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 2019

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 2019 (the "**Period**") together with the comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 September 2019

		Unaudited	
		Six months ended 30 September	
		2019	2018
	Note	***HK$'000***	*HK$'000*
Continuing operations			
Revenue	4	**36,387**	38,079
Cost of sales		**(653)**	(1,997)
Gross profit		**35,734**	36,082
Administrative expenses		**(16,636)**	(16,023)
Other operating expenses	5	**(13,281)**	(30,261)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss		**(4,376)**	3,499
Finance costs		**(9,589)**	(7,934)
Share of results of associates		**13,277**	5,696
Share of results of joint ventures	6	**264,411**	(112,244)
Profit/(Loss) before tax from continuing operations	5	**269,540**	(121,185)
Income tax	7	**(827)**	(561)
Profit/(Loss) for the period from continuing operations		**268,713**	(121,746)
Discontinued operation			
Loss for the period from discontinued operation	8	**–**	(4,657)
Profit/(Loss) for the period		**268,713**	(126,403)
Attributable to:			
Equity holders of the Company		**269,297**	(126,039)
Non-controlling interests		**(584)**	(364)
		268,713	(126,403)
		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		**13.5**	(6.3)
– For profit/(loss) from continuing operations		**13.5**	(6.1)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Unaudited Six months ended 30 September 2019 HK$'000	2018 HK$'000
Profit/(Loss) for the period	**268,713**	(126,403)
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(16,582)**	(42,665)
Share of other comprehensive loss of an associate	**–**	(7)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	**(181,920)**	(333,810)
Other reserves	**(14,639)**	6,469
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	**(213,141)**	(370,013)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instrument at fair value through other comprehensive income	**1**	(2)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	**88,080**	(368,757)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax	**88,081**	(368,759)
Other comprehensive loss for the period, net of tax	**(125,060)**	(738,772)
Total comprehensive income/(loss) for the period	**143,653**	(865,175)
Attributable to:		
Equity holders of the Company	**145,246**	(861,983)
Non-controlling interests	**(1,593)**	(3,192)
	143,653	(865,175)
Total comprehensive income/(loss) for the period attributable to equity holders of the Company:		
– From continuing operations	**145,246**	(856,516)
– From discontinued operation	**–**	(5,467)
	145,246	(861,983)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Note	**30 September 2019** *HK$'000* **(Unaudited)**	31 March 2019 *HK$'000* (Audited)
Non-current assets			
Fixed assets		**29,049**	32,486
Investment properties		**135,862**	140,112
Interests in associates		**379,805**	374,295
Interests in joint ventures	*6*	**10,506,708**	10,533,021
Financial assets at fair value through other comprehensive income		**19**	18
Financial assets at fair value through profit or loss		**2,920**	2,940
Other financial asset		**44,103**	49,087
		11,098,466	11,131,959
Current assets			
Properties held for sale		**81,760**	85,385
Properties under development		**30,487**	29,566
Loans and advances		**7,940**	8,356
Debtors, prepayments and deposits	*11*	**5,118**	7,920
Financial assets at fair value through profit or loss		**16,113**	16,458
Tax recoverable		**82**	197
Cash and cash equivalents		**182,636**	506,525
		324,136	654,407
Current liabilities			
Bank and other borrowings		**–**	246,667
Other payables, accruals and deposits received		**16,683**	35,638
Tax payable		**47,825**	54,464
		64,508	336,769
Net current assets		**259,628**	317,638
Total assets less current liabilities		**11,358,094**	11,449,597

	30 September 2019 *HK$'000* (Unaudited)	31 March 2019 *HK$'000* (Audited)
Non-current liabilities		
Bank and other borrowings	**489,167**	490,000
Deferred tax liabilities	**14,739**	15,379
	503,906	505,379
Net assets	**10,854,188**	10,944,218
Equity		
Equity attributable to equity holders of the Company		
Share capital	**1,998,280**	1,998,280
Reserves	**8,836,632**	8,925,069
	10,834,912	10,923,349
Non-controlling interests	**19,276**	20,869
	10,854,188	10,944,218

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 2019. 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 2019, 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 AND DISCLOSURES

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16, the application of the above new and revised standards has had no significant financial effect on the interim results.

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of equity at 1 April 2019, and the comparative information for prior periods was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were either (i) measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019, or (ii) recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 is as follows. As the short-term lease exemptions as allowed by the practical expedients were applied to leases of the Group at 1 April 2019, no lease liability was recorded as at 1 April 2019.

