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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 30 SEPTEMBER 2018

The Board of Directors (the “**Board**”) of Hongkong Chinese Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 September 2018 (the “**Period**”) together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

	Note	Unaudited Six months ended 30 September 2018 HK\$'000	2017 HK\$'000 (restated)
Continuing operations			
Revenue	4	38,079	46,859
Cost of sales		(1,997)	(4,231)
Gross profit		36,082	42,628
Administrative expenses		(16,023)	(20,239)
Other operating expenses		(30,261)	(8,660)
Net fair value gain on financial instruments at fair value through profit or loss		3,499	222
Finance costs		(7,934)	(6,305)
Share of results of associates		5,696	1,841
Share of results of joint ventures	6	(112,244)	4,780
Profit/(Loss) before tax from continuing operations	5	(121,185)	14,267
Income tax	7	(561)	(1,277)
Profit/(Loss) for the period from continuing operations		(121,746)	12,990
Discontinued operation			
Loss for the period from discontinued operation	8	(4,657)	(5,896)
Profit/(Loss) for the period		(126,403)	7,094
Attributable to:			
Equity holders of the Company		(126,039)	7,759
Non-controlling interests		(364)	(665)
		(126,403)	7,094
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	9		
Basic and diluted			
– For profit/(loss) for the period		(6.3)	0.4
– For profit/(loss) from continuing operations		(6.1)	0.7

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Unaudited	
	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
		(restated)
Profit/(Loss) for the period	(126,403)	7,094
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale financial assets	—	233
Exchange differences on translation of foreign operations	(42,665)	28,809
Share of other comprehensive loss of an associate	(7)	(2)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	(333,810)	285,304
Other reserves	6,469	1,495
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax	(370,013)	315,839
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instrument at fair value through other comprehensive income	(2)	—
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(368,757)	—
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax	(368,759)	—
Other comprehensive income/(loss) for the period, net of tax	(738,772)	315,839
Total comprehensive income/(loss) for the period	(865,175)	322,933
Attributable to:		
Equity holders of the Company	(861,983)	321,675
Non-controlling interests	(3,192)	1,258
	(865,175)	322,933
Total comprehensive income/(loss) for the period attributable to equity holders of the Company:		
– From continuing operations	(856,516)	326,420
– From discontinued operation	(5,467)	(4,745)
	(861,983)	321,675

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

		30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
	Note		
Non-current assets			
Fixed assets		52,940	38,670
Investment properties		114,240	122,328
Interests in associates		369,480	381,059
Interests in joint ventures	6	9,868,153	10,631,431
Financial assets at fair value through other comprehensive income	2(a)	21	—
Financial assets at fair value through profit or loss	2(a)	3,270	—
Available-for-sale financial assets	2(a)	—	3,175
Other financial asset		52,294	48,826
		10,460,398	11,225,489
Current assets			
Properties held for sale		83,377	91,653
Properties under development		28,906	30,580
Loans and advances		9,126	20,833
Debtors, prepayments and deposits	11	11,720	36,533
Financial assets at fair value through profit or loss		16,879	7,518
Client trust bank balances		—	300,909
Restricted cash		—	1,073
Time deposits with original maturity of more than three months		4,570	4,785
Cash and cash equivalents		344,686	539,031
		499,264	1,032,915
Assets classified as held for sale	8	410,467	—
		909,731	1,032,915
Current liabilities			
Creditors, accruals and deposits received	12	214,893	471,705
Tax payable		54,235	58,786
		269,128	530,491
Liabilities directly associated with assets classified as held for sale	8	271,181	—
		540,309	530,491
Net current assets		369,422	502,424
Total assets less current liabilities		10,829,820	11,727,913

	30 September 2018 <i>HK\$'000</i> (Unaudited)	31 March 2018 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Bank and other borrowings	484,167	481,667
Deferred tax liabilities	13,772	15,234
	<u>497,939</u>	<u>496,901</u>
Net assets	<u>10,331,881</u>	<u>11,231,012</u>
Equity		
Equity attributable to equity holders of the Company		
Share capital	1,998,280	1,998,280
Reserves	8,312,340	9,200,672
	<u>10,310,620</u>	<u>11,198,952</u>
Non-controlling interests	21,261	32,060
	<u>10,331,881</u>	<u>11,231,012</u>

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 “**Listing Rules**”). The interim results do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 March 2018. 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 31 March 2018, 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 HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
Amendments to HKFRS 1 included in <i>Annual Improvements 2014-2016 Cycle</i>	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
Amendments to HKAS 28 included in <i>Annual Improvements 2014-2016 Cycle</i>	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>

Except for HKFRS 9 and HKFRS 15, the application of other amendments and interpretation do not have material financial effects on the Group’s financial statements. The Group has initially applied HKFRS 9 and HKFRS 15 with effect from 1 April 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 April 2018. The nature and effect of these changes in accounting policies are disclosed below.

