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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 YEAR ENDED 31ST MARCH, 2015

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 March, 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st March, 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Revenue	2	228,679	3,969,891
Cost of sales		<u>(75,967)</u>	<u>(2,108,669)</u>
Gross profit		152,712	1,861,222
Administrative expenses		(93,768)	(86,079)
Other operating expenses		(50,307)	(144,781)
Net fair value gain on investment properties		31,555	8,447
Net fair value loss on financial assets			
at fair value through profit or loss		(9,464)	(1,181)
Provisions for impairment losses on associates		(6,986)	(778)
Finance costs		(3,478)	(1,344)
Share of results of associates		2,962	34,680
Share of results of joint ventures	4	<u>384,786</u>	<u>(346,068)</u>
Profit before tax	5	408,012	1,324,118
Income tax	6	<u>(33,665)</u>	<u>(821,147)</u>
Profit for the year		<u>374,347</u>	<u>502,971</u>

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Attributable to:			
Equity holders of the Company		364,019	313,577
Non-controlling interests		10,328	189,394
		<u>374,347</u>	<u>502,971</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company			
Basic	7	<u>18.2</u>	<u>15.7</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2015

	2015 HK\$'000	2014 HK\$'000
Profit for the year	374,347	502,971
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale financial assets:		
Changes in fair value	(1,980)	(5,436)
Adjustments for disposal	4	323
Adjustment for impairment losses	3,187	–
Income tax effect	1,025	2,428
	<u>2,236</u>	<u>(2,685)</u>
Share of other comprehensive income/(loss) of joint ventures:		
Share of changes in fair value of available-for-sale financial assets	25,210	99,159
Share of effective portion of changes in fair value of cash flow hedges	10,198	(3,242)
Share of exchange differences on translation of foreign operations	<u>(545,017)</u>	<u>(125,080)</u>
	<u>(509,609)</u>	<u>(29,163)</u>
Share of exchange differences on translation of a foreign associate	(1,482)	–
Exchange differences on translation of foreign operations	(66,860)	(8,902)
Adjustments relating to disposal of foreign subsidiaries	<u>7</u>	<u>(1,234)</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the year, net of tax	<u>(575,708)</u>	<u>(41,984)</u>
Total comprehensive income/(loss) for the year	<u>(201,361)</u>	<u>460,987</u>
Attributable to:		
Equity holders of the Company	(211,925)	270,406
Non-controlling interests	<u>10,564</u>	<u>190,581</u>
	<u>(201,361)</u>	<u>460,987</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Goodwill		71,485	71,485
Fixed assets		65,327	16,915
Investment properties		245,178	219,917
Interests in associates		439,456	506,968
Interests in joint ventures		7,768,009	7,978,964
Available-for-sale financial assets		88,904	104,245
Loans and advances		111,256	91,151
		8,789,615	8,989,645
Current assets			
Properties held for sale		115,571	173,087
Properties under development		816,766	633,422
Loans and advances		280,847	276,447
Debtors, prepayments and deposits	9	119,355	167,022
Available-for-sale financial assets		24,047	3,753
Financial assets at fair value through profit or loss		108,760	123,474
Tax recoverable		223	518
Client trust bank balances		324,982	311,353
Restricted cash		70,099	174,303
Treasury bills		38,800	33,950
Cash and bank balances		1,748,980	2,289,239
		3,648,430	4,186,568
Current liabilities			
Bank and other borrowings		464,542	308,387
Creditors, accruals and deposits received	10	935,700	1,177,804
Current, fixed, savings and other deposits of customers		444,582	332,180
Tax payable		296,220	611,570
		2,141,044	2,429,941
Net current assets		1,507,386	1,756,627
Total assets less current liabilities		10,297,001	10,746,272

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	<u>50,742</u>	<u>106,724</u>
Net assets	<u>10,246,259</u>	<u>10,639,548</u>
Equity		
Equity attributable to equity holders of the Company		
Share capital	1,998,280	1,998,280
Reserves	<u>8,140,880</u>	<u>8,393,235</u>
	10,139,160	10,391,515
Non-controlling interests	<u>107,099</u>	<u>248,033</u>
	<u>10,246,259</u>	<u>10,639,548</u>

Note:

1. PRINCIPAL ACCOUNTING POLICIES

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 March, 2014, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations, that are adopted for the first time for the current year's final results:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1st July, 2014

The adoption of the above revised standards and interpretations has had no significant financial effect on these final results.

