HONGKONG CHINESE LIMITED
香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2015

The Directors of Hongkong Chinese Limited (the "Company") announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30th September, 2015

		Unaudited six months ended 30th September,	
		2015	2014
	Note	***HK\$'000***	*HK\$'000*
Revenue	*3*	**1,218,605**	114,516
Cost of sales	*5*	**(811,678)**	(31,627)
Gross profit		**406,927**	82,889
Administrative expenses		**(41,829)**	(39,179)
Other operating expenses		**(41,690)**	(21,777)
Gain on disposal of subsidiaries	*12*	**211,655**	310
Net fair value gain/(loss) on investment properties		**(2,505)**	20,081
Net fair value loss on financial instruments at fair value through profit or loss		**(6,709)**	(462)
Finance costs		**(256)**	(1,137)
Share of results of associates		**694**	14,289
Share of results of joint ventures	*6*	**(124,527)**	(78,976)
Profit/(Loss) before tax	*5*	**401,760**	(23,962)
Income tax	*7*	**(53,179)**	(20,357)
Profit/(Loss) for the period		**348,581**	(44,319)
Attributable to:			
Equity holders of the Company		**347,785**	(50,327)
Non-controlling interests		**796**	6,008
		348,581	(44,319)
		HK cents	*HK cents*
Earnings/(Loss) per share attributable to equity holders of the Company	*8*		
Basic		**17.4**	(2.5)
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30th September, 2015

	Note	Unaudited six months ended 30th September, 2015 HK$'000	2014 HK$'000
Profit/(Loss) for the period		**348,581**	(44,319)
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		**(571)**	85
Adjustments for disposal		**69**	4
Income tax effect		**288**	371
		(214)	460
Share of other comprehensive loss of joint ventures:			
Share of changes in fair value of available-for-sale financial assets		**(18,579)**	(5,082)
Share of effective portion of changes in fair value of cash flow hedges		**3,641**	(1,351)
Share of exchange differences on translation of foreign operations		**(255,862)**	(76,807)
		(270,800)	(83,240)
Share of exchange differences on translation of a foreign associate		**(1)**	–
Exchange differences on translation of foreign operations		**(66,472)**	(9,126)
Adjustments relating to disposal of a subsidiary:	*12*		
Available-for-sale financial assets		**(2,775)**	–
Exchange differences on translation of foreign operation		**202**	–
Income tax effect		**333**	–
		(2,240)	–
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax		**(339,727)**	(91,906)
Total comprehensive income/(loss) for the period		**8,854**	(136,225)
Attributable to:			
Equity holders of the Company		**11,972**	(142,428)
Non-controlling interests		**(3,118)**	6,203
		8,854	(136,225)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2015

	Note	30th September, 2015 HK$'000 (Unaudited)	31st March, 2015 HK$'000 (Audited)
Non-current assets			
Goodwill		–	71,485
Fixed assets		**49,424**	65,327
Investment properties		**117,805**	245,178
Interests in associates		**424,447**	439,456
Interests in joint ventures	*6*	**8,621,478**	7,768,009
Other financial asset	*12*	**14,404**	–
Available-for-sale financial assets		**7,485**	88,904
Loans and advances		–	111,256
		9,235,043	8,789,615
Current assets			
Properties held for sale		**170,488**	115,571
Properties under development		**26,955**	816,766
Loans and advances		**13,606**	280,847
Debtors, prepayments and deposits	*10*	**121,694**	119,355
Available-for-sale financial assets		–	24,047
Financial assets at fair value through profit or loss		**43,589**	108,760
Tax recoverable		**59**	223
Client trust bank balances		**340,605**	324,982
Restricted cash		–	70,099
Treasury bills		–	38,800
Cash and bank balances		**1,317,510**	1,748,980
		2,034,506	3,648,430
Current liabilities			
Bank and other borrowings		–	464,542
Creditors, accruals and deposits received	*11*	**611,025**	935,700
Current, fixed, savings and other deposits of customers		–	444,582
Tax payable		**113,155**	296,220
		724,180	2,141,044
Net current assets		**1,310,326**	1,507,386
Total assets less current liabilities		**10,545,369**	10,297,001