(a) **HKFRS 9 Financial Instruments**

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has adopted HKFRS 9 from 1 April 2018. The Group has not restated comparative information as permitted by the transitional provisions in HKFRS 9. The transition adjustments were recognised against the opening balance of equity at 1 April 2018. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9:

	31 March 2018 As previously reported HK\$'000	Effect on adoption of HKFRS 9 HK\$'000	1 April 2018 As adjusted HK\$'000
Non-current assets			
Interests in joint ventures	10,631,431	(5,556)	10,625,875
Financial assets at fair value through other comprehensive income	—	24	24
Financial assets at fair value through profit or loss	—	3,151	3,151
Available-for-sale financial assets	3,175	(3,175)	—
Total non-current assets	11,225,489	(5,556)	11,219,933
Net assets	<u>11,231,012</u>	<u>(5,556)</u>	<u>11,225,456</u>
Equity			
Reserves	9,200,672	(5,556)	9,195,116
Equity attributable to equity holders of the Company	11,198,952	(5,556)	11,193,396
Total equity	<u>11,231,012</u>	<u>(5,556)</u>	<u>11,225,456</u>

The impacts from adopting HKFRS 9 related to the classification and measurement and the impairment requirements are summarised as follows:

Classification and measurement

Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (“**FVPL**”), amortised cost, or fair value through other comprehensive income (“**FVOCI**”). The classification is based on two criteria: the Group’s business model for managing the assets; and whether the instruments’ contractual cash flows represent “solely payments of principal and interest” on the principal amount outstanding (the “**SPPI criterion**”).

The new classification and measurement of the Group's financial assets are as follows:

- (i) Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.
- (ii) Debt instruments at FVOCI for financial assets that are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the instrument fulfils the contractual cash flows character, with gains or losses recycled to profit or loss on derecognition.
- (iii) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group invests in for strategic purpose and intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. Financial assets at FVOCI are not subject to an impairment assessment under HKFRS 9.
- (iv) Financial assets at FVPL comprise derivative financial instruments, equity instruments that are held for trading and all other equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify as FVOCI. This category also includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business model was made as of the date of initial application, i.e. 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

The above changes in classification and measurement mainly affect the classification and measurement of the Group's available-for-sale ("AFS") financial assets. Besides, the Group's joint ventures changed the classification and measurement of their financial assets to HKFRS 9 categories.

Impairment

The adoption of HKFRS 9 has changed the Group's accounting for impairments by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis.

Upon adoption of HKFRS 9, the Group has applied the simplified approach and recorded lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade debtors. The results of the revision at 1 April 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's financial assets.

A joint venture has applied the general approach and recorded lifetime or twelve-month expected credit losses in accordance with HKFRS 9.

The following table summarised the impact on changes in the classification and measurement of financial assets and ECL impact on 1 April 2018, the date of initial application of HKFRS 9:

	Note	HKAS 39 measurement category	HKFRS 9 measurement category	HKAS 39 carrying amount at 31 March 2018 HK\$'000	Re- classification HK\$'000	Re- measurement (including ECL impact) HK\$'000	HKFRS 9 carrying amount at 1 April 2018 HK\$'000
Available-for-sale financial assets:							
Equity securities	1	AFS	FVOCI	24	(24)	—	—
Debt securities	2	AFS	FVPL	2,880	(2,880)	—	—
Investment funds	3	AFS	FVPL	271	(271)	—	—
Financial assets at fair value through other comprehensive income	1	N/A	FVOCI	—	24	—	24
Financial assets at fair value through profit or loss	2,3	FVPL	FVPL	7,518	3,151	—	10,669
Interests in joint ventures	4	N/A	N/A	10,631,431	—	(5,556)	10,625,875
Total assets subject to HKFRS 9 impact on initial recognition				<u>10,642,124</u>	<u>—</u>	<u>(5,556)</u>	<u>10,636,568</u>

N/A: Not applicable

The following table summarised the impact of initial application of HKFRS 9 on the Group's equity as at 1 April 2018:

	Note	Fair value reserve of financial assets at FVOCI HK\$'000	Retained profits HK\$'000
HKAS 39 carrying amount at 31 March 2018		384,033	7,237,642
ECL adjustments	4	110	(5,666)
Transfer from retained profits to fair value reserve of financial assets at FVOCI	1	(64,000)	64,000
Transfer from fair value reserve of financial assets at FVOCI to retained profits	5	(575)	575
Transfer of fair value reserve of financial assets at FVOCI by a joint venture	6	70	(70)
Balance at 1 April 2018, as adjusted		<u>319,638</u>	<u>7,296,481</u>

