing, sales and administrative and other related services; and
- (h) the “other” segment comprises principally the development of computer hardware and software, money lending and the provision of fund management and investment advisory services.

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 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 an arm’s length basis in a manner similar to transactions with third parties.

Period ended 31st March, 2013

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Corporate finance and securities broking <i>HK\$'000</i>	Banking business <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Other <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue										
External	16,626	-	13,376	14,223	41,828	19,124	15,134	13,678	-	133,989
Inter-segment	-	-	-	-	-	-	750	8,379	(9,129)	-
Total	<u>16,626</u>	<u>-</u>	<u>13,376</u>	<u>14,223</u>	<u>41,828</u>	<u>19,124</u>	<u>15,884</u>	<u>22,057</u>	<u>(9,129)</u>	<u>133,989</u>
Segment results	<u>61,859</u>	<u>(64,000)</u>	<u>13,012</u>	<u>6,166</u>	<u>(14,746)</u>	<u>612</u>	<u>(1,587)</u>	<u>1,653</u>	<u>(9,129)</u>	<u>(6,160)</u>
Unallocated corporate expenses										(57,614)
Finance costs										(4,675)
Share of results of associates	(271,560)	124,598	-	-	-	-	-	6,854	-	(140,108)
Share of results of jointly controlled entities	-	(352)	-	-	-	-	-	-	-	(352)
Loss before tax										<u>(208,909)</u>
Segment assets	227,318	4,083,806	415,655	175,397	449,713	391,854	10,902	27,811	-	5,782,456
Interests in associates	8,251,319	686,166	-	-	778	-	-	273	-	8,938,536
Interests in jointly controlled entities	-	15,712	-	-	-	-	-	-	-	15,712
Unallocated assets										<u>9,878</u>
Total assets										<u>14,746,582</u>
Segment liabilities	13,805	3,160,963	-	-	387,826	274,927	209	4,993	-	3,842,723
Unallocated liabilities										<u>565,465</u>
Total liabilities										<u>4,408,188</u>

Year ended 31st December, 2011 (restated)

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Corporate finance and securities broking <i>HK\$'000</i>	Banking business <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Other <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue										
External	11,543	–	4,708	15,972	43,831	11,393	4,806	11,016	–	103,269
Inter-segment	–	–	–	–	–	–	4,329	6,898	(11,227)	–
Total	<u>11,543</u>	<u>–</u>	<u>4,708</u>	<u>15,972</u>	<u>43,831</u>	<u>11,393</u>	<u>9,135</u>	<u>17,914</u>	<u>(11,227)</u>	<u>103,269</u>
Segment results	<u>10,257</u>	<u>(35,805)</u>	<u>4,254</u>	<u>(2,253)</u>	<u>(21,281)</u>	<u>136</u>	<u>(8,305)</u>	<u>9,664</u>	<u>(11,227)</u>	<u>(54,560)</u>
Unallocated corporate expenses										(54,664)
Finance costs										(8,098)
Share of results of associates	854,866	264,331	–	–	–	–	–	5,568	–	1,124,765
Share of results of jointly controlled entities	–	17,180	–	–	–	–	–	–	–	<u>17,180</u>
Profit before tax										<u>1,024,623</u>
Segment assets	287,492	2,081,212	256,675	166,011	674,841	267,081	11,659	27,576	–	3,772,547
Interests in associates	7,843,726	536,412	–	–	778	–	–	438	–	8,381,354
Interests in jointly controlled entities	–	185,613	–	–	–	–	–	–	–	185,613
Unallocated assets										<u>29,687</u>
Total assets										<u>12,369,201</u>
Segment liabilities	5,430	811,080	–	–	597,098	122,958	136	2,954	–	1,539,656
Unallocated liabilities										<u>816,719</u>
Total liabilities										<u>2,356,375</u>

Geographical information

(a) Revenue from external customers

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Hong Kong	56,757	60,756
Macau	24,718	14,184
Mainland China	21,544	10,267
Republic of Singapore	19,073	11,085
Other	11,897	6,977
	<u>133,989</u>	<u>103,269</u>

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

(b) Non-current assets

	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000 (Restated)
Hong Kong	3,423	1,658
Macau	153,280	132,224
Mainland China	101,178	92,436
Republic of Singapore	8,942,671	8,675,764
Other	51,082	44,947
	<u>9,251,634</u>	<u>8,947,029</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

Information about a major customer

No revenue from a single customer accounted for 10 per cent. or more of the total revenue for the period ended 31st March, 2013 and the year ended 31st December, 2011.

4. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates included the Group's share of loss in Lippo ASM Asia Property LP ("LAAP") of approximately HK\$271,560,000 (year ended 31st December, 2011 — share of profit of HK\$854,866,000, restated) and share of profit from Lippo Marina Collection Pte. Ltd. ("Lippo Marina") of approximately HK\$124,598,000 (year ended 31st December, 2011 — HK\$264,331,000). LAAP, a fund which carries the objective of investing in real estate and hospitality service businesses in Asia, invested in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore which is principally engaged in property investment and development and hotel operations. The change in share of results was mainly attributable to the absence of a substantial fair value gain over an investment property of OUE which was recognised upon the completion of development in 2011 and the higher finance costs incurred during the period. Lippo Marina was set up for the purpose of a property development project in Singapore, namely Marina Collection. The share of profit mainly arose from the sale of properties during the period.

5. PROFIT/(LOSS) BEFORE TAX

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

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Interest income:		
Unlisted financial assets at fair value through profit or loss	51	324
Listed available-for-sale financial assets	4,039	1,526
Listed held-to-maturity financial assets	1,030	1,770
Loans and advances	1,578	1,831
Banking business	14,847	9,199
Other	13,376	4,708
Dividend income:		
Listed investments	1,460	1,247
Unlisted investments	3,459	391
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	1,644	5,230
Unlisted financial assets at fair value through profit or loss	2,540	5,484
Listed available-for-sale financial assets	309	—
Unlisted available-for-sale financial assets	(1,957)	4,767
Listed held-to-maturity financial assets	570	—
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	(5,841)	(21,339)
Unlisted	4,611	2,828
Write-back of provision/(Provision) for impairment losses on:		
A jointly controlled entity	(2,219)	—
Unlisted available-for-sale financial assets	(90)	—
Properties held for sale	465	—
Properties under development	(156)	(189)
Interest expense attributable to the banking business	(2,640)	(738)
Depreciation	(9,698)	(9,828)
Gain/(Loss) on disposal of fixed assets:		
Leasehold property	8,826	—
Other items of fixed assets	(4)	10
Foreign exchange gains — net	20,979	7,588

6. INCOME TAX

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Hong Kong:		
Charge for the period/year	427	477
Underprovision/(Overprovision) in prior years	(24)	172
	<u>403</u>	<u>649</u>
Overseas:		
Charge for the period/year	1,499	97
Underprovision/(Overprovision) in prior years	1,009	(378)
Deferred	6,450	812
	<u>8,958</u>	<u>531</u>
Total charge for the period/year	<u>9,361</u>	<u>1,180</u>

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (year ended 31st December, 2011 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period/year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the period/year attributable to equity holders of the Company; and (ii) the weighted average number of 1,998,497,000 ordinary shares (year ended 31st December, 2011 — 1,939,183,000 ordinary shares) in issue during the period/year.

(b) Diluted earnings/(loss) per share

No adjustment has been made to the basic loss per share amount presented for the period ended 31st March, 2013 as the share options outstanding during the period had no dilutive effect on the basic loss per share amount presented.

Diluted earnings per share for the year ended 31st December, 2011 is calculated based on (i) the consolidated profit for the year attributable to equity holders of the Company; and (ii) the weighted average number of 1,942,256,000 ordinary shares, as follows:

	Number of shares Year ended 31st December, 2011
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,939,183,000
Effect of dilution — weighted average number of ordinary shares: Share options	<u>3,073,000</u>
	<u><u>1,942,256,000</u></u>

8. DISTRIBUTIONS

	Period ended 31st March, 2013 HK\$'000	Year ended 31st December, 2011 HK\$'000
Final distribution, proposed, of HK2 cents (year ended 31st December, 2011 — HK2 cents) per ordinary share	39,966	40,034
2011 special final distribution, proposed, of HK1 cent per ordinary share	<u>—</u>	<u>20,017</u>
	<u>39,966</u>	<u>60,051</u>

The proposed final distribution for the period is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Outstanding balances with ages:		
Repayable on demand	30,993	50,076
Within 30 days	14,574	5,649
Between 61 and 90 days	23	–
Between 91 and 180 days	–	125
Over 180 days	–	9
	45,590	55,859

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.

10. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised of pre-sale proceeds received from the property development projects of the Group of HK\$2,820,004,000 (31st December, 2011 — HK\$676,081,000), and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK\$384,309,000 (31st December, 2011 — HK\$593,250,000). As at 31st March, 2013, total client trust bank balances amounted to HK\$356,002,000 (31st December, 2011 — HK\$550,716,000).

An aged analysis of trade creditors are as follows:

	31st March, 2013 HK\$'000	31st December, 2011 HK\$'000
Outstanding balances with ages:		
Repayable on demand	373,411	435,334
Within 30 days	109,004	169,644
	482,415	604,978

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

MANAGEMENT DISCUSSION AND ANALYSIS

In 2012, under the headwinds of unresolved eurozone sovereign debt crisis and slowdown of U.S. recovery, global economy is subdued and the growth in Singapore and emerging economies like mainland China fell lower than the original forecast. Until the end of 2012, macroeconomic conditions showed signs of improvement, the global economic growth is expected to improve gradually this year.

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, the current financial period covers a fifteen-month period from 1st January, 2012 to 31st March, 2013, and the comparative figures cover a twelve-month period from 1st January, 2011 to 31st December, 2011 ("year 2011"), which may not be comparable with amounts shown for the current period.

For the fifteen months ended 31st March, 2013, the Group reported a loss attributable to shareholders of HK\$209 million (year 2011 — profit of HK\$1,022 million, restated). The profit for year 2011 was mainly due to the significant fair value gain of an investment property held by the Group's associate following completion of its development in that year and the share of profit from property sale by another associate. In the current financial period, neither the Group nor its associates had any property projects under completion, and less profit was generated from property sale and higher finance costs were incurred by the Group's associates.

Results for the financial period

Property investment

The revenue of the property investment business amounted to HK\$17 million for the fifteen months ended 31st March, 2013 (year 2011 — HK\$12 million). Benefited from the revaluation gain of the Group's investment properties and the profit from disposal of a property in Singapore, the segment registered a profit of HK\$62 million for the period (year 2011 — HK\$10 million).

The Group, through a property fund, invested in a joint venture, Lippo ASM Asia Property Limited, which has a majority interest in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investment and development and hospitality business. The hotels managed by OUE, including Mandarin Orchard Singapore and the Crowne Plaza Changi Airport, are strategically located in various well known tourist destinations of Singapore, Malaysia and mainland China. The investment property portfolio in Singapore, which includes OUE Bayfront, a Grade A office building near Marina Bay, 6 Shenton Way Towers One and Two (formerly known as DBS Building Towers One and Two) and Mandarin Gallery at Orchard Road, provided a strong recurring source of revenue to OUE. Plans are underway to convert the podium of 6 Shenton Way Towers One and Two into a retail space with a wide range of options including retail, food and beverage and a supermarket. Subsequent to the period end, OUE proposed to dispose of its interest in Mandarin Orchard Singapore and Mandarin Gallery to a proposed real estate investment trust (the "Disposal") with more details mentioned under section "Business Review". OUE also holds interests in One Raffles Place (comprising Tower One and the newly-completed Tower Two) which is located at the central financial and business district of Singapore. The retail mall at One Raffles Place is under refurbishment which is expected to be completed in early

2014. Pre-sale of a residential property development project, named as Twin Peaks, at 33 Leonie Hill Road in Singapore is still in progress. The Group registered a share of loss of HK\$272 million from the investment during the period (year 2011 — share of profit of HK\$855 million, restated). The change was mainly due to the absence of the significant fair value gain recognised upon completion of any investment property and the higher finance costs incurred in this period. As a result of the share buy-back by OUE during the period, the fund's interest in OUE increased from approximately 65.55 per cent. as at 31st December, 2011 to approximately 68.02 per cent. as at 31st March, 2013 and recorded a net increase of share of equity interest of HK\$193 million. Together with the share of other reserves and taking into account the above share of loss, the Group's interest in the investment increased to HK\$8.2 billion (31st December, 2011 — HK\$7.8 billion, restated).

