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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 JUNE 2021

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 June 2021 (the “**Period**”) together with the comparative figures for the six months ended 30 September 2020 (the “**2020**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Note	Unaudited Six months ended	
		30 June 2021 HK\$'000	30 September 2020 HK\$'000
Continuing operations			
Revenue	4	41,159	63,167
Cost of sales		(3,216)	(16,453)
Gross profit		37,943	46,714
Administrative expenses		(17,255)	(15,723)
Other operating expenses	6	(9,766)	(11,183)
Other gains/(losses) — net	5	(117)	2,747
Finance costs		(8,356)	(6,988)
Share of results of associates		5,035	6,266
Share of results of joint ventures	7	170,133	(733,589)
Profit/(Loss) before tax from continuing operations	6	177,617	(711,756)
Income tax	8	(2,178)	(7,827)
Profit/(Loss) for the period from continuing operations		175,439	(719,583)
Discontinued operation			
Profit for the period from discontinued operation	9	—	134,599
Profit/(Loss) for the period		175,439	(584,984)
Attributable to:			
Equity holders of the Company		176,035	(585,419)
Non-controlling interests		(596)	435
		175,439	(584,984)
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	10		
Basic and diluted			
— For profit/(loss) for the period		8.8	(29.3)
— For profit/(loss) from continuing operations		8.8	(36.0)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Unaudited	
	Six months ended	
	30 June	30 September
	2021	2020
	HK\$'000	HK\$'000
Profit/(Loss) for the period	175,439	(584,984)
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	(7,449)	25,703
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	–	(5,720)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	(92,314)	325,953
Other reserves	32,816	(17,127)
Adjustment for disposal of interests in a joint venture	–	282
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	(66,947)	329,091
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	(7)	10
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(9,125)	(7,525)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax	(9,132)	(7,515)
Other comprehensive income/(loss) for the period, net of tax	(76,079)	321,576
Total comprehensive income/(loss) for the period	99,360	(263,408)
Attributable to:		
Equity holders of the Company	99,726	(264,587)
Non-controlling interests	(366)	1,179
	99,360	(263,408)
Total comprehensive income/(loss) for the period attributable to equity holders of the Company:		
— From continuing operations	99,726	(399,987)
— From discontinued operation	–	135,400
	99,726	(264,587)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current assets			
Fixed assets		19,678	22,854
Investment properties		152,891	152,385
Right-of-use assets		371	510
Interests in associates		409,931	411,510
Interests in joint ventures	7	10,303,746	10,174,850
Financial assets at fair value through other comprehensive income		89	97
Financial assets at fair value through profit or loss		2,900	2,880
		10,889,606	10,765,086
Current assets			
Properties held for sale		68,012	69,298
Properties under development		29,534	31,509
Loans and advances		8,443	8,827
Debtors, prepayments and other assets	12	2,445	4,351
Financial assets at fair value through profit or loss		10,624	11,121
Tax recoverable		136	120
Cash and cash equivalents		122,182	198,489
		241,376	323,715
Current liabilities			
Bank and other borrowings		–	145,417
Lease liabilities		268	267
Other payables, accruals and other liabilities		18,522	54,578
Tax payable		50,810	52,693
		69,600	252,955
Net current assets		171,776	70,760
Total assets less current liabilities		11,061,382	10,835,846

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current liabilities		
Bank and other borrowings	315,778	130,000
Lease liabilities	115	254
Deferred tax liabilities	17,632	17,836
	<u>333,525</u>	<u>148,090</u>
Net assets	<u>10,727,857</u>	<u>10,687,756</u>
Equity		
Equity attributable to equity holders of the Company		
Share capital	1,998,280	1,998,280
Reserves	8,709,926	8,669,459
	<u>10,708,206</u>	<u>10,667,739</u>
Non-controlling interests	19,651	20,017
	<u>10,727,857</u>	<u>10,687,756</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 for the nine months ended 31 December 2020. The interim results have been reviewed by the audit committee of the Company.

Following the change of the Company’s financial year end date from 31 March to 31 December, the current financial period covers a six-month period from 1 January 2021 to 30 June 2021 while the comparison period covers a six-month period from 1 April 2020 to 30 September 2020.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim results are consistent with those used in the Group’s audited financial statements for the nine months ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”), HKASs and Interpretations (hereinafter collectively referred to as the “**revised HKFRSs**”) for the first time for the current period’s interim results:

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform — Phase 2

Covid-19-Related Rent Concessions beyond 30 June 2021
(early adopted)

The application of the revised HKFRSs has had no significant financial effect on the interim results. Other than the Amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current financial period.

