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 31 MARCH 2018

The Board of Directors (the "**Board**") of Hongkong Chinese Limited (the "**Company**") announce the consolidated final results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2018 (the "**Year**") together with comparative figures for the year ended 31 March 2017 ("**2017**") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*4*	**118,532**	216,404
Cost of sales	*5*	**(16,057)**	(46,838)
Gross profit		**102,475**	169,566
Administrative expenses		**(59,491)**	(60,987)
Other operating expenses		**(23,504)**	(56,275)
Gain on disposal of interests in a joint venture	*6*	**113,905**	—
Net fair value gain on financial instruments at fair value through profit or loss		**27,135**	15,290
Finance costs		**(13,557)**	(3,700)
Share of results of associates		**5,790**	(878)
Share of results of joint ventures	*7*	**177,251**	(13,213)
Profit before tax	*5*	**330,004**	49,803
Income tax	*8*	**(3,961)**	(5,451)
Profit for the year		**326,043**	44,352
Attributable to:			
Equity holders of the Company		**326,840**	44,996
Non-controlling interests		**(797)**	(644)
		326,043	44,352
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	*9*		
Basic and diluted		**16.4**	2.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**326,043**	44,352
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	**543**	(1,488)
Adjustment for disposal of interests in a joint venture	**167**	—
Adjustment for disposal	**—**	1,509
Adjustment for impairment losses	**—**	1,200
	710	1,221
Exchange differences on translation of foreign operations	**64,403**	(45,989)
Exchange differences reclassified to profit or loss upon:		
Disposal of foreign subsidiaries	**—**	(2)
Liquidation of foreign operations	**1,140**	—
	1,140	(2)
Share of other comprehensive income/(loss) of joint ventures	**744,086**	(327,119)
Share of other comprehensive loss of an associate	**—**	(42)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods and other comprehensive income/(loss) for the year, net of tax	**810,339**	(371,931)
Total comprehensive income/(loss) for the year	**1,136,382**	(327,579)
Attributable to:		
Equity holders of the Company	**1,132,571**	(321,789)
Non-controlling interests	**3,811**	(5,790)
	1,136,382	(327,579)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Fixed assets		**38,670**	41,297
Investment properties		**122,328**	111,160
Interests in associates		**381,059**	427,158
Interests in joint ventures	*7*	**10,631,431**	9,720,889
Available-for-sale financial assets		**3,175**	4,117
Other financial asset		**48,826**	21,437
		11,225,489	10,326,058
Current assets			
Properties held for sale		**91,653**	94,600
Properties under development		**30,580**	28,846
Loans and advances		**20,833**	19,656
Debtors, prepayments and deposits	*11*	**36,533**	53,327
Financial assets at fair value through profit or loss		**7,518**	9,141
Tax recoverable		**—**	25
Client trust bank balances		**300,909**	845,921
Restricted cash		**1,073**	1,067
Time deposits with original maturity of more than three months		**4,785**	—
Cash and cash equivalents		**539,031**	536,878
		1,032,915	1,589,461
Current liabilities			
Creditors, accruals and deposits received	*12*	**471,705**	1,294,070
Tax payable		**58,786**	68,959
		530,491	1,363,029
Net current assets		**502,424**	226,432
Total assets less current liabilities		**11,727,913**	10,552,490

	2018	2017
	HK$'000	*HK$'000*
Non-current liabilities		
Bank and other borrowings	**481,667**	476,667
Deferred tax liabilities	**15,234**	20,405
	496,901	497,072
Net assets	**11,231,012**	10,055,418
Equity		
Equity attributable to equity holders of the Company		
Share capital	**1,998,280**	1,998,280
Reserves	**9,200,672**	8,013,912
	11,198,952	10,012,192
Non-controlling interests	**32,060**	43,226
	11,231,012	10,055,418

Note:

1. BASIS OF PREPARATION

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong. The financial information also includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The accounting policies and methods of computation used in the preparation of the financial information are consistent with those used in the Group's audited financial statements for the year ended 31 March 2017, except for the adoption of the revised HKFRSs as disclosed in Note 2 to the final results.

2. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following revised HKFRSs for the first time for the current year's final results:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant impact on the Group's financial performance and positions for the periods presented in the final results.