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and other areas of the Asia Pacific region.

In mainland China, construction of an integrated residential, commercial and retail complex at the Beijing Economic-Technological Development Area (the “BDA Project”) is progressing well. Pre-sale has been launched since July 2011. A substantial part of the residential units, office blocks and the retail mall have been sold out. Approximately 82 per cent. of the total saleable area have been pre-sold up to 31st March, 2013 at a total consideration of approximately RMB3.1 billion. This project is expected to be completed later this year and construction works have been substantially finished as at 31st March, 2013.

In Macau, main contract works of “M Residences”, a property development project, have commenced and are expected to be completed in 2014. Pre-sale has been launched since November 2011 and has received satisfactory response. About 92 per cent. of the saleable area of the residential units have been pre-sold as at 31st March, 2013 at a total consideration of approximately HK\$1.1 billion.

The revenue and the profit arising from the above property development projects will be reflected in the Group's results in the respective year of completion. The segment loss for the period of HK\$64 million (year 2011 — HK\$36 million) is mainly due to marketing and selling expenses incurred for the pre-sale activities charged to the income statement during the period. As a result of the project cost incurred during the period, the Group's property under development increased to HK\$2.4 billion as at 31st March, 2013 (31st December, 2011 — HK\$1.5 billion).

The Group has interests in “Marina Collection” in Sentosa Cove, Singapore, a joint venture development project completed in April 2011. For the fifteen months ended 31st March, 2013, a further share of profit of HK\$125 million (year 2011 — HK\$264 million) was recorded from this project, mainly arising from the sale of properties during the period. All the units of Centennia Suites, another joint venture property development project at Kim Seng Road, Singapore, have been sold out during the pre-sale in 2010. Centennia Suites is scheduled to be completed in the second half of 2013, and profit arising therefrom will be recognised upon completion of the development.

Treasury and securities investments

The investment market continues to be challenging and full of uncertainties. The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. For the fifteen months ended 31st March, 2013, treasury and securities investments business recorded a revenue of HK\$28 million (year 2011 — HK\$21 million), with a profit of HK\$19 million (year 2011 — HK\$2 million).

Corporate finance and securities broking

During the current financial period, the sentiments in the investment markets were affected by uncertainties resulting from unresolved eurozone sovereign debt crisis and threat of China economic slowdown. Investors remain selective and vigilant in the highly volatile markets. The Group's corporate finance and securities broking business was adversely affected. It registered a turnover of HK\$42 million for the fifteen months ended 31st March, 2013 (year 2011 — HK\$44 million) and a loss of HK\$15 million was derived from this segment (year 2011 — HK\$21 million).

Banking business

The Macau Chinese Bank Limited ("MCB"), a licensed bank in Macau, is a wholly-owned subsidiary of the Company. The operating environment is still challenging because of strong competition, high operating costs and subdued global economic activities. Nevertheless, MCB remains positive to the development and growth in the region, continues to focus on customers need, and seeks opportunities to launch new products and services to enlarge its customer base. In this regards, the Group injected approximately HK\$78 million capital into MCB to strengthen its financial position during the period.

Financial position

As at 31st March, 2013, the Group's total assets increased to HK\$14.7 billion (31st December, 2011 — HK\$12.4 billion, restated). Property-related assets increased to HK\$13.3 billion (31st December, 2011 — HK\$10.9 billion, restated), representing 90 per cent. (31st December, 2011 — 88 per cent., restated) of the total assets. Total liabilities increased to HK\$4.4 billion (31st December, 2011 — HK\$2.4 billion, restated), mainly due to the sale deposits received from the BDA Project and Macau project. The Group's financial position remained healthy.