Note:

- Equity securities classified as AFS were reclassified to FVOCI because the Group invests in such investments for strategic purpose and intends to hold for the foreseeable future and the Group has irrevocably elected to so classify upon initial recognition or transition. Besides, certain unlisted equity instruments classified as AFS were previously carried at cost less impairment. Upon initial application of HKFRS 9 at 1 April 2018, the accumulated impairment was transferred from retained profits to fair value reserve of financial assets at FVOCI (formerly investment revaluation reserve).
- Certain debt securities were reclassified from AFS to FVPL as their cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.
- Investment funds classified as AFS were reclassified to FVPL as their cash flows are not solely payments of principal and interest on the principal outstanding.
- HKFRS 9 ECL decreased the net asset value of a joint venture of the Company. Hence, the Group's interests in joint ventures decreased.
- Investment revaluation reserve relating to debt securities and investment funds, which was previously presented under accumulated other comprehensive income, was transferred to retained profits.
- A joint venture reclassified its financial assets in accordance with HKFRS 9. The amount represented the share of transfer from fair value reserve of financial assets at FVOCI to retained profits.

(b) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. HKFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under HKFRS 15, revenues are recognised at amounts that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers.

The Group has elected to apply the modified retrospective approach for transition to the new revenue standard on 1 April 2018. Results for the periods beginning on or after 1 April 2018 are presented under HKFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis.

The Group and some of its associates and joint ventures are engaged in property development. Certain costs incurred in fulfilling a contract which were previously expensed may need to be capitalised as an asset and will be amortised to match the transfer of the development property to the customer under the contract. The Group has elected to apply HKFRS 15 retrospectively only to uncompleted contracts as at 1 April 2018. Except this change of accounting policy, the adoption of HKFRS 15 has insignificant effect on the interim 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 investments in securities held-for-trading and for long-term strategic purpose;
- (e) the banking business segment engages in the provision of commercial and retail banking services; and
- (f) the “other” segment comprises principally money lending and the provision of project and fund management and investment advisory services.

The corporate finance and securities broking segment which provides securities and futures brokerage, investment banking, underwriting and other related advisory services was classified as discontinued operation during the current period (Note 8).

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.

Six months ended 30 September 2018

	Continuing operations								Discontinued operation		
	Property investment	Property development	Treasury investment	Securities investment	Banking business	Other	Inter-segment elimination	Consolidated	Corporate finance and securities broking	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue											
External	29,668	5,841	1,714	—	—	856	—	38,079	8,724	—	46,803
Inter-segment	—	—	—	—	—	—	—	—	47	(47)	—
Total	29,668	5,841	1,714	—	—	856	—	38,079	8,771	(47)	46,803
Segment results	20,436	541	1,714	(77)	3,468	2,465	47	28,594	(4,610)	(47)	23,937
Unallocated corporate expenses								(43,231)			(43,231)
Share of results of associates	—	5,705	—	—	—	(9)	—	5,696	—	—	5,696
Share of results of joint ventures	(112,843)	30	—	—	569	—	—	(112,244)	—	—	(112,244)
Loss before tax								(121,185)			(125,842)
Other segment information:											
Capital expenditure (Note)	19,223	—	—	—	—	—	—	19,223	3	—	19,226
Depreciation	(133)	(8)	—	—	—	—	—	(141)	(40)	—	(181)
Interest income	26,287	—	1,714	—	—	148	—	28,149	—	—	28,149
Finance costs	(7,934)	—	—	—	—	—	—	(7,934)	—	—	(7,934)
Write-back of provision for impairment losses on loans and receivables	—	—	—	—	—	2,220	—	2,220	—	—	2,220
Net fair value gain on financial instruments at fair value through profit or loss	—	—	—	31	3,468	—	—	3,499	—	—	3,499
Unallocated:											
Capital expenditure (Note)								10			10
Depreciation								(3,081)			(3,081)

Six months ended 30 September 2017 (restated)