3. SEGMENT INFORMATION

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

(a) the property investment segment includes investments relating to 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 money lending and the provision of project and fund management and investment advisory services.

Management monitors the results of the Group's 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) and comprises segment results of the Company and its subsidiaries, the Group's share of results of associates and joint ventures.

Segment results are measured consistently with the Group's profit/(loss) before tax except that the Group's share of results of associates and joint ventures, unallocated corporate expenses and certain finance costs are excluded from such measurement.

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

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

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

Year ended 31 March 2018

	Property investment *HK$'000*	Property development *HK$'000*	Treasury investment *HK$'000*	Securities investment *HK$'000*	Corporate finance and securities broking *HK$'000*	Banking business *HK$'000*	Other *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue									
External	58,570	40,345	1,556	15	17,388	–	658	–	118,532
Inter-segment	–	–	–	–	1	–	–	(1)	–
Total	58,570	40,345	1,556	15	17,389	–	658	(1)	118,532
Segment results	44,530	24,098	1,556	(414)	(11,133)	141,294	(6,960)	–	192,971
Unallocated corporate expenses									(46,008)
Share of results of associates	–	5,821	–	–	–	–	(31)	–	5,790
Share of results of joint ventures	158,538	(46)	–	–	–	18,759	–	–	177,251
Profit before tax									330,004
Segment assets	162,561	127,472	505,073	10,693	327,951	48,826	11,193	–	1,193,769
Interests in associates	7,101	373,914	–	–	–	–	44	–	381,059
Interests in joint ventures	10,522,724	1,762	–	–	–	106,945	–	–	10,631,431
Unallocated assets									52,145
Total assets									12,258,404
Segment liabilities	485,858	15,544	–	–	439,695	–	50	–	941,147
Unallocated liabilities									86,245
Total liabilities									1,027,392
Other segment information:									
Capital expenditure *(Note)*	8	–	–	–	146	–	–	–	154
Depreciation	(81)	(34)	–	–	(134)	–	(27)	–	(276)
Interest income	51,985	–	1,556	–	–	–	326	–	53,867
Finance costs	(13,530)	–	–	–	(27)	–	–	–	(13,557)
Gain on disposal of interests in a joint venture	–	–	–	–	–	113,905	–	–	113,905
Write-back of provisions/(Provisions) for impairment losses on:									
A joint venture	–	465	–	–	–	–	–	–	465
Properties under development	–	(143)	–	–	–	–	–	–	(143)
Properties held for sale	195	–	–	–	–	–	–	–	195
Loans and receivables	–	–	–	–	(154)	–	(771)	–	(925)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations	–	(1,140)	–	–	–	–	–	–	(1,140)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	(254)	–	27,389	–	–	27,135
Net fair value gain on investment properties	3,035	–	–	–	–	–	–	–	3,035
Unallocated:									
Capital expenditure *(Note)*									576
Depreciation									(5,851)

Year ended 31 March 2017

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue									
External	81,329	107,507	4,336	4,895	15,691	—	2,646	—	216,404
Inter-segment	—	—	—	—	187	—	—	(187)	—
Total	81,329	107,507	4,336	4,895	15,878	—	2,646	(187)	216,404
Segment results	72,491	59,667	4,336	22,705	(10,887)	(3,858)	(9,674)	—	134,780
Unallocated corporate expenses									(70,886)
Share of results of associates	—	(891)	—	—	—	—	13	—	(878)
Share of results of joint ventures	(21,882)	(1,046)	—	—	—	9,715	—	—	(13,213)
Profit before tax									49,803
Segment assets	146,741	133,879	496,974	13,258	872,432	21,437	13,120	—	1,697,841
Interests in associates	6,102	421,026	—	—	—	—	30	—	427,158
Interests in joint ventures	9,474,183	1,682	—	—	—	245,024	—	—	9,720,889
Unallocated assets									69,631
Total assets									11,915,519
Segment liabilities	480,673	20,672	—	—	988,473	270,630	56	—	1,760,504
Unallocated liabilities									99,597
Total liabilities									1,860,101
Other segment information:									
Capital expenditure *(Note)*	276	406	—	—	22	—	—	—	704
Depreciation	(218)	(74)	—	—	(387)	—	(33)	—	(712)
Interest income	74,819	—	4,336	—	—	—	413	—	79,568
Finance costs	(3,647)	—	—	—	—	—	(53)	—	(3,700)
Loss on disposal of subsidiaries	—	—	—	—	—	—	(1,823)	—	(1,823)
Loss on disposal of available-for-sale financial assets	—	—	—	(1,540)	—	—	—	—	(1,540)
Write-back of provisions/(Provisions) for impairment losses on:									
A joint venture	—	2,738	—	—	—	—	—	—	2,738
Available-for-sale financial assets	—	—	—	(1,200)	—	—	—	—	(1,200)
Properties under development	—	(135)	—	—	—	—	—	—	(135)
Properties held for sale	388	—	—	—	—	—	—	—	388
Loans and receivables	—	—	—	—	125	—	(159)	—	(34)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	—	—	—	19,148	—	(3,858)	—	—	15,290
Net fair value loss on investment properties	(2,190)	—	—	—	—	—	—	—	(2,190)
Unallocated:									
Capital expenditure *(Note)*									491
Depreciation									(6,174)