	HK$'000
Operating lease commitments as at 31 March 2019	1,680
Weighted average incremental borrowing rate as at 1 April 2019	3.97%
Discounted operating lease commitments as at 1 April 2019	1,660
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(1,660)
Lease liabilities as at 1 April 2019	–

The Group's joint ventures also adopted HKFRS 16 on 1 April 2019 using the modified retrospective method. The cumulative effect of initial adoption was adjusted to the carrying amount of the interests in joint ventures and the opening balance of equity at 1 April 2019.

The impacts arising from the adoption of HKFRS 16 as at 1 April 2019 are as follows:

	Increase/ (Decrease) *HK$'000*
Assets	
Decrease in interests in joint ventures and total assets	(99)
Equity	
Decrease in retained profits	(99)

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 March 2019 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 April 2019:

Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Amounts recognised in the interim condensed consolidated statement of financial position and profit or loss

As the Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less, no right-of-use assets and lease liabilities were recognised as at 1 April 2019 and 30 September 2019, respectively.

The Group recognised rental expenses from short-term leases of HK$1,416,000 for the six months ended 30 September 2019.

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 management 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 prior 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 2019

	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	34,385	–	833	451	–	718	–	36,387	–	–	36,387
Inter-segment	–	–	–	–	–	–	–	–	–	–	–
Total	34,385	–	833	451	–	718	–	36,387	–	–	36,387
Segment results	22,156	(3,589)	833	996	(4,984)	(716)	–	14,696	–	–	14,696
Unallocated corporate expenses								(22,844)			(22,844)
Share of results of associates	–	13,287	–	–	–	(10)	–	13,277	–	–	13,277
Share of results of joint ventures	262,813	(12)	–	–	1,610	–	–	264,411	–	–	264,411
Profit before tax								269,540			269,540
Other segment information:											
Depreciation	(13)	(2)	–	–	–	–	–	(15)	–	–	(15)
Interest income	30,768	–	833	–	–	125	–	31,726	–	–	31,726
Finance costs	(9,589)	–	–	–	–	–	–	(9,589)	–	–	(9,589)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	608	(4,984)	–	–	(4,376)	–	–	(4,376)
Unallocated:											
Capital expenditure *(Note)*								2			2
Depreciation								(2,840)			(2,840)

Six months ended 30 September 2018

	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	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)

Note: Capital expenditure includes additions to fixed assets.

	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
At 30 September 2019 (unaudited)							
Segment assets	**171,532**	**101,816**	**161,555**	**19,052**	**44,103**	**7,945**	**506,003**
Interests in associates	**6,283**	**373,452**	**–**	**–**	**–**	**70**	**379,805**
Interests in joint ventures	**10,369,062**	**1,626**	**–**	**–**	**136,020**	**–**	**10,506,708**
Unallocated assets							**30,086**
Total assets							**11,422,602**
Segment liabilities	**492,795**	**9,295**	**–**	**83**	**–**	**–**	**502,173**
Unallocated liabilities							**66,241**
Total liabilities							**568,414**
At 31 March 2019 (audited)							
Segment assets	178,318	110,883	476,879	19,416	49,087	8,377	842,960
Interests in associates	6,476	367,761	–	–	–	58	374,295
Interests in joint ventures	10,397,143	1,671	–	–	134,207	–	10,533,021
Unallocated assets							36,090
Total assets							11,786,366
Segment liabilities	744,915	7,456	–	82	–	148	752,601
Unallocated liabilities							89,547
Total liabilities							842,148

4. REVENUE

An analysis of revenue from continuing operations is as follows:

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers:		
Sale of properties	**–**	5,841
Provision of project management services	**515**	–
Revenue from other sources:		
Property rental income	**3,617**	3,381
Interest income	**31,726**	28,149
Dividend income	**451**	–
Other	**78**	708
	36,387	38,079

Disaggregated revenue information for revenue from contracts with customers

	Six months ended 30 September	
	2019	2018
Segments	**Other**	Property development
	HK$'000	*HK$'000*
Type of goods or services:		
Sale of properties	**–**	5,841
Provision of project management services	**515**	–
Geographical markets:		
Macau	**–**	5,841
Republic of Singapore	**515**	–
Timing of revenue recognition:		
Goods transferred at a point in time	**–**	5,841
Services transferred over time	**515**	–