In addition, the Company has early adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2. REVENUE

Revenue represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from underwriting and securities broking, gross interest income, commissions, dealing income and other revenue from a 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Property investment	11,151	13,103
Property development (<i>Note</i>)	116,509	3,844,180
Treasury investment	37,564	31,369
Securities investment	9,875	15,456
Corporate finance and securities broking	20,581	30,175
Banking business	22,280	19,344
Project management	–	4,901
Other	10,719	11,363
	<u>228,679</u>	<u>3,969,891</u>

Note: The revenue mainly represents proceeds from sales of properties of a property development project in Beijing which was completed during the year ended 31st March, 2014.

Revenue attributable to the banking business represents revenue generated from The Macau Chinese Bank Limited (“MCB”), 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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest income	18,566	17,032
Commission income	3,714	2,186
Other revenue	–	126
	<u>22,280</u>	<u>19,344</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 money markets;
- (d) the securities investment segment includes dealings in securities and financial assets available-for-sale;
- (e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (f) the banking business segment engages in the provision of commercial and retail banking services;
- (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 unallocated corporate expenses and finance costs are excluded from such measurement.

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

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

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

Year ended 31st March, 2015

	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	11,151	116,509	37,564	9,875	20,581	22,280	-	10,719	-	228,679
Inter-segment	-	-	-	-	-	-	-	1,366	(1,366)	-
Total	11,151	116,509	37,564	9,875	20,581	22,280	-	12,085	(1,366)	228,679
Segment results	35,548	38,624	37,398	(7,738)	(10,045)	2,104	-	(9,407)	(1,366)	85,118
Unallocated corporate expenses										(61,398)
Finance costs										(3,456)
Share of results of associates	-	17,916	-	-	-	-	-	(14,954)	-	2,962
Share of results of joint ventures	369,061	15,725	-	-	-	-	-	-	-	384,786
Profit before tax										408,012
Segment assets	266,825	1,061,111	1,717,948	221,710	378,315	510,223	-	10,597	-	4,166,729
Interests in associates	6,180	433,276	-	-	-	-	-	-	-	439,456
Interests in joint ventures	7,753,772	14,237	-	-	-	-	-	-	-	7,768,009
Unallocated assets										63,851
Total assets										12,438,045
Segment liabilities	4,129	571,573	-	-	336,253	450,669	-	5,041	-	1,367,665
Unallocated liabilities										824,121
Total liabilities										2,191,786

Year ended 31st March, 2014

	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	13,103	3,844,180	31,369	15,456	30,175	19,344	4,901	11,363	–	3,969,891
Inter-segment	–	–	–	–	–	–	297	3,567	(3,864)	–
Total	13,103	3,844,180	31,369	15,456	30,175	19,344	5,198	14,930	(3,864)	3,969,891
Segment results	13,952	1,642,230	31,249	9,523	(6,289)	1,848	(10,037)	4,552	(1,816)	1,685,212
Unallocated corporate expenses										(48,473)
Finance costs										(1,233)
Share of results of associates	–	34,759	–	–	–	–	–	(79)	–	34,680
Share of results of joint ventures	(527,017)	180,949	–	–	–	–	–	–	–	(346,068)
Profit before tax										1,324,118
Segment assets	239,028	1,052,542	2,268,204	231,472	417,333	446,050	–	21,215	–	4,675,844
Interests in associates	7,841	498,934	–	–	–	–	–	193	–	506,968
Interests in joint ventures	7,854,617	124,347	–	–	–	–	–	–	–	7,978,964
Unallocated assets										14,437
Total assets										13,176,213
Segment liabilities	2,962	795,022	–	–	361,316	336,027	–	4,544	–	1,499,871
Unallocated liabilities										1,036,794
Total liabilities										2,536,665

Geographical information

(a) Revenue from external customers

	2015 HK\$'000	2014 HK\$'000
Hong Kong	28,301	43,998
Macau	27,875	24,067
Mainland China	157,699	3,883,816
Republic of Singapore	9,466	11,557
Other	5,338	6,453
	<u>228,679</u>	<u>3,969,891</u>

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

(b) Non-current assets

	2015 HK\$'000	2014 HK\$'000
Hong Kong	4,334	4,380
Macau	203,233	159,488
Mainland China	90,123	105,263
Republic of Singapore	8,250,597	8,476,354
Other	41,168	48,764
	<u>8,589,455</u>	<u>8,794,249</u>

The non-current asset information above is based on the location 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 year ended 31st March, 2015. Revenue of approximately HK\$1,127,405,000 for the year ended 31st March, 2014 was derived from sales by the property development segment to a single customer.