Note: Capital expenditure includes additions to fixed assets.

Geographical information

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**17,931**	17,060
Macau	**30,918**	96,822
Mainland China	**14,374**	18,790
Republic of Singapore	**52,073**	80,567
Other	**3,236**	3,165
	118,532	216,404

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

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**1,328**	1,528
Macau	**106,945**	245,024
Mainland China	**84,987**	75,609
Republic of Singapore	**10,934,621**	9,935,872
Other	**45,607**	42,471
	11,173,488	10,300,504

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

Information about major customers

For the year ended 31 March 2018, revenue of approximately HK$51,985,000 (2017 — HK$74,819,000) was derived from interest income from a single customer in the property investment segment. For the year ended 31 March 2017, revenue of HK$28,023,000 was derived from sales by the property development segment to a single customer.

4. **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 income from project management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

An analysis of the revenue of the Group is as follows:

	2018	2017
	HK$'000	*HK$'000*
Property rental income	**6,585**	6,510
Sales of properties	**40,345**	107,507
Interest income	**53,867**	79,568
Dividend income	**15**	4,895
Corporate finance and securities broking	**17,388**	15,691
Other	**332**	2,233
	118,532	216,404

5. **PROFIT BEFORE TAX**

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

	2018	2017
	HK$'000	*HK$'000*
Cost of sales:		
Cost of properties sold	**(6,325)**	(36,940)
Other	**(9,732)**	(9,898)
	(16,057)	(46,838)
Interest income:		
Loans and advances	**52,311**	75,232
Other	**1,556**	4,336
Net fair value gain/(loss) on investment properties	**3,035**	(2,190)
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss	**(254)**	19,148
Derivative financial instrument	**27,389**	(3,858)
Loss on disposal of subsidiaries	**—**	(1,823)
Loss on disposal of available-for-sale financial assets	**—**	(1,540)
Gain on bargain purchase	**—**	43
Write-back of provisions/(Provisions) for impairment losses on:		
A joint venture	**465**	2,738
Available-for-sale financial assets	**—**	(1,200)
Properties under development	**(143)**	(135)
Properties held for sale	**195**	388
Loans and receivables	**(925)**	(34)
Depreciation	**(6,127)**	(6,886)
Foreign exchange gains/(losses) — net	**12,532**	(10,901)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations	**(1,140)**	—

6. GAIN ON DISPOSAL OF INTERESTS IN A JOINT VENTURE

The disposal of further 31% equity interests in The Macau Chinese Bank Limited ("**MCB**", a joint venture of the Company) (the "**31% MCB Disposal**") took place in November 2017. The Group recognised a gain on disposal of HK$113,905,000 (2017 — Nil) for the year ended 31 March 2018.

7. 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 is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

For the year ended 31 March 2018, the Group's share of profit in LAAPL amounted to approximately HK$158,538,000 (2017 — share of loss of HK$21,882,000). The share of profit recognised during the year was mainly attributable to the net fair value gain on the joint ventures' investment properties. The share of loss for the year ended 31 March 2017 was mainly attributable to the net fair value loss on the joint ventures' investment properties and finance costs incurred by the joint ventures, partially offset by profit from disposal and reversal of impairment loss of its development properties and fair value gain from its investments designated at fair value through profit or loss.

