



Hongkong Chinese Limited
香港華人有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 655)

2021 INTERIM REPORT

**For identification purpose only*

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The Board of Directors (the “Board”) of Hongkong Chinese Limited (the “Company”) presents the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “Period”).

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 2021 HK\$'000	30 September 2020 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	13	–	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

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	13	315,778	130,000
Lease liabilities		115	254
Deferred tax liabilities		17,632	17,836
		333,525	148,090
Net assets			
		10,727,857	10,687,756
Equity			
Equity attributable to equity holders of the Company			
Share capital	14	1,998,280	1,998,280
Reserves	15	8,709,926	8,669,459
		10,708,206	10,667,739
Non-controlling interests		19,651	20,017
		10,727,857	10,687,756

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Unaudited																
	Attributable to equity holders of the Company									Total equity							
	Share capital	Share premium account	Capital redemption reserve (Note 15(b))	Fair value reserve of financial assets at FVOCI*	Hedging reserve (Note 15(c))	Exchange equalisation reserve	Distributable reserves (Note 15(b))	Total	Non-controlling interests								
											HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021											1,998,280	92,775	22,144	24,950	(71,752)	693,051	7,908,291
Profit/(Loss) for the period	-	-	-	-	-	-	176,035	176,035	(596)	175,439							
Other comprehensive income/(loss) for the period:																	
Exchange differences on translation of foreign operations	-	-	-	-	-	(7,679)	-	(7,679)	230	(7,449)							
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	(7)	-	-	-	(7)	-	(7)							
Share of other comprehensive income/(loss) of joint ventures	-	-	-	(9,125)	32,816	(92,314)	-	(68,623)	-	(68,623)							
Total comprehensive income/(loss) for the period	-	-	-	(9,132)	32,816	(99,993)	176,035	99,726	(366)	99,360							
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	(44,272)	(44,272)	-	(44,272)							
2020 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(14,987)	(14,987)	-	(14,987)							
At 30 June 2021	1,998,280	92,775	22,144	15,818	(38,936)	593,058	8,025,067	10,708,206	19,651	10,727,857							
At 1 April 2020	1,998,280	92,775	22,144	(66,436)	(57,066)	(59,275)	8,639,475	10,569,897	18,391	10,588,288							
Profit/(Loss) for the period	-	-	-	-	-	-	(585,419)	(585,419)	435	(584,984)							
Other comprehensive income/(loss) for the period:																	
Exchange differences on translation of foreign operations	-	-	-	-	-	24,959	-	24,959	744	25,703							
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	-	-	-	-	-	(5,720)	-	(5,720)	-	(5,720)							
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	10	-	-	-	10	-	10							
Share of other comprehensive income/(loss) of joint ventures	-	-	-	(7,006)	(17,646)	325,953	-	301,301	-	301,301							
Adjustment for disposal of interests in a joint venture	-	-	-	282	-	-	-	282	-	282							
Total comprehensive income/(loss) for the period	-	-	-	(6,714)	(17,646)	345,192	(585,419)	(264,587)	1,179	(263,408)							
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	8,628	8,628	-	8,628							
2019/2020 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(19,983)	(19,983)	-	(19,983)							
2019/2020 special dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(19,983)	(19,983)	-	(19,983)							
At 30 September 2020	1,998,280	92,775	22,144	(73,150)	(74,712)	285,917	8,022,718	10,273,972	19,570	10,293,542							

* FVOCI stands for fair value through other comprehensive income.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

	Unaudited	
	30 June 2021 HK\$'000	30 September 2020 HK\$'000
Net cash flows used in operating activities	(33,172)	(7,484)
Cash flows from investing activities		
Proceed from disposal of interests in a joint venture	–	311,473
Advances to joint ventures	(40,765)	(225,112)
Repayment from a joint venture	–	225,040
Other net cash flows arising from investing activities	(53)	(304)
Net cash flows from/(used in) investing activities	(40,818)	311,097
Cash flows from financing activities		
Drawdown of bank and other borrowings	330,000	25,000
Repayment of bank and other borrowings	(280,000)	–
Finance costs paid	(17,989)	(4,511)
Dividends paid to shareholders of the Company	(34,970)	(39,966)
Other net cash flows arising from financing activities	(130)	–
Net cash flows used in financing activities	(3,089)	(19,477)
Net increase/(decrease) in cash and cash equivalents	(77,079)	284,136
Cash and cash equivalents at beginning of period	198,489	135,169
Exchange realignments	772	2,626
Cash and cash equivalents at end of period	122,182	421,931

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The interim financial statements 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 “Stock Exchange”) (the “Listing Rules”). The interim financial statements 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.