As at 31st March, 2013, the bank loans of the Group (other than those attributable to banking business) amounted to HK\$509 million (31st December, 2011 — HK\$709 million). The bank loans were denominated in Hong Kong dollars and Renminbi and were secured by certain properties and certain bank deposits of the Group. The bank loans carried interest at floating rates and approximately 56 per cent. (31st December, 2011 — 10 per cent.) of the bank loans were repayable within one year. The Group's other borrowings as at 31st December, 2011 comprised of unsecured loans advanced from Lippo Limited of HK\$57 million, such advance was fully repaid during the period. At the end of the period, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 4.4 per cent. (31st December, 2011 — 6.9 per cent., restated).

During the period, the Company repurchased 8,816,000 issued shares at a total consideration of approximately HK\$10.8 million. Besides, 3,881,000 shares were issued by the Company upon exercise of share options by the option holders in 2012 at a cash consideration of approximately HK\$4.7 million.

The net asset value of the Group remained strong and increased to HK\$10.3 billion (31st December, 2011 — HK\$9.9 billion, restated). This was equivalent to HK\$5.1 per share (31st December, 2011 — HK\$5.0 per share, restated).

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

Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st December, 2011 — Nil). Aside from those arising from the normal course of the Group's banking operation, the Group had no material contingent liabilities outstanding as at 31st March, 2013 (31st December, 2011 — Nil).

As at 31st March, 2013, the Group's total commitment increased to HK\$798 million (31st December, 2011 — HK\$715 million), mainly arising from the property development projects in Macau and Beijing. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and remuneration

The Group had 210 employees as at 31st March, 2013 (31st December, 2011 — 220 employees). Staff costs (including directors' emoluments) charged to the income statement during the period amounted to HK\$90 million (year 2011 — HK\$71 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options in prior years under the share option scheme of the Company. All outstanding options which remained unexercised by the expiry date in December 2012 lapsed accordingly.

Outlook

Looking ahead, growth is expected to be in modest pace. The Group remains cautiously optimistic about the prospects of the Asia Pacific region over the medium term and will continue to focus on business development in the region. The Group will respond to the fast changing market conditions, refine its existing businesses and prudently seek new investment opportunities with long-term growth potential.

BUSINESS REVIEW

During 2012 and the first quarter of 2013 (the “Period”), the world economy continued to be held back by the Eurozone financial crisis. Though concern about a potential “fiscal cliff” in the U.S. eased by late 2012, that concern had led to the further deferment of substantive economic recovery in the U.S. On the other hand, the major economies in the Asia region were able to maintain their growth momentum which contributed to a better economic environment in Asia, with mainland China continuing to be the Asia’s leading economic performer.

The Group’s operations and investments are substantially within the Asia region. Despite the Asia region maintaining steady growth overall, the Group’s performance has been affected by the weak property sector in the key markets. Against this background, the Group recorded a consolidated loss attributable to shareholders of approximately HK\$209 million for the fifteen months ended 31st March, 2013, as compared to a consolidated profit of approximately HK\$1,022 million (restated) for the year ended 31st December, 2011. During the year ended 31st December, 2011, the Group’s share of results of associates was approximately HK\$1,125 million (restated) which was mainly attributable to the fair value gain of a property held by an associate which was completed in that year and the share of profit recognized from the sale of properties by another associate. However, during the current reporting period, neither the Group nor its associates had any fair value gain arisen from completion of their property projects, and less profit was recognized from the sale of properties and higher finance costs were incurred by the associates.

In Singapore, the strong tourist arrivals, and its continuing role as one of the major financial centres in Asia have contributed to the country’s stable economic environment during the Period. According to the advanced estimates announced by the Ministry of Trade and Industry of Singapore (“MTI”), the Singapore economy contracted by 0.6 per cent. on a year-on-year basis in the first quarter of 2013, as compared to the growth of 1.5 per cent. in the previous quarter. For the whole of 2013, MTI is maintaining its forecast that the Singapore economy is to grow between 1.0 per cent. to 3.0 per cent. as global economic conditions are expected to improve gradually.

“Marina Collection”, in which the Group has a 50 per cent. interest, is located at Sentosa Cove, Sentosa Island, Singapore. This property development project was completed in 2011 and provides 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres. As at 31st March, 2013, 80 units have been sold of which 36 units were sold during the Period and profits arising therefrom have been recognised in the Period.