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 the letting and resale of properties;
- (b) the property development segment includes the development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes investments in securities that are held for trading and for long-term strategic purposes; and
- (e) the “other” segment comprises principally money lending and the provision of project management services.

The banking business segment which engages in the provision of commercial and retail banking services was classified as discontinued operation during the six months ended 30 September 2020 (Note 9).

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource 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.

	Continuing operations					Discontinued operation		Consolidated HK\$'000
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000	Banking business HK\$'000	
Six months ended 30 June 2021								
Revenue — external	<u>34,569</u>	<u>3,622</u>	<u>188</u>	<u>333</u>	<u>2,447</u>	<u>41,159</u>	<u>-</u>	<u>41,159</u>
Segment results	<u>22,417</u>	<u>(1,429)</u>	<u>188</u>	<u>788</u>	<u>639</u>	<u>22,603</u>	<u>-</u>	<u>22,603</u>
Unallocated corporate expenses						(20,154)	-	(20,154)
Share of results of associates	-	5,035	-	-	-	5,035	-	5,035
Share of results of joint ventures	170,153	(20)	-	-	-	170,133	-	170,133
Profit before tax						<u>177,617</u>	<u>-</u>	<u>177,617</u>
Other segment information:								
Capital expenditure (<i>Note</i>)	39	-	-	-	-	39	-	39
Depreciation	(6)	-	-	-	(136)	(142)	-	(142)
Interest income	30,918	-	188	-	128	31,234	-	31,234
Finance costs	(8,347)	-	-	-	(9)	(8,356)	-	(8,356)
Loss on disposal of fixed assets	-	(29)	-	-	-	(29)	-	(29)
Net fair value gain on financial instruments at fair value through profit or loss	-	-	-	459	-	459	-	459
Unallocated: Depreciation						<u>(2,884)</u>		<u>(2,884)</u>
Six months ended 30 September 2020								
Revenue — external	<u>33,385</u>	<u>28,224</u>	<u>130</u>	<u>226</u>	<u>1,202</u>	<u>63,167</u>	<u>-</u>	<u>63,167</u>
Segment results	<u>17,961</u>	<u>15,380</u>	<u>130</u>	<u>(67)</u>	<u>1,440</u>	<u>34,844</u>	<u>134,883</u>	<u>169,727</u>
Unallocated corporate expenses						(19,277)	-	(19,277)
Share of results of associates	-	6,266	-	-	-	6,266	-	6,266
Share of results of joint ventures	(733,576)	(13)	-	-	-	(733,589)	(284)	(733,873)
Profit/(Loss) before tax						<u>(711,756)</u>	<u>134,599</u>	<u>(577,157)</u>
Other segment information:								
Capital expenditure (<i>Note</i>)	5	-	-	-	-	5	-	5
Depreciation	(4)	-	-	-	-	(4)	-	(4)
Interest income	30,573	-	130	-	114	30,817	-	30,817
Finance costs	(6,988)	-	-	-	-	(6,988)	-	(6,988)
Gain on disposal of interests in a joint venture	-	-	-	-	-	-	181,663	181,663
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	5,714	-	-	6	5,720	-	5,720
Net fair value loss on financial instruments at fair value through profit or loss	-	-	-	(222)	-	(222)	(46,780)	(47,002)
Fair value loss on investment properties	(3,323)	-	-	-	-	(3,323)	-	(3,323)
Unallocated: Capital expenditure (<i>Note</i>) Depreciation						285 <u>(2,925)</u>		285 <u>(2,925)</u>

Note: Capital expenditure includes additions to fixed assets.