	Note	30th September, 2015 HK$'000 (Unaudited)	31st March, 2015 HK$'000 (Audited)
Non-current liabilities			
Other financial liability	12	**270,630**	–
Deferred tax liabilities		**13,963**	50,742
		284,593	50,742
Net assets		**10,260,776**	10,246,259
Equity			
Equity attributable to equity holders of the Company			
Share capital		**1,998,280**	1,998,280
Reserves		**8,158,515**	8,140,880
		10,156,795	10,139,160
Non-controlling interests		**103,981**	107,099
		10,260,776	10,246,259

Note:

1. BASIS OF PREPARATION

The interim results are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim results have been reviewed by the audit committee of the Company.

The accounting policies and basis of preparation adopted in the preparation of the interim results are consistent with those used in the Group's audited financial statements for the year ended 31st March, 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") as disclosed in Note 2 to the interim results.

2. CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs

The adoption of the new and revised HKFRSs has had no significant financial effect on the interim results.

3. 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:

	Six months ended 30th September,	
	2015	2014
	HK$'000	*HK$'000*
Property investment	**6,125**	5,416
Property development *(Note)*	**1,172,634**	50,945
Treasury investment	**7,816**	25,590
Securities investment	**3,499**	4,863
Corporate finance and securities broking	**10,456**	10,801
Banking business	**8,062**	11,479
Other	**10,013**	5,422
	1,218,605	114,516

Note: The revenue for the six months ended 30th September, 2015 mainly represented proceeds from sales of properties of the property development project in Macau which was completed during the period (2014 — proceeds from sales of properties of the property development project in Beijing).

4. 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; and

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

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

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

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Six months ended 30th September, 2015									
Revenue									
External	**6,125**	**1,172,634**	**7,816**	**3,499**	**10,456**	**8,062**	**10,013**	**–**	**1,218,605**
Inter-segment	**–**	**–**	**–**	**–**	**–**	**–**	**464**	**(464)**	**–**
Total	**6,125**	**1,172,634**	**7,816**	**3,499**	**10,456**	**8,062**	**10,477**	**(464)**	**1,218,605**
Segment results	**358**	**352,456**	**7,734**	**(4,550)**	**(3,495)**	**213,697** *(Note)*	**3,971**	**(464)**	**569,707**
Unallocated corporate expenses									**(43,884)**
Finance costs									**(230)**
Share of results of associates	**–**	**703**	**–**	**–**	**–**	**–**	**(9)**	**–**	**694**
Share of results of joint ventures	**(124,884)**	**26**	**–**	**–**	**–**	**331**	**–**	**–**	**(124,527)**
Profit before tax									**401,760**
Six months ended 30th September, 2014									
Revenue									
External	5,416	50,945	25,590	4,863	10,801	11,479	5,422	–	114,516
Inter-segment	–	–	–	–	–	–	675	(675)	–
Total	5,416	50,945	25,590	4,863	10,801	11,479	6,097	(675)	114,516
Segment results	21,847	19,242	25,515	2,034	(6,791)	1,290 *(Note)*	374	(675)	62,836
Unallocated corporate expenses									(20,975)
Finance costs									(1,136)
Share of results of associates	–	14,294	–	–	–	–	(5)	–	14,289
Share of results of joint ventures	(78,625)	(62)	–	–	–	–	(289)	–	(78,976)
Loss before tax									(23,962)

Note: The amount included gain on disposal of a subsidiary of HK$211,655,000 (2014 — Nil).