The Group also has a 50 per cent. interest in “Centennia Suites” located at 100 Kim Seng Road, Singapore. “Centennia Suites”, with a site area of approximately 5,611 square metres, is being developed into a residential development with a saleable area of approximately 16,182 square metres. Construction work has been progressing well and it is expected that completion will take place later this year. All the 97 residential units in this project have been pre-sold.

In December 2012, the Group completed the sale of its property located at 259 Ocean Drive, Sentosa Cove in Sentosa Island, Singapore for a consideration of S\$22 million.

During the Period, as part of the internal group restructuring, the Group, through a property fund, set up Lippo ASM Asia Property Limited (“LAAPL”), a joint venture, to hold the controlling stake of Overseas Union Enterprise Limited (“OUE”), a listed company in Singapore principally engaged in property investment and development and hotel operations. The Group’s economic interest in OUE remains unchanged after the above group restructuring. As at 31st March, 2013, LAAPL had an aggregate interest of approximately 68.02 per cent. in OUE (excluding treasury shares).

OUE has interests in prime office buildings in the Central Business District in Singapore like One Raffles Place, OUE Bayfront and 6 Shenton Way Towers One and Two as well as hotels in the Asia region, including the famous Mandarin Orchard Singapore (“Mandarin Orchard”) and Crowne Plaza Changi Airport in Singapore. The Mandarin Gallery at Mandarin Orchard (“Mandarin Gallery”), a premier luxury retail mall with retail space of around 11,639 square metres, is enjoying nearly full occupancy. This bespoke portfolio of well diversified and high quality properties will help to generate substantial and stable recurrent income for OUE. To further strengthen OUE’s commercial property portfolio, in June 2013, a subsidiary of OUE completed the acquisition of U.S. Bank Tower, a Class A office property located in Los Angeles and the tallest iconic building in California, U.S., and the related properties.

In order to enable OUE to unlock the value of some of the properties at fair value, OUE proposed to dispose of its interest in Mandarin Orchard and Mandarin Gallery to a proposed real estate investment trust to be known as OUE Hospitality Real Estate Investment Trust at a minimum consideration of S\$1,705 million (the “Disposal”). OUE will maintain the ability to operate Mandarin Orchard and manage Mandarin Gallery. The consideration of the Disposal will be paid in combination of cash and stapled securities in OUE Hospitality Trust (the “OUE H-REIT”). With the approval of the shareholders of OUE on 25th June, 2013, completion of the Disposal is subject to the listing of and commencement of trading of the staple securities in the OUE H-REIT on the Singapore Exchange Securities Trading Limited. If the Disposal is completed at the consideration of S\$1,705 million (being the minimum price to be payable), the Group may likely record a substantial profit under share of results of joint venture of about HK\$2.3 billion (subject to adjustment and audit) for the financial year ending 31st March, 2014. However, as there is no certainty whether the Disposal will be completed, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

The Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the development project at a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) in Beijing (the “BDA Project”). The Group has an 80 per cent. interest in the BDA Project, which, with a total site area of approximately 51,209 square metres, is being developed into an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. The project is expected to be completed later this year. As at 31st March, 2013, about 82 per cent. of the total saleable area has been pre-sold.

Superstructure works for the residential development “M Residences” at 83 Estrada de Cacilhas, Macau, in which the Group has 100 per cent. interest, are expected to be commenced in the second half of the year. “M Residences”, with a site of approximately 3,398 square metres, is being developed into 311 residential units with a total saleable area of approximately 26,025 square metres. The above development is scheduled to be completed in 2014. As at 31st March, 2013, about 92 per cent. of the total saleable area of the residential units has been pre-sold.

The Macau Chinese Bank Limited (“MCB”), a wholly-owned subsidiary of the Company, maintained a steady performance during the Period amidst the strong performance of the Macau economy. To cater for its ongoing business development, a capital injection of MOP80 million into MCB was made at the end of 2012. The Group will continue to seek new business opportunities for MCB and enhance its competitiveness in the Macau banking sector.