	Continuing operations								Discontinued operation		
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Banking business HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000	Corporate finance and securities broking HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue											
External	28,985	17,036	373	14	—	451	—	46,859	7,758	—	54,617
Inter-segment	—	—	—	—	—	—	—	—	—	—	—
Total	<u>28,985</u>	<u>17,036</u>	<u>373</u>	<u>14</u>	<u>—</u>	<u>451</u>	<u>—</u>	<u>46,859</u>	<u>7,758</u>	<u>—</u>	<u>54,617</u>
Segment results	<u>21,343</u>	<u>9,313</u>	<u>373</u>	<u>87</u>	<u>130</u>	<u>(2,323)</u>	<u>—</u>	<u>28,923</u>	<u>(5,896)</u>	<u>—</u>	<u>23,027</u>
Unallocated corporate expenses								(21,277)			(21,277)
Share of results of associates	—	1,851	—	—	—	(10)	—	1,841	—	—	1,841
Share of results of joint ventures	1,345	(90)	—	—	3,525	—	—	4,780	—	—	4,780
Profit before tax								<u>14,267</u>			<u>8,371</u>
Other segment information:											
Capital expenditure (Note)	—	—	—	—	—	—	—	—	140	—	140
Depreciation	(1)	(24)	—	—	—	(13)	—	(38)	(81)	—	(119)
Interest income	25,659	—	373	—	—	189	—	26,221	—	—	26,221
Finance costs	(6,305)	—	—	—	—	—	—	(6,305)	—	—	(6,305)
Write-back of provision for impairment losses on a joint venture	—	465	—	—	—	—	—	465	—	—	465
Net fair value gain on financial instruments at fair value through profit or loss	—	—	—	92	130	—	—	222	—	—	222
Unallocated:											
Capital expenditure (Note)								5			5
Depreciation								<u>(3,170)</u>			<u>(3,170)</u>

Note: Capital expenditure includes additions to fixed assets.

	Continuing operations							Discontinued operation	Consolidated
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Banking business HK\$'000	Other HK\$'000	Consolidated HK\$'000	Corporate finance and securities broking HK\$'000	
At 30 September 2018 (unaudited)									
Segment assets	172,927	113,226	315,403	20,170	52,294	9,149	683,169	410,467	1,093,636
Interests in associates	6,690	362,741	—	—	—	49	369,480	—	369,480
Interests in joint ventures	9,739,695	1,714	—	—	126,744	—	9,868,153	—	9,868,153
Unallocated assets							38,860	—	38,860
Total assets							10,959,662	410,467	11,370,129
Segment liabilities	489,752	11,526	—	—	—	—	501,278	445,181	946,459
Unallocated liabilities							91,789	—	91,789
Total liabilities							593,067	445,181	1,038,248
As at 31 March 2018 (audited)									
Segment assets	162,561	127,472	505,073	10,693	48,826	11,193	865,818	327,951	1,193,769
Interests in associates	7,101	373,914	—	—	—	44	381,059	—	381,059
Interests in joint ventures	10,522,724	1,762	—	—	106,945	—	10,631,431	—	10,631,431
Unallocated assets							52,145	—	52,145
Total assets							11,930,453	327,951	12,258,404
Segment liabilities	485,858	15,544	—	—	—	50	501,452	439,695	941,147
Unallocated liabilities							86,245	—	86,245
Total liabilities							587,697	439,695	1,027,392

4. REVENUE

Revenue from continuing operations 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, 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 from continuing operations is as follows:

	Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000 (restated)
Sales of properties	5,841	17,036
Revenue from contracts with customers (<i>Note</i>)	5,841	17,036
Property rental income	3,381	3,326
Interest income	28,149	26,221
Dividend income	—	14
Other	708	262
	38,079	46,859

Note:

Disaggregation of revenue is analysed as follows:

By operating segments:

	Six months ended 30 September					
	2018			2017		
	Revenue recognised at a point in time	Revenue recognised over time	Total	Revenue recognised at a point in time	Revenue recognised over time	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers:						
Property development	<u>5,841</u>	<u>—</u>	<u>5,841</u>	<u>17,036</u>	<u>—</u>	<u>17,036</u>
Property rental income			3,381			3,326
Interest income			28,149			26,221
Dividend income			—			14
Other			<u>708</u>			<u>262</u>
			<u>38,079</u>			<u>46,859</u>

By geographical locations:

	Six months ended 30 September					
	2018			2017		
	Revenue recognised at a point in time	Revenue recognised over time	Total	Revenue recognised at a point in time	Revenue recognised over time	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from contracts with customers:						
Macau	<u>5,841</u>	<u>—</u>	<u>5,841</u>	<u>16,675</u>	<u>—</u>	<u>16,675</u>
Mainland China	<u>—</u>	<u>—</u>	<u>—</u>	<u>361</u>	<u>—</u>	<u>361</u>
Total	<u>5,841</u>	<u>—</u>	<u>5,841</u>	<u>17,036</u>	<u>—</u>	<u>17,036</u>
Property rental income			3,381			3,326
Interest income			28,149			26,221
Dividend income			—			14
Other			<u>708</u>			<u>262</u>
			<u>38,079</u>			<u>46,859</u>