4. SHARE OF RESULTS OF JOINT VENTURES

Lippo ASM Asia Property Limited (“LAAPL”) is a material joint venture set up to hold the controlling stake in OUE Limited (“OUE”), a listed company in Singapore. OUE focuses its business across commercial, hospitality, retail and residential property segments. For the year ended 31st March, 2015, the Group’s share of profit in LAAPL amounted to approximately HK\$369,061,000 (2014 — share of loss HK\$527,017,000). The share of profit recognised during the year was mainly attributable to the net fair value gain on investment portfolio and profit from the pre-sale units of a property development project upon completion during the year.

5. PROFIT BEFORE TAX

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

	2015 <i>HK\$’000</i>	2014 <i>HK\$’000</i>
Interest income:		
Available-for-sale financial assets	6,186	5,295
Loans and advances	6,289	5,789
Banking business	18,566	17,032
Other	37,564	31,369
Dividend income	3,532	6,036
Gain/(Loss) on disposal of:		
Financial assets at fair value through profit or loss	157	4,125
Available-for-sale financial assets	–	157
An investment property	395	–
Fixed assets	(11)	–
Subsidiaries	501	(3,548)
Write-back of provision/(Provisions) for impairment losses on:		
Joint ventures	233	(14,645)
Available-for-sale financial assets	(3,187)	–
Properties held for sale	465	1,086
Properties under development	(248)	–
Bad and doubtful debts	(2,335)	3,883
Interest expense attributable to the banking business	(5,121)	(4,048)
Depreciation	(6,969)	(2,890)
Foreign exchange gains/(losses) — net	(6,853)	4,103
Cost of properties sold	<u>(60,286)</u>	<u>(2,091,234)</u>

6. INCOME TAX

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong:		
Charge for the year	–	–
Overprovision in prior years	–	(71)
	<u>–</u>	<u>(71)</u>
Overseas:		
Charge for the year	89,192	757,223
Overprovision in prior years	(537)	–
Deferred	(54,990)	63,995
	<u>33,665</u>	<u>821,218</u>
Total charge for the year	<u><u>33,665</u></u>	<u><u>821,147</u></u>

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2014 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the 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 PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 1,998,280,000 ordinary shares (2014 — approximately 1,998,280,000 ordinary shares) in issue during the year.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31st March, 2015 and 2014.

8. DISTRIBUTIONS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interim distribution, declared, of HK1 cent (2014 — HK2 cents) per ordinary share	19,983	39,966
Final distribution, proposed, of HK2 cents (2014 — HK2 cents) per ordinary share	<u>39,966</u>	<u>39,966</u>
	<u>59,949</u>	<u>79,932</u>

The proposed final distribution for the year 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, based on the invoice date and net of provisions, as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Outstanding balances with ages:		
Repayable on demand	10,293	45,580
Within 30 days	19,849	15,106
Between 31 and 60 days	37	—
Between 61 and 90 days	<u>—</u>	<u>8</u>
	<u>30,179</u>	<u>60,694</u>

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

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing.

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\$429,809,000 (2014 — HK\$408,735,000), and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK\$333,434,000 (2014 — HK\$357,899,000). As at 31st March, 2015, total client trust bank balances amounted to HK\$324,982,000 (2014 — HK\$311,353,000).