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
At 30 June 2021 (unaudited)						
Segment assets	182,267	87,540	106,372	13,613	8,922	398,714
Interests in associates	6,769	403,148	-	-	14	409,931
Interests in joint ventures	10,302,154	1,592	-	-	-	10,303,746
Unallocated assets						<u>18,591</u>
Total assets						<u><u>11,130,982</u></u>
Segment liabilities	321,266	9,609	-	-	416	331,291
Unallocated liabilities						<u>71,834</u>
Total liabilities						<u><u>403,125</u></u>
At 31 December 2020 (audited)						
Segment assets	177,143	90,825	186,523	14,098	10,129	478,718
Interests in associates	6,963	404,547	-	-	-	411,510
Interests in joint ventures	10,173,212	1,638	-	-	-	10,174,850
Unallocated assets						<u>23,723</u>
Total assets						<u><u>11,088,801</u></u>
Segment liabilities	280,310	11,655	-	-	1,636	293,601
Unallocated liabilities						<u>107,444</u>
Total liabilities						<u><u>401,045</u></u>

4. REVENUE

An analysis of revenue from continuing operations is as follows:

	Six months ended	
	30 June 2021 HK\$'000	30 September 2020 HK\$'000
Revenue from contracts with customers:		
Sale of properties	3,622	28,224
Provision of project management services	2,296	334
	<u>5,918</u>	<u>28,558</u>
Revenue from other sources:		
Property rental income from operating leases	3,651	2,812
Interest income	31,234	30,817
Dividend income	333	226
Other	23	754
	<u>41,159</u>	<u>63,167</u>

Disaggregated revenue information for revenue from contracts with customers

Segments	Property development HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2021			
Types of goods or services:			
Sale of properties	3,622	–	3,622
Provision of project management services	–	2,296	2,296
Total revenue from contracts with customers	<u>3,622</u>	<u>2,296</u>	<u>5,918</u>
Geographical markets:			
Mainland China	3,622	–	3,622
Republic of Singapore	–	2,296	2,296
Total revenue from contracts with customers	<u>3,622</u>	<u>2,296</u>	<u>5,918</u>
Timing of revenue recognition:			
Goods transferred at a point in time	3,622	–	3,622
Services transferred over time	–	2,296	2,296
Total revenue from contracts with customers	<u>3,622</u>	<u>2,296</u>	<u>5,918</u>
Six months ended 30 September 2020			
Types of goods or services:			
Sale of properties	28,224	–	28,224
Provision of project management services	–	334	334
Total revenue from contracts with customers	<u>28,224</u>	<u>334</u>	<u>28,558</u>
Geographical markets:			
Mainland China	28,224	–	28,224
Republic of Singapore	–	334	334
Total revenue from contracts with customers	<u>28,224</u>	<u>334</u>	<u>28,558</u>
Timing of revenue recognition:			
Goods transferred at a point in time	28,224	–	28,224
Services transferred over time	–	334	334
Total revenue from contracts with customers	<u>28,224</u>	<u>334</u>	<u>28,558</u>

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

Segments	Property development HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 June 2021			
Revenue from contracts with external customers	3,622	2,296	5,918
Revenue from other sources — external	—	151	151
	<u>3,622</u>	<u>2,447</u>	<u>6,069</u>
Total segment revenue	<u>3,622</u>	<u>2,447</u>	<u>6,069</u>
Six months ended 30 September 2020			
Revenue from contracts with external customers	28,224	334	28,558
Revenue from other sources — external	—	868	868
	<u>28,224</u>	<u>1,202</u>	<u>29,426</u>
Total segment revenue	<u>28,224</u>	<u>1,202</u>	<u>29,426</u>

5. OTHER GAINS/(LOSSES) — NET

	Six months ended	
	30 June 2021 HK\$'000	30 September 2020 HK\$'000
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Financial assets at fair value through profit or loss held for trading:		
Equity securities	392	338
Investment funds	47	(540)
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	20	(20)
	<u>459</u>	<u>(222)</u>
Loss on disposal of fixed assets	(29)	—
Fair value loss on investment properties	—	(3,323)
Foreign exchange gains/(losses) — net	(547)	572
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	—	5,720
	<u>(117)</u>	<u>2,747</u>

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

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

	Six months ended	
	30 June 2021 HK\$'000	30 September 2020 HK\$'000
Interest income:		
Loans and advances	31,046	30,687
Other	188	130
Depreciation of fixed assets	(2,894)	(2,929)
Depreciation of right-of-use assets	(132)	–
Legal and professional fees [#]	(1,556)	(2,992)
Consultancy and service fees [#]	(2,906)	(3,406)
Cost of properties sold	(1,969)	(15,344)

[#] The amounts are included in “Other operating expenses” in the condensed consolidated statement of profit or loss.