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 financial statements 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 financial statements:

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 these financial statements. 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.

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

	Continuing operations					Discontinued operation		
	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	Consolidated HK\$'000
Six months ended 30 June 2021								
Revenue — external	34,569	3,622	188	333	2,447	41,159	–	41,159
Segment results	22,417	(1,429)	188	788	639	22,603	–	22,603
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						177,617	–	177,617
Other segment information:								
Capital expenditure (Note)	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						(2,884)		(2,884)
Six months ended 30 September 2020								
Revenue — external	33,385	28,224	130	226	1,202	63,167	–	63,167
Segment results	17,961	15,380	130	(67)	1,440	34,844	134,883	169,727
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						(711,756)	134,599	(577,157)
Other segment information:								
Capital expenditure (Note)	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 (Note)						285		285
Depreciation						(2,925)		(2,925)

Note: Capital expenditure includes additions to fixed assets.

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

	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						18,591
Total assets						11,130,982
Segment liabilities	321,266	9,609	-	-	416	331,291
Unallocated liabilities						71,834
Total liabilities						403,125
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						23,723
Total assets						11,088,801
Segment liabilities	280,310	11,655	-	-	1,636	293,601
Unallocated liabilities						107,444
Total liabilities						401,045

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
	5,918	28,558
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
	41,159	63,167

Notes to the Interim Financial Statements (Continued)

4. REVENUE (Continued)

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	3,622	2,296	5,918
Geographical markets:			
Mainland China	3,622	–	3,622
Republic of Singapore	–	2,296	2,296
Total revenue from contracts with customers	3,622	2,296	5,918
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	3,622	2,296	5,918
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	28,224	334	28,558
Geographical markets:			
Mainland China	28,224	–	28,224
Republic of Singapore	–	334	334
Total revenue from contracts with customers	28,224	334	28,558
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	28,224	334	28,558

Notes to the Interim Financial Statements (Continued)

4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers (Continued)

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
Total segment revenue	3,622	2,447	6,069
Six months ended 30 September 2020			
Revenue from contracts with external customers	28,224	334	28,558
Revenue from other sources — external	–	868	868
Total segment revenue	28,224	1,202	29,426

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)
	459	(222)
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
	(117)	2,747

Notes to the Interim Financial Statements (Continued)

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 (Note)	(1,556)	(2,992)
Consultancy and service fees (Note)	(2,906)	(3,406)
Cost of properties sold	(1,969)	(15,344)

Note: 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).

Notes to the Interim Financial Statements (Continued)

8. INCOME TAX

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

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.

Notes to the Interim Financial Statements (Continued)

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:

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

Notes to the Interim Financial Statements (Continued)

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

Notes to the Interim Financial Statements (Continued)

13. BANK AND OTHER BORROWINGS

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Current portion:		
Unsecured bank loan (Note (a))	–	145,417
Non-current portion:		
Unsecured bank loans (Note (a))	315,778	–
Unsecured other loan (Note (b))	–	130,000
	315,778	130,000
	315,778	275,417
Bank loans repayable:		
Within one year	–	145,417
In the third to fifth years, inclusive	315,778	–
	315,778	145,417
Other borrowings repayable:		
In the second year	–	130,000

Note:

- (a) The Group's bank loans were denominated in Hong Kong dollars and bore interest at floating rate. The Company has provided corporate guarantee for the bank loans granted to a subsidiary of the Company.
- (b) The Group's other loan represented an unsecured loan advanced from Lippo Limited, a holding company of the Company. The other loan was denominated in Hong Kong dollars and bore interest at a rate of 2.4% per annum. The loan was fully repaid by the Group during the period.