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

	2015 HK\$'000	2014 HK\$'000
Outstanding balances with ages:		
Repayable on demand	308,577	343,953
Within 30 days	24,857	38,788
	<u>333,434</u>	<u>382,741</u>

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

11. EVENTS AFTER THE REPORTING PERIOD

- (a) In May 2015, the Group further advanced a loan of approximately S\$53,921,000 (equivalent to approximately HK\$309,829,000) to a subsidiary of LAAPL and made equity subscription in LAAPL in proportion to its existing interest in LAAPL for a consideration of approximately S\$23,426,000 (equivalent to approximately HK\$134,607,000). The proceeds have been applied to repay part of the indebtedness under LAAPL and for working capital purposes.
- (b) In June 2015, the Group entered into sale and purchase agreements with 南粵(集團)有限公司 (Nam Yue (Group) Company Limited) and Mr. Yang Jun (together, the "Purchasers") for the disposal of an aggregate of 49 per cent. interest in the issued share capital of MCB for an aggregate consideration of MOP (Macau Pataca) 441,000,000 (equivalent to approximately HK\$427,770,000). Upon completion, the Group will own 51 per cent. of the issued share capital of MCB and will enter into a shareholders' agreement with the Purchasers and MCB to, among other things, regulate the relationships between shareholders of MCB. After entering into of such shareholders' agreement, as a result of the proposed composition of the board of directors of MCB and other terms and in compliance with the current accounting standards, MCB will be accounted for as an associate of the Company and its results, assets and liabilities will cease to be consolidated in the accounts of the Company. Further details of the above transaction are set out in the joint announcement released by Lippo Limited and the Company on 26th June, 2015.

BUSINESS REVIEW

The U.S. economy performed better with stronger private consumption, business investments and exports during 2014. With the global economy recovering gradually, the major stock markets in U.S. and Europe continued to perform well in the first quarter of 2015. However, it was overall a steady but modest economic recovery. The global economy was still overshadowed by the tapered withdrawal by the U.S. Federal Reserve of its quantitative easing program. On the positive side, the European Central Bank announced a massive quantitative easing program in early 2015 to buy government bonds with the aim of injecting momentum into the flagging Eurozone economy. Together with similar quantitative easing programs adopted by, among others, Japan and mainland China, this has created a prevailing low interest rate and surplus funds environment, helping the major economies in the Asia region to sustain a stable economic environment, with mainland China continuing to be the leading economic performer. On the other hand, there are concerns and strong signs to indicate that the present global low interest rate environment may not continue for long.

The Group maintained steady performance during the year ended 31st March, 2015, assisted by the continuing stable economic environment of the countries in the Asia region, within which the Group substantially has its operations and investments.

Results for the Year

The Group recorded a consolidated profit attributable to shareholders of approximately HK\$364 million for the year ended 31st March, 2015, as compared to a consolidated profit of approximately HK\$314 million for the year ended 31st March, 2014. The profit was mainly attributable to share of profit of joint ventures arising mainly from revaluation gain on investment properties and recognition of profit from pre-sale upon completion of a property development project of a principal joint venture of the Group.

Revenue for the year totalled HK\$229 million (2014 — HK\$3,970 million). The decrease in the Group's revenue was mainly because the new property development project completed during the year was carried out by its joint venture which revenue was not accounted for.

Property investment

Total segment revenue from the property investment business for the year amounted to HK\$11 million (2014 — HK\$13 million). Coupled with the net fair value gain on investment properties for the year of HK\$32 million (2014 — HK\$8 million), the segment profit increased to HK\$36 million for the year (2014 — HK\$14 million) before accounting for the results from the Group's joint ventures.

Lippo ASM Asia Property Limited (“LAAPL”), a principal joint venture of the Company, is the vehicle holding the controlling interest in OUE Limited (“OUE”, together with its subsidiaries, the “OUE Group”), a listed company in Singapore principally engaged in property investment and development and hotel operation. As at 31st March, 2015, LAAPL had an aggregate equity interest of approximately 68.02 per cent. in OUE.

With its interest in well diversified and high quality properties such as U.S. Bank Tower in California, U.S. and One Raffles Place, OUE Bayfront and OUE Downtown in Singapore, the OUE Group has substantial and stable recurrent income stream. In line with the OUE Group’s track record in active value creation, asset enhancement projects at OUE Downtown and U.S. Bank Tower are well underway. The revamped retail mall, One Raffles Place, commenced operation in May 2014.