7. 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”, together with its subsidiaries, the “OUE Group”). OUE is listed on the Mainboard of Singapore Exchange Securities Trading Limited (the “SGX-ST”). The OUE Group is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

For the six months ended 30 June 2021, the Group’s share of profit of LAAPL amounted to HK\$172,600,000 (six months ended 30 September 2020 — share of loss of HK\$731,195,000). The change was mainly attributable to the fair value gain of the financial assets of the joint venture for the six months ended 30 June 2021 against the fair value loss on its investment properties recognised in the six months ended 30 September 2020. As at 30 June 2021, the Group’s interests in LAAPL was approximately HK\$10,159,973,000 (31 December 2020 — HK\$10,031,054,000).

8. INCOME TAX

	Six months ended	
	30 June	30 September
	2021	2020
	HK\$'000	HK\$'000
Hong Kong:		
Charge for the period	2,300	1,333
Underprovision in prior periods	4	–
Deferred	(17)	(26)
	<u>2,287</u>	<u>1,307</u>
Mainland China and overseas:		
Charge for the period	128	6,708
Deferred	(237)	(188)
	<u>(109)</u>	<u>6,520</u>
Total charge for the period from continuing operations	<u>2,178</u>	<u>7,827</u>

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (six months ended 30 September 2020 — 8.25% or 16.5%), as appropriate. For the companies operating in mainland China and the Republic of Singapore, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 25% and 17% (six months ended 30 September 2020 — 25% and 17%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

9. DISCONTINUED OPERATION

In September 2020, the Group disposed of its remaining 20% interest in The Macau Chinese Bank Limited (a joint venture of the Company). After the disposal, the Group ceased its banking business. Accordingly, the banking business was classified as discontinued operation. The results of the banking business for the six months ended 30 September 2020 are presented below:

	Six months ended 30 September 2020 HK\$'000
	Note
Fair value loss on financial instrument at fair value through profit or loss	(46,780)
Share of results of a joint venture	<u>(284)</u>
Loss before tax	(47,064)
Income tax	<u>–</u>
Loss after tax from discontinued operation	(47,064)
Gain on disposal of discontinued operation	<u>181,663</u>
Profit for the period from discontinued operation	<u>134,599</u>
Other comprehensive income	
Share of fair value reserve of financial assets at fair value through other comprehensive income of a joint venture	519
Release of cumulative fair value reserve of financial assets at fair value through other comprehensive income from discontinued operation upon disposal	<u>282</u>
Other comprehensive income from discontinued operation	<u>801</u>
Total comprehensive income for the period from discontinued operation	<u><u>135,400</u></u>
	HK cents
Earnings per share attributable to equity holders of the Company	10
Basic and diluted	
— For profit from discontinued operation	<u><u>6.7</u></u>

10. 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 (six months ended 30 September 2020 — approximately 1,998,280,000 ordinary shares) in issue during the period.

	Six months ended	
	30 June	30 September
	2021	2020
	HK\$'000	HK\$'000
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	176,035	(720,018)
From discontinued operation	—	134,599
	176,035	(585,419)

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 30 September 2020.

11. INTERIM DIVIDEND

	Six months ended	
	30 June	30 September
	2021	2020
	HK\$'000	HK\$'000
Interim dividend, declared — Nil (six months ended 30 September 2020 — HK1 cent per ordinary share)	—	19,983

12. DEBTORS, PREPAYMENTS AND OTHER ASSETS

Included in the balances are trade debtors with an ageing analysis, based on the invoice date and net of loss allowance, as follows:

	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 30 days	25	25
Between 31 and 60 days	43	25
	68	50

BUSINESS REVIEW

Overview

The Period continued to see the COVID-19 coronavirus pandemic (the “**Pandemic**”) with its more contagious new variants ravaging businesses and public health across the world despite economic rebound in major economies following the global rollout of vaccination programmes.

Results for the Period

Following the change of the Company’s financial year end date from 31 March to 31 December, the Period covers a six-month period from 1 January 2021 to 30 June 2021 while the comparison period 2020 covers a six-month period from 1 April 2020 to 30 September 2020.

The Group recorded a consolidated profit attributable to shareholders of approximately HK\$176 million for the Period (2020 — loss of approximately HK\$585 million). The change was mainly attributable to the fair value gain of the financial assets of the joint venture for the Period against the fair value loss on its investment properties recognised in 2020.

Property investment and development businesses contributed to 93% (2020 — 98%) of total revenue from continuing operations for the Period. Revenue from continuing operations for the Period decreased to approximately HK\$41 million (2020 — approximately HK\$63 million). The decrease was due to fewer sales of the Group’s properties held for sale completed during the Period.