The local stock market remained sluggish and inactive in the first half of 2012 with low initial public offering activities. Towards the end of 2012, local stock market environment gradually improved but participation from retail investors remained cautious given the present market conditions. 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. The outlook for the local stock market will be dependent on the market conditions in mainland China and economic developments globally, especially in Europe and the U.S.

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

PROSPECTS

The economic prospects for Asia remain positive with the growth momentum dependent on the pace of economic recovery in the U.S. and Europe. Since mid 2012, the major stock markets in U.S. and Europe have rebounded and continued into the first quarter of 2013 with the expected global economic recovery and gradual stabilisation of the Eurozone debt crisis. However, overall, the strength of economic recovery will likely be slow. Hopefully, with the threat of inflation being brought under control, the continuing low interest rate environment should help to promote stronger investor confidence and create new business opportunities.

The Group will continue to focus on property investment and property development businesses in Asia Pacific region for its long term growth. Management is however watchful of the economic challenges ahead and will accordingly continue to take a cautious and prudent approach in the management of the Group’s property portfolio and businesses and in its assessment of new investment opportunities.

DISTRIBUTION

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting (the “2013 AGM”) the payment of a final distribution of HK2 cents per share (Financial year 2011 — a final distribution of HK2 cents per share and a special final distribution of HK1 cent per share), amounting to approximately HK\$40 million for the fifteen months ended 31st March, 2013 (Financial year 2011 — approximately HK\$60 million). Subject to the approval of shareholders at the 2013 AGM, the final distribution will be paid on or about Thursday, 26th September, 2013 to shareholders whose names appear on the Company’s Register of Members on Thursday, 12th September, 2013. No interim distribution was declared for the fifteen months ended 31st March, 2013 (Financial year 2011 — Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed during the following periods:

- (i) from Tuesday, 27th August, 2013 to Friday, 30th August, 2013 (both dates inclusive) during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2013 AGM. In order to be entitled to attend and vote at the 2013 AGM, 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 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 Monday, 26th August, 2013; and
- (ii) from Monday, 9th September, 2013 to Thursday, 12th September, 2013 (both dates inclusive) during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders’ entitlement to the proposed final distribution. In order to qualify for the proposed final distribution, 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 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 Friday, 6th September, 2013.

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

During the fifteen months ended 31st March, 2013, the Company had repurchased a total of 8,816,000 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:

	Number of shares of HK\$1.00 each repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Total price paid HK\$
2012				
January	1,514,000	1.33	1.31	1,997,820
April	482,000	1.25	1.23	598,040
May	1,414,000	1.25	1.16	1,701,100
June	1,348,000	1.23	1.16	1,621,520
July	260,000	1.25	1.24	324,280
August	3,096,000	1.23	1.08	3,648,520
September	702,000	1.22	1.18	852,980
Total	<u>8,816,000</u>			10,744,260
		Expenses incurred for shares repurchased		<u>50,186</u>
				<u>10,794,446</u>

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 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 Mr. Tsui King Fai (Chairman), Mr. Albert Saychuan Cheok and Mr. Victor Yung Ha Kuk and one non-executive Director, Mr. Leon Chan Nim Leung. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the consolidated financial statements of the Company for the fifteen months ended 31st March, 2013.

CORPORATE GOVERNANCE

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

During the Period, the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions in the Code on Corporate Governance Practices (the "Code on CG") for the period from 1st January, 2012 to 31st March, 2012 and the Corporate Governance Code (the "CG Code") for the period from 1st April, 2012 to 31st March, 2013 contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The CG Code is the new edition of the Code on CG and is applicable to financial reports covering a period after 1st April, 2012.

To the best knowledge and belief of the Directors, the Directors consider that, save as disclosed below, the Company has complied with the code provisions of the Code on CG and the CG Code (as the case may be) for the Period. Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings. One of the non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 5th June, 2012 as he was stranded in overseas due to an unexpected yacht sunken incident.

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

Hong Kong, 27th June, 2013

As at the date of this announcement, the executive Directors of the Company are Messrs. Stephen Riady (Chairman), John Lee Luen Wai (Chief Executive Officer) and Kor Kee Yee; the non-executive Director of the Company is Mr. Leon Chan Nim Leung; 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