OUE Hospitality Trust (“OUE H-Trust”), a real estate investment trust established by OUE in 2013, is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). Its initial portfolio included Mandarin Orchard Singapore and Mandarin Gallery in Singapore. In January 2015, OUE H-Trust completed the acquisition of Crowne Plaza Changi Airport Hotel (the “Hotel”) from OUE at a consideration of S\$290 million. Agreement was also reached for OUE H-Trust to acquire the 10-storey extension building to the Hotel (the “Hotel Extension”) from OUE at a consideration of S\$205 million, and completion will take place later upon completion of the construction works of the Hotel Extension in late 2015 or no later than June 2016. The development of the Hotel Extension began in August 2014 and will add 243 rooms to the existing 320 rooms upon completion. As at 31st March, 2015, LAAPL and its subsidiaries held approximately 42.3 per cent. of the total number of stapled securities units of OUE H-Trust in issue and OUE H-Trust was accounted for as a subsidiary of LAAPL. With the listing of OUE H-Trust and by retaining a stake in OUE H-Trust, it is expected that LAAPL will benefit from a stable and recurring income stream.

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) was established by OUE in early 2014 and is listed on the Main Board of the SGX-ST. Its property portfolio includes OUE Bayfront, an 18-storey office building in Singapore with its ancillary properties as well as the properties at Lippo Plaza in Shanghai. By establishing OUE C-REIT, LAAPL will be able to diversify and expand into new geographical areas. As at 31st March, 2015, LAAPL and its subsidiaries held approximately 48.2 per cent. of the total number of OUE C-REIT units in issue and OUE C-REIT was accounted for as a subsidiary of LAAPL.

Results of OUE H-Trust and OUE C-REIT were consolidated into the results of LAAPL during the year. Furthermore, OUE has successfully obtained the temporary occupation permit for its residential property development named “Twin Peaks” in Singapore and hence the pre-sale profit from the development was recognised by LAAPL during the year.

The Group registered a share of profit of HK\$369 million from the investment in LAAPL for the year (2014 — share of loss of HK\$527 million). Such share of profit recognised for the year was mainly attributable to the net fair value gain on investment portfolio and profit from the pre-sold units of a property development project in Singapore upon completion during the year.

Affected by the depreciation of the Singapore dollar starting from 2015, the Group shared a decrease of exchange reserves on translation of LAAPL's results of HK\$545 million (2014 — HK\$125 million) during the year. As a result, the total interests in LAAPL decreased slightly from HK\$7.9 billion as at 31st March, 2014 to HK\$7.8 billion as at 31st March, 2015.

In May 2015, the Group advanced a loan of approximately S\$54 million (equivalent to approximately HK\$310 million) to a subsidiary of LAAPL and made equity subscription in LAAPL in proportion to its existing interest in LAAPL for a consideration of approximately S\$23 million (equivalent to approximately HK\$135 million). The proceeds have been applied to repay part of the indebtedness under LAAPL and for working capital purposes.

In June 2015, OUE Group has entered into a framework agreement with the other shareholder of OUB Centre Limited ("OUBC") to acquire additional of not less than 25 per cent. and up to 33.33 per cent. interest in OUBC (the "Proposed Acquisition"). OUBC is holding a majority interest in One Raffles Place and OUE Group in turn is currently holding 50 per cent. interest in OUBC. The consideration of the Proposed Acquisition shall be determined with reference to the net asset value of OUBC and an agreed value ascribed to One Raffles Place which owned by OUBC fixed at S\$1.74 billion plus an amount equivalent to S\$11.7 million. In addition, OUE entered into a conditional sale and purchase agreement with OUE C-REIT, for the sale thereto of its entire interest in OUBC, subject to the completion of the Proposed Acquisition, representing a minimum of 75 per cent. and up to a maximum of 83.33 per cent. interest in OUBC (the "Proposed Disposal"). The consideration of the Proposed Disposal is between approximately S\$1 billion and S\$1.1 billion. The Proposed Disposal is subject to, among other things, the approval of the shareholders of OUE and the approval of the unitholders of OUE C-REIT. The injection of the shareholding interest in One Raffles Place to OUE C-REIT will enable OUE to unlock capital while continuing to enjoy rental income and potential capital value upside through its significant unitholding interest in OUE C-REIT.

Property development

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

The segment recorded a revenue of HK\$117 million for the year ended 31st March, 2015 (2014 — HK\$3,844 million), mainly from the sale of properties of the property development project at the Beijing Economic-Technological Development Area, (北京經濟技術開發區) in Beijing (the “BDA Project”).

The Group has an 80 per cent. interest in the BDA Project which was completed in the second half of 2013, and the substantial revenue generated from units sold was recognised during the year ended 31st March, 2014. The BDA Project involves the development of an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. The sale and handover of approximately 93 per cent. of the total saleable area of the project has been completed as at 31st March, 2015.