The Group’s other operating expenses mainly included legal and professional fees and consultancy and service fees. Other operating expenses from continuing operations amounted to approximately HK\$10 million for the Period (2020 — approximately HK\$11 million).

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. Segment revenue for the Period amounted to approximately HK\$35 million (2020 — approximately HK\$33 million). Segment profit for the Period before accounting for the share of results from the Group’s joint ventures amounted to approximately HK\$22 million (2020 — approximately HK\$18 million).

LAAPL, a principal joint venture of the Company, held through its subsidiaries (together with LAAPL, the “**LAAPL Group**”) a controlling stake of approximately 70.4% equity interest in OUE as at 30 June 2021. OUE is listed on the Mainboard of the SGX-ST. The OUE Group is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. It directly owns Downtown Gallery, a lifestyle retail mall in Singapore with net lettable area of approximately 13,000 sq.m.

The LAAPL Group had in aggregate an approximately 49.0% interest in OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”, which is listed on the Mainboard of the SGX-ST) (including the OUE Group’s 48.1% interest therein) as at 30 June 2021. OUE C-REIT’s portfolio of 7 high-quality prime properties includes 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**”), with more than 200,000 sq.m. of office and retail space and 1,640 upscale hotel rooms. It is one of the largest diversified REITs listed on the Mainboard of the SGX-ST and had total assets of approximately S\$5.8 billion (approximately HK\$33.7 billion) as at 30 June 2021.

In March 2021, OUE C-REIT completed the divestment of a 50% interest in OUE Bayfront and its complementary properties which had an agreed value of S\$1,267.5 million (approximately HK\$7.4 billion). The asset enhancement works for the re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard continues to progress on schedule with the property on track to relaunch in January 2022 as the largest Hilton property in Asia-Pacific and its flagship in Singapore. The property will boost additional meetings, incentives, conventions and exhibitions facilities, newly refurbished rooms and revamped food and beverage offerings. This will position the property to capture the recovery in the Singapore hospitality segment when the Pandemic related restrictions are eventually relaxed.

During the Period, the operating performance of the OUE Group’s commercial properties remained stable on the back of vaccine rollout despite disruptions in business activities caused by the Pandemic and related safe management measures. The commercial (office and retail) segment committed occupancy of OUE C-REIT’s portfolio remained stable at 91.7% as at 30 June 2021. The room occupancy as well as banquet sales of the hospitality business declined significantly due to travel restrictions and safety measures as compared to 2020.

The OUE Group had, as at 30 June 2021, an approximately 70.4% equity interest in OUE Lippo Healthcare Limited (“**OUELH**”, which is listed on the Catalist Board of the SGX-ST and together with its subsidiaries, the “**OUELH Group**”). The OUELH Group with a three-pronged growth strategy 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 which continued to provide stable rental revenue. Apart from Wuxi Lippo Xi Nan Hospital in the PRC which is in operation, the construction and development of Changshu China Merchants-Lippo Obstetrics & Gynaecology Hospital and Prince Bay China Merchants-Lippo General Hospital in Shenzhen, the PRC continue to progress as planned. The two hospitals to be operated by the OUELH Group’s joint venture with the China Merchants group are expected to be commissioned in 2023 and 2024 respectively. The OUELH Group’s 3 joint venture hospitals in Myanmar remained operational during the Period despite the Pandemic. It also owns a piece of land and a building in Wuxi, the PRC as well as a piece of land in each of Chengdu, the PRC and Kuala Lumpur, Malaysia.

As at 30 June 2021, the OUE Group, mainly through the OUE LH Group and First REIT Management Limited (the manager of First Real Estate Investment Trust (“**First REIT**”, which is listed on the Mainboard of the SGX-ST)), had an approximately 28.5% 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 June 2021, First REIT had 20 properties comprising 16 in Indonesia, 3 in Singapore and 1 in South Korea. During the Period, the OUE Group participated in First REIT’s rights issue of units carried out for facilitating First REIT’s refinancing and stable capital structure.

In July 2021, a 40% owned joint venture of the OUE Group became the single largest shareholder of PT Matahari Department Store Tbk (“**Matahari**”, which is listed on PT Bursa Efek Indonesia (Indonesia Stock Exchange)) after the acquisition of a total of approximately 32.0% interest therein through a voluntary tender offer and related acquisitions. Matahari and its subsidiaries are engaged in retailing of consumer goods. The investment will allow the OUE Group to expand its consumer division footprint into the growth market of Indonesia.