The geographic location is based on the location of the customers.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
		(restated)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Held for trading financial assets at fair value through profit or loss:		
Equity securities	154	(2)
Investment funds	(381)	94
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	260	—
Investment funds	(2)	—
Derivative financial instrument	3,468	130
	<u>3,499</u>	<u>222</u>
Interest income:		
Loans and advances	26,435	25,848
Other	1,714	373
Depreciation	(3,222)	(3,208)
Write-back of provision for impairment losses on a joint venture (<i>Note</i>)	—	465
Write-back of provision for impairment losses on loans and receivables (<i>Note</i>)	2,220	—
Foreign exchange gains/(losses) — net (<i>Note</i>)	(12,863)	6,642
Cost of properties sold	<u>(1,170)</u>	<u>(3,398)</u>

Note: The amounts are included in “Other operating expenses” in the condensed consolidated statement of profit or loss.

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

Interests in joint ventures mainly included the Group's interests 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 in developing and managing assets across commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

For the six months ended 30 September 2018, the Group's share of loss of LAAPL amounted to HK\$112,843,000 (2017 — share of profit of HK\$1,345,000). The share of loss was mainly due to a joint venture's unrealised exchange loss on translation of its financial liabilities and a non-cash loss on disposal of interests in equity-accounted investees during the six months ended 30 September 2018. As at 30 September 2018, the Group's interests in LAAPL was approximately HK\$9,739,695,000 (31 March 2018 — HK\$10,522,724,000). The decrease in interests in LAAPL for the six months ended 30 September 2018 was mainly due to the decrease in share of exchange reserve on translation of LAAPL's investment from the depreciation of the Singapore dollar and the share of fair value loss of its financial assets at fair value through other comprehensive income during the period.

7. INCOME TAX

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Hong Kong:		
Charge for the period	—	—
Overseas:		
Charge for the period	1,048	1,597
Overprovision in prior periods	(33)	—
Deferred	(454)	(320)
	561	1,277
Total charge for the period from continuing operations	561	1,277

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 period. For the companies operating in mainland China, Republic of Singapore and Macau, corporate taxes have been calculated on the estimated assessable profits for the period 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.

8. DISCONTINUED OPERATION

In July 2018, the Group entered into a sale and purchase agreement with G-Resources Group Limited (the “**GR Group**”) for the sale by the Group of the entire issued shares in Lippo Securities Holdings Limited (“**LSH**”, the wholly-owned securities arm of the Company) to the GR Group for a consideration of approximately HK\$348,700,000 (the “**Disposal**”). The completion thereof is yet to take place pending satisfaction or waiver of certain conditions precedent. After the completion, the Group will cease the corporate finance and securities broking business. LSH and its subsidiaries (the “**LSH Group**”) were classified as disposal group held for sale as at 30 September 2018 and the results of the corporate finance and securities broking business carried out by the LSH Group were classified as discontinued operation. Cumulative exchange gains on translation of foreign operations of HK\$2,322,000 relating to the LSH Group classified as held for sale have been included in other comprehensive income and included in equity.

The results of the LSH Group for the period are presented below:

	Six months ended 30 September	
	2018	2017
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue (Note)	8,724	7,758
Cost of sales	<u>(4,039)</u>	<u>(3,612)</u>
Gross profit	4,685	4,146
Administrative expenses	(7,473)	(7,008)
Other operating expenses	<u>(1,869)</u>	<u>(3,034)</u>
Loss before tax	(4,657)	(5,896)
Income tax	<u>—</u>	<u>—</u>
Loss for the period from discontinued operation	(4,657)	(5,896)
Other comprehensive income/(loss)		
Exchange differences on translation of discontinued operation	<u>(810)</u>	<u>1,151</u>
Total comprehensive loss for the period from discontinued operation	<u>(5,467)</u>	<u>(4,745)</u>
	<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to equity holders of the Company	9	
Basic and diluted		
– For loss from discontinued operation	<u>(0.2)</u>	<u>(0.3)</u>

Note: Revenue represents income from securities and futures brokerage, investment banking, underwriting and other related advisory services under corporate finance and securities broking segment. The revenue is recognised at a point in time and generated from customers located in Hong Kong.