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30th September, 2015 HK$'000	2014 HK$'000
Cost of sales:		
Cost of properties sold *(Note)*	**(804,446)**	(24,033)
Other	**(7,232)**	(7,594)
	(811,678)	(31,627)
Interest income:		
Available-for-sale financial assets	**1,921**	3,041
Loans and advances	**5,808**	3,236
Banking business	**6,791**	9,338
Other	**7,816**	25,590
Dividend income	**1,578**	1,697
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss	**(7,730)**	(462)
Derivative financial instrument	**1,021**	–
Gain on disposal of available-for-sale financial assets	**1,872**	–
Allowance for bad and doubtful debts	**(779)**	(2,027)
Write-back of provision for impairment loss on a joint venture	**1,250**	–
Interest expense attributable to the banking business	**(1,928)**	(2,400)
Depreciation	**(4,250)**	(1,805)
Foreign exchange losses — net	**(16,800)**	(2,428)

Note: The amount for the six months ended 30th September, 2015 mainly represented cost of properties sold of the property development project in Macau which was completed during the period (2014 — cost of properties sold of the property development project in Beijing).

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

Interests in joint ventures mainly included the Group's interest in Lippo ASM Asia Property Limited ("LAAPL"). LAAPL is a joint venture set up to hold the controlling stake in OUE Limited ("OUE"), a listed company in Singapore. OUE focuses its business across commercial, hospitality, retail and residential property segments.

For the six months ended 30th September, 2015, the Group's share of loss in LAAPL amounted to approximately HK$124,884,000 (2014 — HK$78,625,000). The increase in share of loss was mainly attributable to the net fair value loss on investments designated at fair value through profit or loss. As at 30th September, 2015, the Group's interest in LAAPL was approximately HK$8,382,943,000 (31st March, 2015 — HK$7,753,772,000). Certain bank facilities under LAAPL were secured by certain listed shares held under it.

7. INCOME TAX

	Six months ended 30th September,	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**–**	–
Overseas:		
Charge for the period	**75,678**	16,547
Overprovision in prior periods	**–**	(636)
Deferred	**(22,499)**	4,446
	53,179	20,357
Total charge for the period	**53,179**	20,357

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 period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

(a) Basic earnings/(loss) per share

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

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2015 and 2014.

9. INTERIM DISTRIBUTION

	Six months ended 30th September,	
	2015	2014
	HK$'000	*HK$'000*
Interim distribution, declared, of HK1 cent (2014 — HK1 cent) per ordinary share	**19,983**	19,983

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

10. 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:

	30th September, 2015 *HK$'000*	31st March, 2015 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**8,089**	10,293
Within 30 days	**4,894**	19,849
Between 31 and 60 days	**9**	37
	12,992	30,179

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.

11. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised of sale proceeds received from the property development project in Macau, which was completed during the period of HK$6,923,000 (31st March, 2015 — HK$426,706,000), and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK$355,734,000 (31st March, 2015 — HK$333,434,000). As at 30th September, 2015, total client trust bank balances amounted to HK$340,605,000 (31st March, 2015 — HK$324,982,000).

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

	30th September, 2015 *HK$'000*	31st March, 2015 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**318,194**	308,577
Within 30 days	**37,540**	24,857
	355,734	333,434

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.

12. DISPOSAL OF A SUBSIDIARY

In July 2015, the Group completed the disposal of an aggregate of 49 per cent. equity interest in The Macau Chinese Bank Limited ("MCB"), a licensed bank in Macau Special Administrative Region of the People's Republic of China, to 南粵(集團)有限公司 (Nam Yue (Group) Company Limited) ("Nam Yue") and Mr. Yang Jun (together, the "Purchasers") for an aggregate consideration of MOP441,000,000 (equivalent to approximately HK$427,770,000) (the "First Disposal"), resulting in a gain on disposal of HK$211,655,000. Upon completion of the First Disposal, the Group owned 51 per cent. of the issued share capital of MCB and entered into a shareholders' agreement with the Purchasers and MCB (the "Shareholders' Agreement") to, among other things, regulate the relationship among shareholders of MCB. As a result of the composition of the board of directors, MCB is accounted for as a joint venture of the Group and its results, assets and liabilities ceased to be consolidated in the financial statements of the Group.