The Group recorded a share of profit of joint ventures of approximately HK\$173 million from its investment in LAAPL for the Period (2020 — share of loss of approximately HK\$731 million). The change was mainly attributable to the fair value gain of the financial assets of the joint venture for the Period against the fair value loss on its investment properties recognised in 2020. The Group’s total interests in LAAPL as at 30 June 2021 amounted to approximately HK\$10.2 billion (31 December 2020 — approximately HK\$10.0 billion).

Property Development

The Group sold part of the remaining properties at Lippo Plaza in Beijing, the PRC during the Period. Segment revenue was approximately HK\$4 million (2020 — approximately HK\$28 million). Before accounting for the share of results from the Group’s associates and joint ventures, the segment recorded a loss of approximately HK\$1 million for the Period (2020 — profit of approximately HK\$15 million).

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 approximately HK\$5 million (2020 — approximately HK\$6 million) from the investment.

Treasury and Securities Investments

The Group managed its investment portfolio and looked for opportunities to enhance yields. Total revenue from treasury and securities investments businesses for the Period amounted to approximately HK\$0.5 million (2020 — approximately HK\$0.4 million). The treasury and securities investments businesses recorded a net profit of approximately HK\$1.0 million for the Period (2020 — approximately HK\$0.1 million).

Financial Position

The Group's financial position remained healthy. As at 30 June 2021, its total assets amounted to approximately HK\$11.1 billion (31 December 2020 — approximately HK\$11.1 billion). Property-related assets amounted to approximately HK\$11.0 billion as at 30 June 2021 (31 December 2020 — approximately HK\$10.9 billion), representing approximately 99% (31 December 2020 — approximately 98%) of total assets. Total liabilities as at 30 June 2021 amounted to approximately HK\$403 million (31 December 2020 — approximately HK\$401 million). Total cash and cash equivalents as at 30 June 2021 amounted to approximately HK\$122 million (31 December 2020 — approximately HK\$198 million). Current ratio as at 30 June 2021 increased to 3.5 (31 December 2020 — 1.3).

As at 30 June 2021, the Group's bank and other borrowings amounted to approximately HK\$316 million (31 December 2020 — approximately HK\$275 million), which included bank loans of approximately HK\$316 million (31 December 2020 — approximately HK\$145 million). As at 31 December 2020, the balance also included a loan from a holding company of approximately HK\$130 million which was refinanced by the bank borrowings during the Period. 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 June 2021, all the bank and other borrowings were repayable after three years (31 December 2020 — 53% of the bank and other borrowings repayable within one year). The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 2.9% as at 30 June 2021 (31 December 2020 — 2.6%).

The net asset value attributable to equity holders of the Company remained satisfactory and amounted to approximately HK\$10.7 billion as at 30 June 2021 (31 December 2020 — approximately HK\$10.7 billion). This was equivalent to HK\$5.4 per share (31 December 2020 — HK\$5.3 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 December 2020 — Nil).

The Group's investments or capital assets will be financed by its internal resources and/or external bank financing, as appropriate. As at 30 June 2021, the Group had no material outstanding commitment (31 December 2020 — approximately HK\$0.1 million).

Staff and Remuneration

The number of employees of the Group was 41 as at 30 June 2021 (30 September 2020 — 41 employees). Staff costs (including Directors' emoluments) charged to the statement of profit or loss during the Period amounted to approximately HK\$12 million (2020 — approximately HK\$10 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 vaccine rollout is a main driver of the economic recovery and relaxation of lockdown and other containment measures worldwide. In particular, Singapore has started to gradually ease travel restrictions following its attainment of high full vaccination coverage. However, the Group and its joint ventures will remain vigilant as outbreaks even in highly vaccinated countries especially due to new virus variants serve as a reminder of the impending risks of the Pandemic to revitalising economies and businesses elsewhere, alongside geopolitical uncertainties. The Group and its joint ventures will continue to monitor and adapt to any changes to the operating environment while exercising prudence in managing their financial resources and expenditure.

INTERIM DIVIDEND

The Directors have resolved not to declare payment of any interim dividend for the Period (2020 — HK1 cent per share).

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

30 August 2021

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*