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Six months ended 30 September	
	2019	2018
Segments	**Other**	Property development
	HK$'000	*HK$'000*
Revenue from contracts with external customers	**515**	5,841
Revenue from other sources – external	**203**	–
Total segment revenue	**718**	5,841

5. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
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	**644**	154
Investment funds	**(17)**	(381)
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	**(20)**	260
Investment funds	**1**	(2)
Derivative financial instrument	**(4,984)**	3,468
	(4,376)	3,499
Interest income:		
Loans and advances	**30,893**	26,435
Other	**833**	1,714
Write-back of provisions for impairment losses on loans and receivables#	**–**	2,220
Depreciation	**(2,855)**	(3,222)
Legal and professional fees#	**(3,350)**	(4,170)
Consultancy and service fees#	**(4,462)**	(5,235)
Donations#	**(200)**	(4,709)
Foreign exchange losses – net#	**(606)**	(12,863)
Cost of properties sold	**–**	(1,170)

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**"). OUE is listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). OUE is principally engaged 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 2019, the Group's share of profit of LAAPL amounted to HK$265,571,000 (2018 – share of loss of HK$112,843,000). The change mainly resulted from the gain on disposal of interests in an associate, higher contribution from equity-accounted investees and partial offset by the fair value loss on investment properties during the period. As at 30 September 2019, the Group's interests in LAAPL was approximately HK$10,228,326,000 (31 March 2019 – HK$10,257,605,000). The decrease in interests in LAAPL for the six months ended 30 September 2019 was mainly due to share of dilution loss arising from the merger of OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**" which is listed on the Mainboard of the SGX-ST) and OUE Hospitality Trust ("**OUE H-Trust**") in equity, decrease in share of exchange reserve on translation of LAAPL's investment and offset by the share of profit and the share of fair value gain of its financial assets at fair value through other comprehensive income during the period.

7. INCOME TAX

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**900**	–
Overseas:		
Charge for the period	**92**	1,048
Underprovision/(Overprovision) in prior periods	**59**	(33)
Deferred	**(224)**	(454)
	(73)	561
Total charge for the period from continuing operations	**827**	561

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5%, as appropriate (2018 – 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% (2018 – 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 for the sale of the entire issued shares in Lippo Securities Holdings Limited ("**LSH**", the wholly-owned securities arm of the Company). The Disposal was completed on 11 December 2018 and the Group has ceased the corporate finance and securities broking business. The results of LSH and its subsidiaries (the "**LSH Group**") included in the condensed consolidated statement of profit or loss for the six months ended 30 September 2018 as a discontinued operation are presented below:

	Note	Six months ended 30 September 2018 *HK$'000*
Revenue *(Note)*		8,724
Cost of sales		(4,039)
Gross profit		4,685
Administrative expenses		(7,473)
Other operating expenses		(1,869)
Loss before tax		(4,657)
Income tax		–
Loss for the period from discontinued operation		(4,657)
Other comprehensive loss		
Exchange differences on translation of discontinued operation		(810)
Total comprehensive loss for the period from discontinued operation		(5,467)
		HK cents
Loss per share attributable to equity holders of the Company	*9*	
Basic and diluted		
– For loss from discontinued operation		(0.2)

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.

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 (2018 – approximately 1,998,280,000 ordinary shares) in issue during the period.

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	**269,297**	(121,382)
From discontinued operation	**–**	(4,657)
	269,297	(126,039)

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2019 and 2018.

10. INTERIM DIVIDEND

	Six months ended 30 September	
	2019	2018
	HK$'000	*HK$'000*
Interim dividend, declared, of HK1 cent (2018 – HK1 cent) per ordinary share	**19,983**	19,983

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 ageing analysis, based on the invoice date and net of loss allowance, as follows:

	30 September 2019	31 March 2019
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days	**72**	–

12. COMPARATIVE AMOUNTS

(a) The Group had initially applied HKFRS 16 on 1 April 2019. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 2 to the interim results.

(b) Certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

BUSINESS REVIEW

Overview

The Group and its joint ventures attained various business goals during the Period in the midst of uncertainties and risks mainly brought by continuing trade tensions, Brexit negotiations and global economic slowdown.