As provided in the Shareholders' Agreement, in the event of the Group holding 20 per cent. or less of the issued share capital of MCB, the Group will be entitled to a put option to require Nam Yue to purchase all the remaining shares in MCB held by the Group (the "Put Option"). The Put Option is exercisable at any time during a period of 5 years from the date when the Group's shareholding interest in MCB becomes 20 per cent. or less. The right to exercise the Put Option survives any termination or expiry of the Shareholders' Agreement. The fair value of the Put Option was included in "Other financial asset" of the consolidated statement of financial position.

Besides, on completion of the First Disposal, the Group entered into a loan agreement (the "Loan Agreement") pursuant to which an unsecured loan of an aggregate amount of MOP279,000,000 (equivalent to approximately HK$270,630,000) for 10 years was advanced to the Group by Nam Yue and Mr. Wong Garrick Jorge Kar Ho ("Mr. Wong") (the "Unsecured Loan"). The Group may at its sole discretion (i) repay the loan in cash; or (ii) set off the loan amount by way of transferring 31 per cent. equity interest in MCB to Nam Yue and Mr. Wong. The Unsecured Loan was included in "Other financial liability" of the consolidated statement of financial position.

In October 2015, the Group entered into sale and purchase agreements for the disposal of a further 31 per cent. equity interest in MCB to Nam Yue and Mr. Wong (the "Second Disposal Agreements") at an aggregate consideration of MOP279,000,000 (equivalent to approximately HK$270,630,000) (the "Second Disposal"). The Second Disposal is subject to the approval of The Monetary Authority of Macau. Upon completion of the Second Disposal, the Group will own 20 per cent. of the issued share capital of MCB.

Upon signing of the Second Disposal Agreements, Nam Yue and Mr. Wong had fully paid the aggregate consideration as non-refundable deposit, by the set-off of the outstanding loan amount under the Loan Agreement. The Loan Agreement was terminated in accordance with its terms upon signing of the Second Disposal Agreements and the set-off of the non-refundable deposit.

The following table summarises the consideration received and the amounts of net assets disposed of:

	Six months ended 30th September,	
	2015	2014
	HK$'000	*HK$'000*
Net assets disposed of:		
Goodwill	**71,485**	–
Fixed assets	**10,994**	–
Investment properties	**121,250**	–
Available-for-sale financial assets	**84,355**	–
Loans and advances	**363,609**	–
Debtors, prepayments and deposits	**13,586**	–
Cash and bank balances	**279,634**	–
Treasury bills	**38,800**	–
Other payables, accruals and deposits received	**(5,847)**	–
Current, fixed, savings and other deposits of customers	**(501,532)**	–
Tax payable	**(227)**	–
Deferred tax liabilities	**(13,456)**	–
	462,651	–
Release of cumulative exchange difference on translation of foreign operation	**202**	–
Release of cumulative changes in fair value of available-for-sale financial assets, net of income tax effect	**(2,442)**	–
	(2,240)	–
	460,411	–
Gain on disposal	**211,655**	310
	672,066	310
Satisfied by:		
Cash consideration received	**427,513**	310
Increase in interests in a joint venture *(Note)*	**231,170**	–
Other financial asset	**13,383**	–
	672,066	310

Note: The Group has engaged an external valuer to perform fair value assessment on the net assets acquired. As at 30th September, 2015, the initial accounting for interests in joint venture has not been completed.

13. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in Note 12 to the interim results for the Second Disposal, there were no significant events after the reporting period.