The major classes of assets and liabilities of the LSH Group classified as held for sale as at 30 September 2018 are as follows:

	2018
	<i>HK\$'000</i>
Assets	
Fixed assets	98
Loans and advances	10,847
Debtors, prepayments and deposits	14,501
Client trust bank balances	261,424
Restricted cash	1,009
Cash and cash equivalents	<u>122,588</u>
Assets classified as held for sale	<u>410,467</u>
Liabilities	
Creditors, accruals and deposits received	<u>(271,181)</u>
Liabilities directly associated with assets classified as held for sale	<u>(271,181)</u>
	<u>139,286</u>

9. 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 (2017 — approximately 1,998,280,000 ordinary shares) in issue during the period.

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	(121,382)	13,655
From discontinued operation	(4,657)	(5,896)
	<u>(126,039)</u>	<u>7,759</u>

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2018 and 2017.

10. INTERIM DIVIDEND

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Interim dividend, declared, of HK1 cent (2017 — HK1 cent) per ordinary share	<u>19,983</u>	<u>19,983</u>

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

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:

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Outstanding balances with ages:		
Repayable on demand	—	7,928
Within 30 days	<u>74</u>	<u>683</u>
	<u>74</u>	<u>8,611</u>

Trade debtors balance as at 31 March 2018 was attributable to the LSH Group. Trade debtors together with other debtors, prepayments and deposits attributable to the LSH Group were classified as held for sale as at 30 September 2018 as a result of the Disposal.

12. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Trade creditors balance as at 31 March 2018 was solely attributable to the LSH Group. Trade creditors together with other creditors, accruals and deposits received attributable to the LSH Group were classified as liabilities associated with assets classified as held for sale as at 30 September 2018 as a result of the Disposal.

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

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Outstanding balances with ages:		
Repayable on demand	—	267,135
Within 30 days	—	39,231
	<u>—</u>	<u>306,366</u>

Balance of creditors, accruals and deposits received also included deposits received of HK\$47,000,000 (31 March 2018 — Nil) from the Disposal and an exclusivity payment of HK\$130,000,000 (31 March 2018 — HK\$130,000,000) in relation to the negotiation of the proposed disposal of a majority stake of the Group's securities broking operation. The exclusivity payment would only be refunded after the completion of the Disposal.

13. EVENT AFTER THE REPORTING PERIOD

The completion of the Disposal is yet to take place. By reference to the latest unaudited accounts of the LSH Group, it is estimated that a gain on disposal of approximately HK\$153,000,000 (subject to audit and adjustment) will be reflected in the Group's results upon completion of the Disposal.

14. COMPARATIVE AMOUNTS

The comparative amounts relating to the discontinued operation have been restated in the condensed consolidated statement of profit or loss and relevant notes in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (Note 8). Besides, certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

BUSINESS REVIEW

Overview

During the Period, the global economy enjoyed expansion amid certain uncertainties and risks including trade tensions, interest rate hikes of the United States of America (“US”), Brexit negotiations, and other economic and geopolitical incidents. The Group and its joint ventures steered through such uncertainties and risks and execution of certain corporate transactions that were deemed essential to consolidate the Group’s resources for future sustainable growth.

Results for the Period

The Group recorded a consolidated loss attributable to shareholders of approximately HK\$126 million for the Period, as compared to a consolidated profit of approximately HK\$8 million for the six months ended 30 September 2017 (“2017”). The loss was mainly due to share of loss from joint ventures of HK\$112 million (2017 — profit of HK\$5 million), after accounting for a joint venture’s unrealised exchange loss on translation of its financial liabilities and non-cash loss on disposal of its interests in equity-accounted investees during the Period.

Property investment and development businesses contributed to 93% (2017 — 98%) of total revenue from continuing operations for the Period. Revenue from continuing operations for the Period decreased to HK\$38 million (2017 — HK\$47 million). The decrease was mainly due to less properties of the Group sold during the Period.

In July 2018, the Group entered into a sale and purchase agreement with the GR Group for the Disposal. The completion thereof is yet to take place pending satisfaction or waiver of certain conditions precedent. After the completion, the Group will cease the corporate finance and securities broking business. Accordingly, the LSH Group were classified as disposal group held for sale as at 30 September 2018 and the results of the corporate finance and securities broking business carried out by the LSH Group were classified as results from discontinued operation. This segment registered a total revenue of HK\$9 million for the Period (2017 — HK\$8 million) and the loss of this segment was HK\$5 million for the Period (2017 — HK\$6 million).

The Group’s other operating expenses for the Period mainly included legal and professional fees of HK\$4 million (2017 — HK\$4 million), consultant and service fees of HK\$5 million (2017 — HK\$4 million), donation of HK\$5 million (2017 — Nil) and exchange losses of HK\$13 million (2017 — gains of HK\$7 million). Due to the depreciation of Singapore dollar and Renminbi during the Period, the Group recorded exchange losses for the Period as compared with exchange gains for 2017. As a result, total other operating expenses increased to HK\$30 million for the Period (2017 — HK\$9 million).