Since no new property development was completed by the Group during the year, the segment revenue decreased significantly. As a result, the segment profit decreased to HK\$39 million for the year (2014 — HK\$1,642 million).

The Group has a 100 per cent. interest in the residential development known as “M Residences” at 83 Estrada de Cacilhas, Macau. Interior fitting-out works of the project have been substantially completed. “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. As at 31st March, 2015, about 96 per cent. of the total saleable area pre-sold at an aggregate consideration of HK\$1.2 billion. All site works had been completed. The revenue and profit arising from the project is expected to be reflected in the Group’s results for the year ending 31st March, 2016.

The Group has a 50 per cent. interest in the “Marina Collection”, which 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. Up to 31st March, 2015, a total of 91 units have been sold, of which 2 units were sold during the year. The Group further shared a profit of HK\$18 million (2014 — HK\$35 million) from this associate.

Treasury and securities investments

Treasury and securities investments businesses recorded a revenue of HK\$47 million during the year (2014 — HK\$47 million), mainly attributable to the interest and dividend income received from the investment portfolio.

The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. Although the market sentiment has improved as compared with last year, the investment market continues to be challenging and full of uncertainties. The Group recorded unrealised fair value loss and provision for impairment loss for the year. Hence the profit from treasury and securities investments businesses decreased to HK\$30 million for the year (2014 — HK\$41 million).

Corporate finance and securities broking

Lippo Securities Holdings Limited (“LSHL”) and its subsidiaries, which are wholly-owned subsidiaries of the Company, are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services.

The operating environment of the corporate finance and securities broking business remains challenging. Though the major stock markets in U.S. and Europe have rebounded during 2014, the stock markets in Hong Kong and mainland China remained sluggish throughout the year. This segment registered a turnover of HK\$21 million for the year ended 31st March, 2015 (2014 — HK\$30 million) and the loss of this segment was HK\$10 million for the year (2014 — HK\$6 million).

The launching of the “Shanghai-Hong Kong Stock Connect” in the fourth quarter of 2014 has helped to boost market sentiment, resulting in increased market turnover of both the local and mainland China stock markets in recent months. This may benefit the performance of LSHL. The outlook for the local stock market will be dependent on the market conditions in mainland China and global economic development, especially in U.S. and Europe.

Banking business

The Macau Chinese Bank Limited (“MCB”), a licensed bank in Macau and a wholly-owned subsidiary of the Company, maintained steady performance during the year. The segment recorded a turnover of HK\$22 million for the year (2014 — HK\$19 million) and registered a profit of HK\$2 million (2014 — HK\$2 million).

On 26th June, 2015, the Group entered into sale and purchase agreements with 南粵(集團)有限公司 (Nam Yue (Group) Company Limited) and Mr. Yang Jun (together, the “Purchasers”) for the disposal of an aggregate of 49 per cent. interest in the issued share capital of MCB for an aggregate consideration of MOP (Macau Pataca) 441 million (equivalent to approximately HK\$428 million). Upon completion, the Group will own 51 per cent. of the issued share capital of MCB and will enter into a shareholders’ agreement with the Purchasers and MCB to, among other things, regulate the relationships between shareholders of MCB. After entering into of

such shareholders' agreement, as a result of the proposed composition of the board of directors of MCB and other terms and in compliance with the current accounting standards, MCB will be accounted for as an associate of the Company and its results, assets and liabilities will cease to be consolidated in the accounts of the Group even though MCB will continue to be a subsidiary of the Group under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The above disposal will bring in strategic shareholders with strong Macau and Guangdong Provincial connections which will help broaden the business horizon and improve the long term growth potential of MCB, which will be beneficial to the Group. Further details of the transaction are set out in the joint announcement of the Company and Lippo Limited ("Lippo"), an intermediate holding company of the Company, released on 26th June, 2015.

Financial Position

The Group's financial position remained healthy. As at 31st March, 2015, its total assets decreased to HK\$12.4 billion (2014 — HK\$13.2 billion). Property-related assets decreased to HK\$9.5 billion (2014 — HK\$9.8 billion), representing 77 per cent. (2014 — 74 per cent.) of the total assets. Total liabilities decreased to HK\$2.2 billion (2014 — HK\$2.5 billion). The Group maintained a strong cash position. Total cash and bank balances as at 31st March, 2015 reached HK\$1.7 billion (2014 — HK\$2.3 billion). Current ratio as at the end of the reporting period stood at 1.7 (2014 — 1.7).