Results for the Period

The Group recorded a consolidated profit attributable to shareholders of approximately HK$269 million for the Period, as compared to a consolidated loss of approximately HK$126 million for the six months ended 30 September 2018 ("**2018**"). The profit was mainly attributable to share of profit of joint ventures primarily resulting from the gain on disposal of interests in an associate by a joint venture, higher contribution from equity-accounted investees of the joint ventures and partial offset by the share of fair value loss on investment properties of the joint ventures during the Period.

Property investment and development businesses contributed to 94% (2018 – 93%) of total revenue from continuing operations for the Period. Revenue from continuing operations for the Period amounted to HK$36 million (2018 – HK$38 million).

The Group's other operating expenses mainly included legal and professional fees, consultancy and service fees, donations and exchange difference. Other operating expenses from continuing operations decreased to HK$13 million for the Period (2018 – HK$30 million). The decrease was mainly attributable to a reduction of HK$12 million in foreign exchange loss and less donation made during the Period.

Property Investment

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group's investment properties and interest income from the loans to joint ventures of the Company. The segment revenue for the Period amounted to HK$34 million (2018 – HK$30 million). Segment profit for the Period before accounting for the share of results from the Group's joint ventures amounted to HK$22 million (2018 – HK$20 million).

LAAPL (together with its subsidiaries the "**LAAPL Group**"), a principal joint venture of the Company 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 2019. OUE is listed on the Mainboard of the SGX-ST. The OUE Group develops and manages assets across the commercial, hospitality, retail, residential and healthcare sectors.

In April 2019, the OUE Group completed the disposal of its minority interests in Aquamarina Hotel Private Limited ("**Aquamarina**") and Marina Centre Holdings Private Limited for an aggregate consideration of S$390 million (approximately HK$2,262 million). Further to such disposal, Singapore Mandarin International Hotels Pte Ltd (a subsidiary of OUE) has also agreed to terminate its hotel operating agreement with Aquamarina (being the owner of Marina Mandarin Singapore) on or before 31 December 2019. In November 2019, the OUE Group completed its sale of the 268 luxury serviced residences occupying 7th to 32nd storeys of OUE Downtown 1 (Oakwood Premier OUE Singapore) together with all plant, machinery and equipment thereon, and related business and assets for an aggregate consideration of approximately S$289 million.

In September 2019, the merger of OUE C-REIT and OUE H-Trust was successfully completed thereby creating one of the largest diversified Singapore REITS with total assets of approximately S$6.8 billion. As a result, OUE H-Trust became wholly owned by OUE C-REIT and was delisted from the SGX-ST, and the OUE Group's interest in OUE C-REIT was reduced to approximately 47.5% as at 30 September 2019. The LAAPL Group had in aggregate an approximately 48.5% interest in OUE C-REIT. OUE C-REIT's portfolio of 7 high-quality prime properties spanning across the office, retail and hospitality sectors as at 30 September 2019 included OUE Bayfront, One Raffles Place, OUE Downtown Office, 1,077-room Mandarin Orchard Singapore, the adjoining Mandarin Gallery and the 563-room Crowne Plaza Changi Airport in Singapore as well as the properties at Lippo Plaza in Shanghai, the People's Republic of China (the "**PRC**"). During the Period, the OUE Group increased its interest in Gemdale Properties and Investment Corporation Limited ("**GPI**" which is listed on the Stock Exchange) from approximately 14.8% to approximately 27.9%. The investment in GPI allows the OUE Group to maintain access and exposure to the real estate market in the PRC and provides the OUE Group with a continued opportunity to leverage on future potential collaborations and partnerships with the GPI group.

The OUE Group had, as at 30 September 2019, 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 across Asia. It owns 12 quality nursing homes in Japan and derives rental revenue therefrom. It also has an integrated hospital development project in Chengdu and real estate in Wuxi, the PRC as well as a strategically located site in Kuala Lumpur, Malaysia. The OUELH Group completed its acquisition of minority stakes in two Myanmar companies which operate three hospitals, a medical centre and two clinics in Myanmar in April 2019, and a 70% stake in a PRC company which operates a hospital in Wuxi, Jiangsu Province, the PRC in October 2019.

As at 30 September 2019, the OUE Group, through the OUELH Group and Bowsprit Capital Corporation Limited (the manager of First Real Estate Investment Trust ("**First REIT**" which is listed on the Mainboard of the SGX-ST)) had an approximately 18.5% interest in First REIT. 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 2019, First REIT had 20 properties comprising 16 in Indonesia, 3 in Singapore and 1 in South Korea.