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 Period amounted to HK\$30 million (2017 — HK\$29 million). Segment profit for the Period before accounting for the share of results from the Group's joint ventures amounted to HK\$20 million (2017 — HK\$21 million).

LAAPL is the vehicle holding a controlling stake of approximately 68.7% equity interest in OUE (together with its subsidiaries the "**OUE Group**") as at 30 September 2018. OUE is listed on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The OUE Group grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail, residential and healthcare sectors. 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. It owns directly Downtown Gallery in Singapore with approximately 14,000 sq. m. of premium retail space and Oakwood Premier OUE Singapore with 268 serviced residences. In September 2018, the OUE Group announced a conditional purchase of plots of land of approximately 8,000 sq. m. in a prime location in the central business district in South Jakarta, Indonesia.

The LAAPL Group held, as at 30 September 2018, approximately 38.6% of the total number of stapled securities of OUE Hospitality 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. The hotels recorded better performance during the Period.

The OUE Group also had, as at 30 September 2018, an approximately 55.9% interest in OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**") which is listed on the Main Board of the SGX-ST. Its Grade A property portfolio as at 30 September 2018 included OUE Bayfront and One Raffles Place in Singapore as well as the properties at Lippo Plaza in Shanghai. The portfolio's committed occupancy attained 94.9% as at 30 September 2018 with all three properties continuing to achieve higher-than-market office occupancy. The portfolio has been expanded by the addition in November 2018 of the Grade A office components of OUE Downtown in Singapore's Central Business District following the acquisition thereof by OUE C-REIT from the OUE Group for a consideration of S\$908 million (approximately HK\$5.2 billion), which acquisition was financed in part through a rights issue of new units of OUE C-REIT.

Further, the OUE Group had, as at 30 September 2018, an approximately 64.3% equity interest in OUE Lippo Healthcare Limited (“**OUELH**”, together with its subsidiaries the “**OUELH Group**”) in Singapore which is listed on the Catalist Board of the SGX-ST. The OUELH Group provides high-quality and sustainable healthcare solutions through the acquisition, development, management, and operations of healthcare facilities. It currently owns 12 quality nursing homes in Japan and derives rental revenue therefrom. It has 2 hospital projects in the PRC and owns a strategically located site in Kuala Lumpur, Malaysia. As part of its Pan-Asian growth strategy, it completed in October 2018 the acquisition of a 40% interest in Bowsprit Capital Corporation Limited (“**Bowsprit**”, the manager of First Real Estate Investment Trust (“**First REIT**”) which is listed on the Main Board of the SGX-ST since 2006) and an approximately 10.6% of the total issued units of First REIT which acquisition was financed through OUELH’s rights issue. OUE acquired the remaining 60% interest in Bowsprit at the same time. The acquisition of Bowsprit is in line with the OUE Group’s strategy to grow its asset management business. Bowsprit also owned approximately 7% of the total issued units of First REIT as at 30 September 2018. First REIT is a healthcare real estate investment trust which invests in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare related purposes. As at 30 September 2018, First REIT had 20 properties comprising 16 in Indonesia, 3 in Singapore and 1 in South Korea.

The OUE Group now manages various trusts with accumulated assets under management of approximately S\$8 billion (approximately HK\$46 billion).

The Group recorded a share of loss of joint ventures of HK\$113 million from its investment in LAAPL for the Period (2017 — share of profit of HK\$1 million). The share of loss of joint ventures was mainly due to a joint venture’s unrealised exchange loss and non-cash loss on disposal of its interests in equity-accounted investees as mentioned above. Besides, the LAAPL Group held various investments for long-term strategic purpose and recorded those investments as financial assets at fair value through other comprehensive income. Due to the volatility of global stock markets for the Period, the Group shared a fair value loss in other comprehensive income from those investments of HK\$369 million. Further, the Group shared a decrease in exchange reserve on translation of LAAPL’s investment of HK\$334 million during the Period due to the depreciation of the Singapore dollar. As a result, the Group’s total interests in LAAPL as at 30 September 2018 decreased to HK\$9.7 billion (31 March 2018 — HK\$10.5 billion).

Property Development

“M Residences” in Macau was fully sold following the sale of the remaining car and motor vehicle parking spaces in April 2018. Sale of the remaining apartment unit, small number of shophouses and carparking spaces at Lippo Plaza in Beijing was slow due to persistent local conditions. With a substantial portion of the completed development properties sold and recognised in prior years, the segment revenue and segment profit for the Period decreased to HK\$6 million (2017 — HK\$17 million) and HK\$1 million (2017 — HK\$9 million) respectively, before accounting for the share of results from the Group’s associates and joint ventures.