14. SHARE CAPITAL

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Authorised:		
4,000,000,000 (31 December 2020 — 4,000,000,000) ordinary shares of HK\$1.00 each	4,000,000	4,000,000
Issued and fully paid:		
1,998,280,097 (31 December 2020 — 1,998,280,097) ordinary shares of HK\$1.00 each	1,998,280	1,998,280

Notes to the Interim Financial Statements (Continued)

15. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior periods are presented in the condensed consolidated statement of changes in equity on page 6.

Note:

- (a) Cancellation of the share premium account and transfer to distributable reserves:
Pursuant to a special resolution passed at a special general meeting of the Company on 2 December 1997, the entire amount standing to the credit of the share premium account of HK\$3,630,765,000 was cancelled (the "Cancellation"). The credit arising from the Cancellation was transferred to distributable reserves. The balance of the reserves arising from the Cancellation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company.
- (b) Distributable reserves of the Group as at 30 June 2021 comprised retained profits of HK\$7,280,092,000 (31 December 2020 — HK\$7,163,316,000) and the remaining balance arising from the Cancellation of HK\$744,975,000 (31 December 2020 — HK\$744,975,000). The distributable reserves and the capital redemption reserve are available for distribution to shareholders.
- (c) The hedging reserve relates to the Group's share of the hedging reserve under joint ventures.

16. CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020 — Nil).

17. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Commitments in respect of properties, plant and equipment: Contracted, but not provided for	—	141

18. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the interim financial statements, the Group had the following transactions with related parties during the six months ended 30 June 2021:

- (a) During the period, the Company paid rental expenses (including service charges) of HK\$582,000 (six months ended 30 September 2020 — HK\$746,000) to a fellow subsidiary of the Company, in respect of office premises occupied by the Company. The rental was determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group received interest income of HK\$30,918,000 (six months ended 30 September 2020 — HK\$30,573,000) from joint ventures of the Group.
- (c) During the period, the Group received revenue from the provision of project management services of HK\$2,156,000 (six months ended 30 September 2020 — HK\$200,000) from an associate of the Group.
- (d) As at 30 June 2021, the Group had amounts due from associates of HK\$30,371,000 (31 December 2020 — HK\$30,551,000), which are unsecured, interest-free and repayable on demand.

Notes to the Interim Financial Statements (Continued)

18. RELATED PARTY TRANSACTIONS (Continued)

- (e) As at 30 June 2021, the Group had amounts due from joint ventures of HK\$2,724,052,000 (31 December 2020 — HK\$2,695,345,000) and amount due to a joint venture of HK\$4,384,000 (31 December 2020 — HK\$4,497,000). The amounts due from joint ventures included balances of HK\$2,549,719,000 (31 December 2020 — HK\$2,523,323,000), which are unsecured, bear interest at rates ranging from nil to 2.25% per annum (31 December 2020 — nil to 2.25% per annum) and are repayable on demand. The amounts due from joint ventures also included balances of HK\$160,488,000 (31 December 2020 — HK\$158,177,000), which are unsecured, bear interest at rates ranging from nil to 7% per annum (31 December 2020 — nil to 7% per annum) and are repayable when the resources of the joint venture permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand.

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments carried at fair value, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2021 HK\$'000	31 December 2020 HK\$'000	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Financial assets				
Financial assets at fair value through other comprehensive income	89	97	89	97
Financial assets at fair value through profit or loss	13,524	14,001	13,524	14,001
	13,613	14,098	13,613	14,098

Management has assessed that the fair values of cash and cash equivalents, financial assets included in debtors, prepayments and other assets, loans and advances, amounts due from associates and joint ventures and financial liabilities included in other payables, accruals and other liabilities approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank loans approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near the end of the reporting period and the changes in fair value as a result of the Group's non-performance risk were considered to be minimal.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of significant financial instruments. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to the Interim Financial Statements (Continued)

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity securities are based on quoted market prices.

The fair values of unlisted debt securities are determined by reference to the quoted market prices from the broker using a valuation technique with market observable inputs.