8. INCOME TAX

	2018 ***HK$'000***	2017 *HK$'000*
Hong Kong:		
Charge for the year	**—**	—
Overseas:		
Charge for the year	**10,355**	10,690
Overprovision in prior years	**(70)**	(3,403)
Deferred:		
Current year	**(5,285)**	(1,836)
Effect of change in tax rate	**(1,039)**	—
	3,961	5,451
Total charge for the year	**3,961**	5,451

Hong Kong profits tax has been provided at the rate of 16.5% (2017 — 16.5%) on the estimated assessable profits arising in Hong Kong during the year. For the companies operating in mainland China, Republic of Singapore and Macau, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 25%, 17% and 12% (2017 — 25%, 17% and 12%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

9. 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 (2017 — 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 31 March 2018 and 2017.

10. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividend, declared, of HK1 cent (2017 — HK1 cent) per ordinary share	**19,983**	19,983
Final dividend, proposed, of HK1 cent (2017 — HK1 cent) per ordinary share	**19,983**	19,983
	39,966	39,966

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

11. 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:

	2018	2017
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Repayable on demand	**7,928**	7,507
Within 30 days	**683**	3,602
	8,611	11,109

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.

12. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised a non-refundable exclusivity payment of HK$130,000,000 (2017 — HK$130,000,000) in relation to the negotiation of the proposed disposal of a majority stake of the Group's securities broking operation and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK$306,366,000 (2017 — HK$855,803,000). As at 31 March 2018, total client trust bank balances amounted to HK$300,909,000 (2017 — HK$845,921,000). Creditors, accruals and deposits received as at 31 March 2017 also included deposits received for the 31% MCB Disposal of HK$270,630,000. The 31% MCB Disposal was completed in November 2017.

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

	2018	2017
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Repayable on demand	**267,135**	815,921
Within 30 days	**39,231**	39,882
	306,366	855,803

BUSINESS REVIEW

Overview

The Year saw promising advancement of the global economy as evidenced by record high indices in major stock markets and strengthening GDP growth, despite various uncertainties and downside risks such as policy changes in the United States of America (the "**US**"), trade disputes, Brexit negotiations and geopolitical incidents. Against this backdrop, the Group and its joint ventures recorded varied results for the Year.

Results for the Year

The Group recorded a consolidated profit attributable to shareholders of approximately HK$327 million for the Year, as compared to a consolidated profit of approximately HK$45 million for 2017. The increase in profit was mainly attributable to share of profit from joint ventures resulted from the net fair value gain on the joint ventures' investment properties and the gain resulted from the 31% MCB Disposal during the Year.

Property investment and development businesses are the principal sources of revenue of the Group, contributing to 83% (2017 – 87%) of total revenue. Total revenue for the Year decreased to HK$119 million (2017 – HK$216 million). The decrease was mainly due to lower revenue from sales of properties of the Group as a substantial portion of the completed development properties was sold and recognised in prior years.

Property Investment

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group's investment properties portfolio and interest income from the loans to a subsidiary of LAAPL (together with its subsidiaries the "**LAAPL Group**"), a principal joint venture of the Company. The segment revenue for the Year decreased to HK$59 million (2017 – HK$81 million), mainly due to the reduction in the interest rate of the loans to the LAAPL Group since January 2017. As a result, the segment reported a profit of HK$45 million for the Year (2017 – HK$72 million) before accounting for the share of results from the Group's joint ventures.

LAAPL is the vehicle holding a controlling stake of approximately 68.6% equity interest in OUE (together with its subsidiaries the "**OUE Group**") as at 31 March 2018. OUE is listed on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors with emphasis on transformation of experiences and lives. With its core strategy of investing in and enhancing a stable of distinctive properties, the OUE Group is committed to developing a portfolio with a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. The OUE Group has established a high quality property portfolio at prime locations in Singapore, Shanghai in the People's Republic of China (the "**PRC**") and Los Angeles in the US.