As at 31st March, 2015, bank and other borrowings of the Group (other than those attributable to banking business) increased to HK\$465 million (2014 — HK\$308 million). Bank loans amounted to HK\$363 million as at 31st March, 2015 (2014 — HK\$308 million), which were denominated in Hong Kong dollars (2014 — Hong Kong dollars and Renminbi). The bank loans were secured by first legal mortgages over certain properties, shares in a subsidiary and certain bank deposits of the Group. The Group's other borrowings as at 31st March, 2015 comprised of unsecured loans advanced from Lippo of HK\$102 million (2014 — Nil). All of the bank and other borrowings carried interest at floating rates and were repayable within one year. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 31st March, 2015, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 4.6 per cent. (2014 — 3.0 per cent.). The net cash position, measured as cash and bank balances less total bank and other borrowings of the Group as at 31st March, 2015 was HK\$1,284 million (2014 — HK\$1,981 million).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK\$10.1 billion (2014 — HK\$10.4 billion). This was equivalent to HK\$5.1 per share (2014 — HK\$5.2 per share). The decrease was mainly attributable to share of translation loss of LAAPL's results for the year under reserves and dividends paid to the Company's shareholders, net with the profit for the year.

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.

The Group had contingent liabilities relating to MCB of approximately HK\$36 million as at 31st March, 2015 (2014 — HK\$18 million), comprising guarantees and other endorsements of approximately HK\$34 million (2014 — HK\$15 million) and liabilities under letters of credit on behalf of customers of approximately HK\$2 million (2014 — HK\$3 million). Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the year (2014 — Nil).

The Group commitments mainly arise from its property development projects. As the site works of M Residences were substantially completed, the total commitment as at 31st March, 2015 decreased to HK\$123 million (2014 — HK\$290 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 160 employees as at 31st March, 2015 (2014 — 172 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the year amounted to HK\$67 million (2014 — HK\$59 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

Outlook

The economic prospects for Asia remain positive but the growth momentum will be dependent on the pace of economic recovery in U.S. and Europe. The outlook of the global economy is clouded with considerable uncertainties. The rise in U.S. interest rate remains contingent on its economic data. Setback to the fragile recovery of the Eurozone, the failing to resolve Greek debt problem and geopolitical tensions in various regions, if intensified, could worsen the international economy. Hopefully, the present low interest rate environment and the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China will provide a positive influence to help maintain investor confidence and hopefully create new business opportunities. The Group will continue to be watchful of market developments and will manage its portfolio with a view to further improving overall asset quality.

DISTRIBUTION

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting (the “2015 AGM”) the payment of a final distribution of HK2 cents (2014 — HK2 cents) per share amounting to approximately HK\$40 million (2014 — approximately HK\$40 million) for the year ended 31st March, 2015. Together with the interim distribution of HK1 cent (2014 — HK2 cents) per share paid on 28th January, 2015, total distributions will be HK3 cents (2014 — HK4 cents) per share amounting to approximately HK\$60 million (2014 — approximately HK\$80 million) for the year ended 31st March, 2015. Subject to the approval of shareholders at the 2015 AGM, the final distribution will be paid on or about Wednesday, 7th October, 2015 to shareholders whose names appear on the Company’s Register of Members on Thursday, 24th September, 2015.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) from Monday, 7th September, 2015 to Thursday, 10th September, 2015 (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 2015 AGM. In order to be entitled to attend and vote at the 2015 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 Registrar in Hong Kong, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 4th September, 2015; and
- (ii) from Monday, 21st September, 2015 to Thursday, 24th September, 2015 (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 Registrar in Hong Kong, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 18th September, 2015.

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

During the year ended 31st March, 2015, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

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 so as to safeguard the interests of shareholders and enhance shareholders' value.

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31st March, 2015.

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 year ended 31st March, 2015.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31st March, 2015 (the "Year") as set out in this preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

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

Hong Kong, 29th June, 2015

As at the date of this announcement, the executive Directors of the Company are Dr. Stephen Riady (Chairman) and Messrs. 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*