The fair values of unlisted investment funds are assessed to approximate the net asset values indicated on the net asset value statements issued by the investment fund managers, which take into consideration the fair values of the underlying assets held under the investments. For unlisted investment funds classified under Level 3 of the fair value measurement hierarchy, when the net asset value increases/decreases by 3% (31 December 2020 — 3%), the fair value will be increased/decreased by HK\$35,000 (31 December 2020 — HK\$62,000).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30 June 2021				
Financial assets at fair value through other comprehensive income:				
Equity securities	89	–	–	89
Financial assets at fair value through profit or loss held for trading:				
Equity securities	9,441	–	–	9,441
Investment funds	–	–	1,183	1,183
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	2,900	–	2,900
	9,530	2,900	1,183	13,613
At 31 December 2020				
Financial assets at fair value through other comprehensive income:				
Equity securities	97	–	–	97
Financial assets at fair value through profit or loss held for trading:				
Equity securities	9,048	–	–	9,048
Investment funds	–	–	2,073	2,073
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	2,880	–	2,880
	9,145	2,880	2,073	14,098

Notes to the Interim Financial Statements (Continued)

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

The movements in fair value measurements in Level 3 during the period are as follows:

	Investment funds at fair value through profit or loss held for trading HK\$'000	Investment fund mandatorily classified at fair value through profit or loss HK\$'000	Other financial asset HK\$'000
At 1 January 2021	2,073	–	–
Total gains recognised in the statement of profit or loss	47	–	–
Distributions	(937)	–	–
At 30 June 2021	1,183	–	–
At 1 April 2020	3,305	59	46,780
Total losses recognised in the statement of profit or loss	(540)	(2)	(46,780)
Distributions	(221)	–	–
At 30 September 2020	2,544	57	–

During the six months ended 30 June 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 September 2020 — Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.



Business Review and Prospects

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 covers a six-month period from 1 April 2020 to 30 September 2020 (“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.

Business Review and Prospects (Continued)

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 OUELH 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.

Business Review and Prospects (Continued)

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).

Business Review and Prospects (Continued)

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 geo-political 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.

Additional Information

Interim Dividend

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

As at 30 June 2021, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (the "Associated Corporations" and each an "Associated Corporation"), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules (the "Model Code"), were as follows:

Interests in shares and underlying shares of the Company and Associated Corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)	Total interests	Approximate percentage of total interests in the issued shares
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Number of ordinary shares in the Company

Stephen Riady ("Dr Riady")	–	–	1,477,715,492 <i>Notes (i) and (ii)</i>	1,477,715,492	73.95
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

Number of ordinary shares in Lippo Limited ("Lippo")

Stephen Riady	–	–	369,800,219 <i>Note (i)</i>	369,800,219	74.98
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21

Number of ordinary shares in Lippo China Resources Limited ("LCR")

Stephen Riady	–	–	6,890,184,389 <i>Notes (i) and (iii)</i>	6,890,184,389	74.99
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Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and Associated Corporations (Continued)

Notes:

- (i) As at 30 June 2021, Lippo Capital Limited ("Lippo Capital"), an Associated Corporation, and through its wholly-owned subsidiary, J & S Company Limited ("J & S"), was directly and indirectly interested in an aggregate of 369,800,219 ordinary shares in Lippo, representing approximately 74.98% of the issued shares thereof. Lippo Capital was a 60% owned subsidiary of Lippo Capital Holdings Company Limited ("Lippo Capital Holdings"), an Associated Corporation, which in turn was a wholly-owned subsidiary of Lippo Capital Group Limited ("Lippo Capital Group"), an Associated Corporation. Dr Riady was the beneficial owner of one ordinary share in Lippo Capital Group, representing the entire issued share capital thereof.
- (ii) As at 30 June 2021, Lippo, through its wholly-owned subsidiaries, was indirectly interested in 1,477,715,492 ordinary shares in the Company, representing approximately 73.95% of the issued shares thereof.
- (iii) As at 30 June 2021, Lippo, through its wholly-owned subsidiaries, was indirectly interested in 6,890,184,389 ordinary shares in LCR, representing approximately 74.99% of the issued shares thereof.