BUSINESS REVIEW

Overview

Stepping into the second quarter of 2015, financial market volatility around the world increased dramatically. The outlook of the global economy was clouded with considerable uncertainty which included low commodity prices, U.S. Federal Reserve's policy of "dragging its feet" on U.S. interest rate rise, economic outlook for mainland China as well as intensifying geopolitical tension in various regions. In addition, the instability in global stock markets adversely affected general economic conditions. Weaker global economic performance in the second half of the year is therefore expected. The sharp stock market correction in mainland China and other Asian countries in the earlier months has dampened investor confidence in the region.

Though mainland China continues to be the leading economic performer in the region, recent economic data released by the National Bureau of Statistics showed only slightly better than expected growth with disappointing investment and export figures. The 6.9 per cent. growth in gross domestic product in the third quarter of 2015 is the worst quarterly performance since 2009.

On the positive side, the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China, coupled with the prevailing low interest rate and surplus fund environment, has helped to maintain a more stable economic environment in the Asia region and hopefully, this will help to create new business opportunities.

Results for the Period

The Group recorded a consolidated profit attributable to shareholders of approximately HK$348 million for the six months ended 30th September, 2015 (the "Period"), as compared to a consolidated loss of approximately HK$50 million for the six months ended 30th September, 2014 (the "Last Period" or "2014"). Such profit was mainly attributable to recognition of profit from pre-sale upon completion of a property development project of the Group and the disposal of equity interest in a subsidiary during the Period.

Revenue for the Period increased to HK$1,219 million (2014 — HK$115 million). Such increase was mainly attributable to the revenue from the completion of a property development project in Macau during the Period.

Property development

The Group participated in a number of well-located property development projects in mainland China, Macau and Singapore.

The segment recorded a revenue and net profit of HK$1,173 million (2014 — HK$51 million) and HK$352 million (2014 — HK$19 million), respectively for the Period, mainly from the completion of sale of properties of "M Residences".

"M Residences" is a residential property development at 83 Estrada de Cacilhas, Macau, in which the Group has 100 per cent. interest. "M Residences", with a site of approximately 3,398 square metres, has been developed into 311 residential units with a total saleable area of approximately 26,025 square metres. Occupation permit of "M Residences" was obtained in June 2015 and all the pre-sold residential units have been handed over to the buyers. As at 30th September, 2015, only 5 residential units and some carparks remained unsold.

Property investment

The segment revenue from the property investment business for the Period amounted to HK$6 million (2014 — HK$5 million). Coupled with the net fair value loss on investment properties for the Period of HK$3 million (2014 — gain of HK$20 million), the segment profit decreased to HK$0.4 million for the Period (2014 — HK$22 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 stake of 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. The OUE Group has substantial and stable recurrent income stream from its high quality properties. The OUE Group remains focused on its asset enhancement initiatives at OUE Downtown in Singapore and U.S. Bank Tower in California, U.S. As at 30th September, 2015, LAAPL had an aggregate equity interest of approximately 68.52 per cent. in OUE.

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 portfolio includes Mandarin Orchard Singapore, Mandarin Gallery and Crowne Plaza Changi Airport Hotel in Singapore. As at 30th September, 2015, LAAPL and its subsidiaries held approximately 42.7 per cent. of the total number of stapled securities units of OUE H-Trust in issue and to be issued.

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 and One Raffles Place in Singapore as well as the properties at Lippo Plaza in Shanghai. The occupancy rate of its property portfolio is high. The acquisition of an indirect interest in One Raffles Place was completed in October 2015. As at 30th September, 2015, the OUE Group held approximately 48.4 per cent. of the total number of OUE C-REIT units in issue and to be issued.