The Group recorded a share of profit of joint ventures of HK$266 million from its investment in LAAPL for the Period (2018 – share of loss of HK$113 million). The change mainly resulted from the gain on disposal of interests in Aquamarina, higher contribution from equity-accounted investees and partial offset by the fair value loss on investment properties during the Period. Besides, the Group shared fair value gain of the LAAPL Group's financial assets at fair value through other comprehensive income of HK$88 million during the Period. As a result of the dilution impact on the merger of OUE C-REIT and OUE H-Trust, the Group recorded a decrease in interest in LAAPL of HK$217 million directly in equity. Coupled with the decrease in exchange reserve on translation of LAAPL's investment of HK$180 million during the Period, the Group's total interests in LAAPL as at 30 September 2019 decreased to HK$10.2 billion (31 March 2019 – HK$10.3 billion).

Property Development

Sale of the remaining apartment unit, small number of shophouses and carparking spaces at Lippo Plaza in Beijing, the PRC remained sluggish due to persistent local conditions. No sale was completed during the Period while segment revenue of HK$6 million was recorded in 2018 from the sale of remaining carparking spaces of a residential development project in Macau. Before accounting for the share of results from the Group's associates and joint ventures, the segment recorded a loss of HK$4 million (2018 – profit of HK$1 million) for the Period.

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$13 million (2018 – HK$6 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 (2018 – HK$2 million). Total revenue from treasury and securities investments businesses for the Period amounted to HK$1 million (2018 – HK$2 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 2019. MCB continued to record strong growth in customer deposits during the Period. The Group's share of profit from MCB increased to HK$2 million for the Period (2018 – HK$0.6 million).

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 and the change in fair value of the Put Option was recorded in the "net fair value gain/(loss) on financial instruments at fair value through profit or loss" of the Group's consolidated statement of profit or loss. The banking business segment reported a loss of HK$5 million for the Period (2018 – profit of HK$3 million), resulting from a decrease in the fair value of the Put Option.

Financial Position

The Group's financial position remained healthy. As at 30 September 2019, its total assets amounted to HK$11.4 billion (31 March 2019 – HK$11.8 billion). Property-related assets amounted to HK$11.0 billion as at 30 September 2019 (31 March 2019 – HK$11.1 billion), representing 97% (31 March 2019 – 94%) of total assets. Total liabilities as at 30 September 2019 amounted to HK$0.6 billion (31 March 2019 – HK$0.8 billion). Total cash and cash equivalents as at 30 September 2019 decreased to HK$183 million (31 March 2019 – HK$507 million), mainly due to the repayment of bank loans during the Period. Current ratio as at 30 September 2019 amounted to 5.0 (31 March 2019 – 1.9).

As at 30 September 2019, the Group's bank and other borrowings decreased to HK$489 million (31 March 2019 – HK$737 million). The bank loans were denominated in Hong Kong dollars and carried interest at floating rate. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 30 September 2019, all the bank loans were not repayable within one year (31 March 2019 – 33% of the bank loans were repayable within one year). The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 4.5% as at 30 September 2019 (31 March 2019 – 6.7%).

The net asset value attributable to equity holders of the Company remained strong and amounted to HK$10.8 billion as at 30 September 2019 (31 March 2019 – HK$10.9 billion). This was equivalent to HK$5.4 per share (31 March 2019 – HK$5.5 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.

The Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31 March 2019 – Nil).

The Group's commitments amounted to HK$1 million as at 30 September 2019 (31 March 2019 – HK$1 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 number of employees of the Group decreased to 39 as at 30 September 2019 (30 September 2018 – 72 employees) following the disposal of the LSH Group in December 2018. Staff costs (including Directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK$11 million (2018 – HK$15 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 economic and political situations pose considerable risks and challenges. In view of the uncertainties, the Group and its joint ventures will pursue business strategies which will seek a rationalisation of their asset portfolio and stability to balance risks.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK1 cent (2018 – HK1 cent) per share amounting to approximately HK$20 million for the Period (2018 – approximately HK$20 million), which will be paid on Friday, 24 January 2020 to shareholders whose names appear on the Company's Register of Members on Friday, 10 January 2020.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 8 January 2020 to Friday, 10 January 2020 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 7 January 2020.

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

28 November 2019

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*