The transformation of OUE Downtown in Singapore with innovative next-generation and new-to-market concepts from a commercial landmark into a mixed-use, work-live-play development with prime office space, luxury serviced residences and a vibrant retail mall was completed, with the new Downtown Gallery and Oakwood Premier OUE Singapore commencing operations in May and June 2017 respectively. Downtown Gallery with approximately 14,000 sq. m. of premium retail space spreading over six levels has an extensive mix of tenant offerings centred on lifestyle and wellness. Oakwood Premier OUE Singapore, occupying the 7th to 32nd storeys of OUE Downtown 1, is home to 268 serviced residences and caters to international travellers looking for luxury urban living with resort-style facilities in the heart of the Central Business District. Both properties contributed positively to the OUE Group's performance and recurrent income base. The iconic U.S. Bank Tower in downtown Los Angeles, a 75-storey Class A office tower enhanced with OUE Skyspace LA (a 2-storey open-air observation deck at the top of the tower offering unrivalled 360-degree city views), a first-of-its-kind Skyslide attraction, new upscale restaurants and an upgraded lobby featuring a dynamic high-resolution video art wall after transformation, also contributed to the revenue of the OUE Group. With the OUE Group's active marketing effort, all the development properties of OUE Twin Peaks in Singapore were fully sold by October 2017.

The LAAPL Group held, as at 31 March 2018, approximately 38.5% of the total number of stapled securities of OUE Hospitality Trust ("**OUE H-Trust**") which is listed on the Main Board of the SGX-ST. Its portfolio includes the 1,077-room Mandarin Orchard Singapore, the adjoining Mandarin Gallery and the 563-room Crowne Plaza Changi Airport in Singapore. OUE H-Trust recorded stronger performance during the Year culminating in the highest distributable income achieved in a year since listing.

Further, the OUE Group had, as at 31 March 2018, an approximately 55.7% interest in OUE Commercial Real Estate Investment Trust which is also listed on the Main Board of the SGX-ST. Its property portfolio includes Grade A OUE Bayfront and One Raffles Place in Singapore as well as the properties at Lippo Plaza in Shanghai. The portfolio's committed occupancy increased to 96.9% as at 31 March 2018 with all three properties achieving higher-than-market office occupancy.

The mandatory unconditional cash offer by the OUE Group for all the remaining issued shares in OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) ("**OUELH**") in Singapore (which became a subsidiary of the OUE Group in March 2017 and is listed on the Catalist Board of the SGX-ST) closed on 13 April 2017. OUELH is an integrated healthcare services and facilities provider owning 12 quality nursing homes in Japan and derives rental revenue therefrom as well as revenue from the operation of a hospital in Wuxi, Jiangsu Province, the PRC. It has plans to expand the existing hospital and develop a second hospital in the PRC and a wellness-themed integrated mixed-use development in Malaysia. It completed a strategic partnership with ITOCHU Corporation ("**ITOCHU**", a Tokyo Stock Exchange listed company) in February 2018, raising S$78.8 million via a private placement of OUELH shares to the ITOCHU group, representing a 25.3% stake in OUELH's enlarged share capital. As at 31 March 2018, the OUE Group owned approximately 64.3% equity interest in OUELH.

OUE successfully issued approximately S$154.8 million 1.50% convertible bonds due 2023 and S$150 million 3.00% exchangeable bonds due 2023 in April 2018 which are listed on the SGX-ST.

The Group recorded a share of profit of joint ventures of HK$159 million from its investment in LAAPL for the Year (2017 – loss of HK$22 million). The share of profit recognised during the Year was mainly attributable to the net fair value gain on the joint ventures' investment properties. The share of loss for 2017 was mainly due to the net fair value loss on the joint ventures' investment properties and finance costs incurred by the joint ventures, partially offset by profit from disposal and reversal of impairment loss of its development properties and fair value gain from its investments designated at fair value through profit or loss. The Group's total interests in LAAPL as at 31 March 2018 increased to HK$10.5 billion (31 March 2017 – HK$9.5 billion). The increase was mainly attributable to the appreciation of the Singapore dollars, the fair value gain on available-for-sale financial assets of the joint ventures and the share of profit during the Year.