In May 2015, the Group advanced a loan of S$54 million to a subsidiary of LAAPL (the "LAAPL Subsidiary") and made equity subscription in LAAPL in proportion to its existing interest in LAAPL for a consideration of S$23 million. The proceeds were applied to repay part of the indebtedness under LAAPL and for working capital purposes. In August 2015, the Group further advanced a loan of S$100 million to the LAAPL Subsidiary which was mainly utilised to repay part of the indebtedness under LAAPL. The Group recorded a share of loss of HK$125 million from the investment in LAAPL for the Period (2014 — HK$79 million). The increase of share of loss was mainly attributable to the net fair value loss on investments designated at fair value through profit or loss. Besides, affected by the depreciation of the Singapore dollar during the Period, the Group shared a decrease in exchange reserves on translation of LAAPL's investment of HK$256 million (2014 — HK$77 million) during the Period. The total interests in LAAPL increased from HK$7.8 billion as at 31st March, 2015 to HK$8.4 billion as at 30th September, 2015.

Banking business

The Macau Chinese Bank Limited ("MCB"), a licensed bank in Macau and previously a wholly-owned subsidiary of the Company, maintained steady performance during the Period.

In July 2015, the Group completed the disposal of an aggregate of 49 per cent. equity interest in MCB to 南粵(集團)有限公司 (Nam Yue (Group) Company Limited) ("Nam Yue") and Mr. Yang Jun (together, the "Purchasers") for an aggregate consideration of MOP441 million (the "First Disposal"). Upon completion of the First Disposal, the Group owned 51 per cent. of the issued share capital of MCB and entered into a shareholders' agreement with the Purchasers and MCB (the "Shareholders' Agreement") to, among other things, regulate the relationship among shareholders of MCB. After entering into the Shareholders' Agreement, as a result of the composition of the board of directors of MCB and other terms and in compliance with the current accounting standards, MCB is accounted for as a joint venture of the Company and its results, assets and liabilities ceased to be consolidated in the accounts of the Company even though MCB continues to be a subsidiary of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Further details of the First Disposal were set out in the joint announcements of the Company and Lippo Limited dated 26th June, 2015 and 27th July, 2015.

As provided in the Shareholders' Agreement, in the event of the Group holding 20 per cent. or less of the issued share capital of MCB, the Group will be entitled to a put option to require Nam Yue to purchase all the remaining shares in MCB held by the Group (the "Put Option"). The Put Option is exercisable at any time during a period of 5 years from the date when the Group's shareholding interest in MCB becomes 20 per cent. or less. The right to exercise the Put Option survives any termination or expiry of the Shareholders' Agreement. The fair value of the Put Option was included in "Other financial asset" of the consolidated statement of financial position.

The Group recognised a gain on disposal of the subsidiary of HK$212 million during the Period (which has included the fair value of the Put Option at completion date, subject to audit and finalisation of fair value assessment of the net assets acquired).

Besides, on completion of the First Disposal, the Group entered into a loan agreement (the "Loan Agreement") pursuant to which an unsecured loan of an aggregate amount of MOP279 million for 10 years was advanced to the Group by Nam Yue and Mr. Wong Garrick Jorge Kar Ho ("Mr. Wong") (the "Unsecured Loan"). The Group may at its sole discretion (i) repay the loan in cash; or (ii) set off the loan amount by way of transferring 31 per cent. equity interest in MCB to Nam Yue and Mr. Wong. The Unsecured Loan was included in "Other financial liability" of the consolidated statement of financial position.

In October 2015, the Group entered into sale and purchase agreements for the disposal of a further 31 per cent. equity interest in MCB to Nam Yue and Mr. Wong (the "Second Disposal Agreements") at an aggregate consideration of MOP279 million (the "Second Disposal"). The Second Disposal is subject to the approval of The Monetary Authority of Macau. Upon completion of the Second Disposal, the Group will own 20 per cent. of the issued share capital of MCB.

Upon signing of the Second Disposal Agreements, Nam Yue and Mr. Wong had fully paid the aggregate consideration as non-refundable deposit, by the set-off of the outstanding loan amount under the Loan Agreement. The Loan Agreement was terminated in accordance with its terms upon signing of the Second Disposal Agreements and the set-off of the non-refundable deposit. Further details of the Second Disposal were set out in the joint announcement of the Company and Lippo Limited dated 28th October, 2015 and the circular to shareholders of the Company dated 18th November, 2015.