Sale of some of the remaining units of the luxurious Marina Collection in Sentosa, Singapore (in which the Group has a 50% interest) was completed during the Period. A portion of the remaining units is leased out. The Group shared a profit of associate of HK\$6 million (2017 — HK\$2 million) from the investment.

Treasury and Securities Investments

The Group managed its investment portfolio and looked for opportunities to enhance yields. The treasury and securities investments businesses recorded a net profit of HK\$2 million for the Period (2017 — HK\$0.5 million). Total revenue from treasury and securities investments businesses for the Period amounted to HK\$2 million (2017 — HK\$0.4 million).

Banking

The Macau Chinese Bank Limited (“**MCB**”) is a joint venture of the Company in which the Group had a 20% equity interest as at 30 September 2018. During the Period, the Group injected MOP26 million into MCB as its pro-rata subscription of MCB’s share capital increase of MOP130 million. MCB recorded strong growth in customer deposits and loans during the Period. The Group’s share of profit from MCB amounted to HK\$0.6 million for the Period (2017 — HK\$4 million) due to a reduction in equity interest in MCB after the completion of its disposal of 31% equity interests in November 2017.

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. The banking business segment reported a profit of HK\$3.5 million for the Period (2017 — HK\$0.1 million), resulting from the increase in the fair value of the Put Option.

Financial Position

The Group’s financial position remained healthy. As at 30 September 2018, its total assets amounted to HK\$11.4 billion (31 March 2018 — HK\$12.3 billion). Property-related assets amounted to HK\$10.4 billion as at 30 September 2018 (31 March 2018 — HK\$11.2 billion), representing 91% (31 March 2018 — 91%) of total assets. Total liabilities as at 30 September 2018 amounted to HK\$1.0 billion (31 March 2018 — HK\$1.0 billion). 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 30 September 2018 decreased to HK\$349 million (31 March 2018 — HK\$545 million), mainly due to the reclassification of cash and bank balances of the LSH Group to assets classified as held for sale. Current ratio as at 30 September 2018 amounted to 1.7 (31 March 2018 — 1.9). The Group maintained a strong liquidity position.

As at 30 September 2018, the Group’s bank and other borrowings amounted to HK\$484 million (31 March 2018 — HK\$482 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 4.7% as at 30 September 2018 (31 March 2018 — 4.3%).

The net asset value attributable to equity holders of the Company remained strong and amounted to HK\$10.3 billion as at 30 September 2018 (31 March 2018 — HK\$11.2 billion). This was equivalent to HK\$5.2 per share (31 March 2018 — HK\$5.6 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 Period. Save as aforesaid, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 March 2018 — Nil).

The Group's commitments amounted to HK\$1 million as at 30 September 2018 (31 March 2018 — HK\$7 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 72 employees as at 30 September 2018 (30 September 2017 — 73 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK\$15 million (2017 — HK\$17 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

With uncertainties in global trade and expected interest rate increases, the Group and its joint ventures are consolidating their resources to prepare for opportunities and challenges. In particular, the OUE Group (the Group's major joint venture) operates with its diversified property portfolio in Singapore will continue to benefit from a sound recurrent income base. The OUE Group's hospitality division is expected to benefit from a strong pipeline of meetings and large biennial events in Singapore in 2018, forecast increasing international visitor arrivals following the opening of Jewel Changi Airport in early 2019 as well as reduced supply of new hotel rooms. The solid prime office and retail markets in Singapore would enhance the OUE Group's premier office and mall leasing while its enlarged Pan-Asia healthcare portfolio will strengthen its earnings accretion and cash flow generating base. In light of increasing challenges due to regional and international situations, the Group will cautiously monitor its investments and assess new opportunities with a view to delivering sustainable shareholder returns.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK1 cent (2017 — HK1 cent) per share amounting to approximately HK\$20 million for the Period (2017 — approximately HK\$20 million), which will be paid on Friday, 25 January 2019 to shareholders whose names appear on the Company's Register of Members on Friday, 11 January 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 9 January 2019 to Friday, 11 January 2019 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend for the Period, 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 Tuesday, 8 January 2019.

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

During the Period, 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 Period.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Committee**”). The existing members of the Committee comprise three independent non-executive Directors, namely Messrs King Fai Tsui (Chairman), Victor Ha Kuk Yung and 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 unaudited consolidated interim financial statements of the Group for the Period.

By Order of the Board
HONGKONG CHINESE LIMITED
John Luen Wai Lee
Chief Executive Officer

29 November 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*