Through Dr Riady's interest in Lippo Capital Group, he was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations as at 30 June 2021:

Name of Associated Corporation	Note	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	(a)	Ordinary shares	2	100
Auric Pacific Group Limited ("Auric")	(b)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(c)	Ordinary shares	1	100
Boudry Limited	(a)	Ordinary shares	10	100
	(a)	Non-voting deferred shares	1,000	100
Brimming Fortune Limited	(a)	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	(a)	Ordinary shares	1	100
First Tower Corporation	(d)	Ordinary shares	1	100
Grand Peak Investment Limited	(a)	Ordinary shares	2	100
Greenorth Holdings Limited	(a)	Ordinary shares	1	100
Hennessy Holdings Limited ("Hennessy")	(d)	Ordinary shares	1	100

Additional Information (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and Associated Corporations (Continued)

Name of Associated Corporation	Note	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
HKCL Investments Limited	(a)	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	(a)	Ordinary shares	2	100
J & S Company Limited	(a)	Ordinary shares	1	100
Lippo Assets (International) Limited	(a)	Ordinary shares	1	100
	(a)	Non-voting deferred shares	15,999,999	100
Lippo Capital Holdings Company Limited	(e)	Ordinary shares	1	100
Lippo Capital Limited	(c)	Ordinary shares	423,414,001	60
Lippo Finance Limited	(a)	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	(a)	Ordinary shares	2	100
Lippo Realty Limited	(a)	Ordinary shares	2	100
MG Superteam Pte. Ltd.	(a)	Ordinary shares	1	100
Multi-World Builders & Development Corporation	(a)	Ordinary shares	4,080	51
Prime Success Limited ("Prime Success")	(d)	Ordinary shares	1	100
Skyscraper Realty Limited	(d)	Ordinary shares	10	100
Superfood Retail Limited ("Superfood")	(f)	Ordinary shares	10,000	100
The HCB General Investment (Singapore) Pte Ltd	(a)	Ordinary shares	100,000	100
Valencia Development Limited	(a)	Ordinary shares	800,000	100
	(a)	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	(a)	Ordinary shares	1	100

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and Associated Corporations (Continued)

Notes:

- (a) Such share(s) was/were 100% held directly or indirectly by Lippo Capital.
- (b) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"), an indirect 60% owned subsidiary of LCR; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd ("Nine Heritage"), a direct 80% owned subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd ("Pantogon"), an indirect wholly-owned subsidiary of LCR and 759,000 ordinary shares were held by Max Turbo Limited ("Max Turbo"), an indirect wholly-owned subsidiary of LCR. In addition, as at 30 June 2021, 18,691,216 ordinary shares were held by Silver Creek Capital Pte. Ltd. ("Silver Creek"). Dr Riady, through companies controlled by him, is the beneficial owner of all the issued shares in Silver Creek. Accordingly, Dr Riady was taken to be interested in an aggregate of 80,618,551 ordinary shares in Auric, representing approximately 65.48% of the issued shares thereof.
- (c) Such share(s) was/were held directly by Lippo Capital Holdings.
- (d) Such share(s) was/were 100% held directly or indirectly by Lippo.
- (e) Such share was 100% held directly by Lippo Capital Group.
- (f) 406, 1,625, 2,937, 62 and 4,970 ordinary shares were held by Jeremiah, Nine Heritage, Pantogon, Max Turbo and Oddish Ventures Pte. Ltd. ("Oddish") respectively. Oddish was an indirect wholly-owned subsidiary of OUE. OUE was indirectly owned as to approximately 70.43% by Fortune Crane Limited ("FCL"). The Company, through its 50% joint venture, LAAPL, held approximately 92.05% interest in FCL. Accordingly, Dr Riady was taken to be interested in an aggregate of 10,000 ordinary shares in Superfood, representing all the issued shares thereof.

As at 30 June 2021, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its Associated Corporations.

All the interests stated above represent long positions. Save as disclosed herein, as at 30 June 2021, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its Associated Corporations which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 30 June 2021, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its Associated Corporations.