Treasury and securities investments

Treasury and securities investments businesses recorded a revenue of HK$11 million during the Period (2014 — HK$30 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 enhance yields and seek gains. However, due to the substantial downturn of global stock market in the third quarter of year 2015, the Group recorded net fair value loss on its investment portfolio. As a result, the treasury and securities investments businesses recorded a segment profit of HK$3 million for the Period (2014 — HK$28 million).

Corporate finance and securities broking

Lippo Securities Holdings Limited is a wholly-owned subsidiary of the Company and its subsidiaries are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services.

Though the major stock markets in U.S. and Europe performed well during the Period, the turbulent and volatile stock markets in Hong Kong and mainland China have made the local operating environment of corporate finance and securities broking business challenging. The outlook for the local stock market will be dependent on the market conditions in mainland China and global economic development. This segment registered a revenue of HK$10 million for the Period (2014 — HK$11 million) and the loss of this segment was HK$3 million for the Period (2014 — HK$7 million).

Financial Position

The Group's financial position remained healthy. As at 30th September, 2015, its total assets decreased to HK$11.3 billion (31st March, 2015 — HK$12.4 billion). Property-related assets increased to HK$9.7 billion (31st March, 2015 — HK$9.5 billion), representing 86 per cent. (31st March, 2015 — 77 per cent.) of the total assets. The Group maintained a strong cash position. Total cash and bank balances as at 30th September, 2015 amounted to HK$1.3 billion (31st March, 2015 — HK$1.7 billion). Current ratio as at the end of the reporting period increased to 2.8 (31st March, 2015 — 1.7).

As at 31st March, 2015, total bank and other borrowings amounted to HK$465 million. The Group fully repaid all the outstanding bank and other borrowings during the Period.

The net asset value attributable to equity holders of the Group remained robust and amounted to HK$10.2 billion as at 30th September, 2015 (31st March, 2015 — HK$10.1 billion). This was equivalent to HK$5.1 per share (31st March, 2015 — HK$5.1 per share).

The Group monitors the 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.

Since MCB was no long a subsidiary of the Company under the current accounting standards, there was no contingent liabilities for the Group as at 30th September, 2015. The Group had contingent liabilities relating to MCB of approximately HK$36 million as at 31st March, 2015, comprising guarantees and other endorsements of approximately HK$34 million and liabilities under letters of credit on behalf of customers of approximately HK$2 million.

The Group's commitments mainly arise from its property development projects. As the site works of "M Residences" were completed during the Period, the total commitment as at 30th September, 2015 decreased to HK$12 million (31st March, 2015 — HK$123 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 100 employees as at 30th September, 2015 (2014 — 160 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK$29 million (2014 — HK$28 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

PROSPECTS

The economic prospects for Asia remain positive but the outlook of the global economy is clouded with considerable uncertainty. Continuing uncertainty about U.S. Federal Reserve's policy on U.S. interest rate and geopolitical tensions in various regions, if prolonged, 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 maintaining investor confidence and 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.

INTERIM DISTRIBUTION

The Directors have resolved to declare the payment of an interim distribution of HK1 cent (2014 — HK1 cent) per share amounting to approximately HK$20 million for the six months ended 30th September, 2015 (2014 — approximately HK$20 million), which will be paid on or about Wednesday, 27th January, 2016 to shareholders whose names appear on the Company's Register of Members on Wednesday, 13th January, 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 11th January, 2016 to Wednesday, 13th January, 2016 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim distribution for the six months ended 30th September, 2015, 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, 8th January, 2016.

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

During the six months ended 30th September, 2015, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

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 unaudited consolidated interim financial statements of the Company for the six months ended 30th September, 2015.

CORPORATE GOVERNANCE

The Company is committed to ensuring a high standard 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 six months ended 30th September, 2015.

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

Hong Kong, 26th November, 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*