Property Development

"M Residences" in Macau was fully sold following the sale of the remaining car and motor vehicle parking spaces in April 2018. On the other hand, sale of the remaining meagre number of shophouse and carparking spaces at Lippo Plaza in Beijing was sluggish due to Beijing's tightened policy on property sale and weakened market demand. With a substantial portion of the completed development properties sold and recognised in prior years, the segment revenue and segment profit for the Year decreased to HK$40 million (2017 – HK$108 million) and HK$24 million (2017 – HK$60 million) respectively, before accounting for the share of results from the Group's associates and joint ventures.

The Singapore residential market showed signs of recovery after bottoming out in 2017. Some of the remaining units of the luxurious Marina Collection in Sentosa, Singapore (in which the Group has a 50% interest) were sold during the Year. A portion of the remaining units are leased out. The Group shared a profit of associates of HK$6 million (2017 – loss of HK$1 million) from the investment.

Treasury and Securities Investments

The Group cautiously managed its investment portfolio and looked for opportunities to enhance yields and seek gains. In the absence of any material fair value gain on securities investment portfolio during the Year, the treasury and securities investments businesses recorded a net profit of HK$1 million for the Year (2017 – HK$27 million). Total revenue from treasury and securities investments businesses of HK$2 million during the Year (2017 – HK$9 million) was mainly attributable to the interest and dividend income received from the investment portfolio.

Banking

After the extension of the deadline from 30 June 2017 to 31 December 2017 for obtaining the approval by the Monetary Authority of Macau of the 31% MCB Disposal, such approval was obtained in October 2017. The completion of such disposal took place in early November 2017 whereupon the Group's equity interest in MCB reduced from 51% to 20% and accordingly, MCB ceased to be a subsidiary of the Group under the Listing Rules and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The Group recorded a gain on the 31% MCB Disposal of approximately HK$114 million for the Year. As the total consideration for such disposal of HK$271 million was fully received as deposits in prior year, the balance of the segment liability as at 31 March 2017 was fully released to profit or loss during the Year.

Pursuant to the Amended and Restated Shareholders Agreement in June 2018, the Group has a put option to sell its remaining 20% interest to the majority shareholder of MCB at any time during the 5 years from 3 November 2017 (the "**Put Option**"). The fair value of the Put Option was included in "Other financial asset" of the Group's consolidated statement of financial position. As the Put Option became exercisable after the completion of the 31% MCB Disposal during the Year, the fair value of the Put Option increased to HK$49 million as at 31 March 2018 (31 March 2017 – HK$21 million), and a fair value gain of HK$27 million (2017 – loss of HK$4 million) was recognised. Coupled with the gain on such disposal, the banking business segment reported a profit of HK$141 million for the Year (2017 – loss of HK$4 million).

MCB continued to record strong growth in customer deposits and loans during the Year. Accordingly, the Group's share of profit from MCB increased to HK$19 million for the Year (2017 – HK$10 million).

Corporate Finance and Securities Broking

Lippo Securities Holdings Limited (the wholly-owned securities arm of the Company) and its subsidiaries continued to face challenges in their operations amidst competition. This segment registered a total revenue of HK$17 million for the Year (2017 – HK$16 million) and the loss of this segment was HK$11 million for the Year (2017 – HK$11 million).

Segment assets as at 31 March 2018 decreased to HK$328 million (31 March 2017 – HK$872 million), mainly due to the corresponding reduction of client money held in trust. Accordingly, segment liabilities also decreased to HK$440 million (31 March 2017 – HK$988 million).

Financial Position

The Group's financial position remained healthy. As at 31 March 2018, its total assets amounted to HK$12.3 billion (31 March 2017 – HK$11.9 billion). Property-related assets amounted to HK$11.2 billion as at 31 March 2018 (31 March 2017 – HK$10.2 billion), representing 91% (31 March 2017 – 85%) of total assets. Total liabilities as at 31 March 2018 decreased to HK$1.0 billion (31 March 2017 – HK$1.9 billion), mainly due to the corresponding reduction of client money held in trust under corporate finance and securities broking business and the release of deposits received for the 31% MCB Disposal upon completion during the Year. The Group maintained a strong liquidity position. Total cash and bank balances (consisted of cash and cash equivalents, time deposits with original maturity of more than three months and restricted cash) as at 31 March 2018 amounted to HK$545 million (31 March 2017 – HK$538 million). Current ratio as at 31 March 2018 amounted to 1.9 (31 March 2017 – 1.2).

As at 31 March 2018, the Group's bank and other borrowings amounted to HK$482 million (31 March 2017 – HK$477 million). The bank loans were denominated in Hong Kong dollars, carried interest at floating rate and were not 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. The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 4.3% as at 31 March 2018 (31 March 2017 – 4.8%).

The net asset value attributable to equity holders of the Group remained strong and increased to HK$11.2 billion as at 31 March 2018 (31 March 2017 – HK$10.0 billion). This was equivalent to HK$5.6 per share (31 March 2017 – HK$5.0 per share).

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

To secure bank facilities made available to the Group's securities broking operation, certain bank deposits were pledged. Such bank facilities had not been utilised at the end of the Year. Save as aforesaid, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31 March 2017 – Nil).

The Group's commitments, mainly related to the property and securities investments, amounted to HK$7 million as at 31 March 2018 (31 March 2017 – HK$8 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 68 employees as at 31 March 2018 (31 March 2017 – 70 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Year amounted to HK$38 million (2017 – HK$38 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 global economy's upward momentum is expected to continue throughout 2018 despite lingering uncertainties and downside risks mentioned above as well as the reversion of quantitative easing or alike in the US and Euro zone. The OUE Group's hospitality division is poised to benefit from higher demand in the light of the return of large biennial events in Singapore in 2018 and Singapore being the ASEAN chairman for the 32nd ASEAN Summit, amidst new hotel room supply that came on stream in the second half of the year 2017. The rebound of the office and retail markets in Singapore on the back of stronger economic fundamentals and more positive market sentiment would help foster the OUE Group's premier office and mall leasing although there may be potential negative reversions depending on the pace of recovery in spot rents in the Singapore Central Business District. The office rental outlook for the US and the PRC is soft due to increasing supply.

The PRC's committed near to long-term development plans and goals coupled with the Belt and Road Initiative and the US's favourable tax reform and deregulation are expected to bring about enormous business opportunities. The Group will take a prudent approach in managing its investments and assessing new opportunities in order to achieve sustainable growth and enhance shareholder value.

DIVIDENDS

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting (the "**2018 AGM**") the payment of a final dividend of HK1 cent per share (2017 – HK1 cent per share) amounting to approximately HK$20 million for the Year (2017 – approximately HK$20 million). Together with the interim dividend of HK1 cent per share (2017 – HK1 cent per share) paid in January 2018, the total dividends for the Year will be HK2 cents per share (2017 – HK2 cents per share) amounting to approximately HK$40 million (2017 – approximately HK$40 million). Subject to the approval of shareholders at the 2018 AGM, the final dividend will be paid on or about Wednesday, 3 October 2018 to shareholders whose names appear on the Company's Register of Members on Friday, 14 September 2018.

CLOSURE OF REGISTER OF MEMBERS

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

(1) from Thursday, 30 August 2018 to Tuesday, 4 September 2018 (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 2018 AGM. In order to be entitled to attend and vote at the 2018 AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Tengis Limited ("**Tricor**"), 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 Wednesday, 29 August 2018; and

(2) from Wednesday, 12 September 2018 to Friday, 14 September 2018 (both dates inclusive) during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with Tricor at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 11 September 2018.

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

During the Year, 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 a high standard of corporate governance practices. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders' expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance so as to safeguard the interests of shareholders and enhance shareholder value.

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the Year.

AUDIT COMMITTEE

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

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this preliminary announcement have been agreed by the Group's independent auditor, Ernst & Young, to the amounts set out in the Group's draft 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 Luen Wai Lee
Chief Executive Officer

27 June 2018

As at the date of this announcement, the executive Directors of the Company are Dr Stephen Riady (Chairman) and Mr John Luen Wai Lee (Chief Executive Officer); the non-executive Director of the Company is Mr Leon Nim Leung Chan; and the independent non-executive Directors of the Company are Messrs Victor Ha Kuk Yung, King Fai Tsui and Edwin Neo.

* *For identification purpose only*