Additional Information (Continued)

Interests and Short Positions of Shareholders Discloseable under the SFO

As at 30 June 2021, so far as is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO as follows:

Interests of substantial shareholders in shares of the Company

Name of substantial shareholder	Number of ordinary shares	Approximate percentage of the issued shares
Hennessy Holdings Limited	1,477,715,492	73.95
Prime Success Limited	1,477,715,492	73.95
Lippo Limited	1,477,715,492	73.95
Lippo Capital Limited	1,477,715,492	73.95
Lippo Capital Holdings Company Limited	1,477,715,492	73.95
Lippo Capital Group Limited	1,477,715,492	73.95
Madam Shincee Leonardi ("Madam Leonardi")	1,477,715,492	73.95
PT Trijaya Utama Mandiri ("PT TUM")	1,477,715,492	73.95
Mr James Tjahaja Riady ("Mr James Riady")	1,477,715,492	73.95
Madam Aileen Hambali ("Madam Hambali")	1,477,715,492	73.95

Notes:

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,477,715,492 ordinary shares in the Company, representing approximately 73.95% of the issued shares thereof.
2. Hennessy is wholly owned by Prime Success which in turn is wholly owned by Lippo.
3. Lippo Capital, and through its wholly-owned subsidiary, J & S, was directly and indirectly interested in approximately 74.98% of the issued shares of Lippo.
4. Lippo Capital Holdings owned 60% of the issued shares in Lippo Capital. Lippo Capital Group owned the entire issued share capital of Lippo Capital Holdings. Dr Riady was the beneficial owner of the entire issued share capital of Lippo Capital Group. Madam Leonardi is the spouse of Dr Riady.
5. PT TUM owned the remaining 40% of the issued shares in Lippo Capital. PT TUM was wholly owned by Mr James Riady who is a brother of Dr Riady. Madam Hambali is the spouse of Mr James Riady.

Interests and Short Positions of Shareholders Discloseable under the SFO (Continued)

Interests of substantial shareholders in shares of the Company (Continued)

Notes: (Continued)

6. Hennessy's interests in the ordinary shares of the Company were recorded as the interests of Prime Success, Lippo, Lippo Capital, Lippo Capital Holdings, Lippo Capital Group, Madam Leonardi, PT TUM, Mr James Riady and Madam Hambali. The above 1,477,715,492 ordinary shares in the Company related to the same block of shares that Dr Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

All the interests stated above represent long positions. Save as disclosed herein, as at 30 June 2021, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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.

Disclosure pursuant to Rule 13.20 of the Listing Rules

The Group has granted financial assistance to FCL, a subsidiary of LAAPL which in turn is a principal joint venture of the Group. The relevant advances outstanding as at 30 June 2021 were granted as follows:

- (i) a loan agreement dated 29 May 2015 between FCL and Pacific Landmark Holdings Limited ("PLH"), a then subsidiary of the Company, pursuant to which PLH agreed to advance a loan of S\$53,920,839.43 (the "Loan") to FCL;
- (ii) a loan agreement dated 28 August 2015 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S\$7,000,000 (the "Interim Loan") to FCL;
- (iii) a loan agreement dated 28 August 2015 between FCL and PLH pursuant to which PLH agreed to advance a further loan of S\$100,000,000 (the "Further Loan") to FCL;
- (iv) a loan agreement dated 12 October 2015 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S\$2,000,000 (the "Second Interim Loan") to FCL;

Additional Information (Continued)

Disclosure pursuant to Rule 13.20 of the Listing Rules (Continued)

- (v) a loan agreement dated 30 November 2015 between FCL and PLH pursuant to which PLH agreed to make available a new loan facility of S\$38,000,000 (the “New Loan”) to FCL;
- (vi) a loan agreement dated 19 July 2016 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of approximately S\$14,959,000 (the “July 2016 Loan”) to FCL; and
- (vii) a loan agreement dated 20 October 2016 between FCL and Polar Step Limited (“PSL”), a subsidiary of the Company, pursuant to which PSL agreed to make available a loan facility in the maximum principal amount of S\$155,000,000 (the “October 2016 Facility”) to FCL. The October 2016 Facility was first drawn on 4 January 2017 (the “October 2016 Facility Drawdown Date”) and is unsecured, subject to an interest rate of 2.25% per annum and repayable on demand.

In addition, an unsecured loan of approximately S\$10,314,000 (the “June 2013 Loan”) was advanced by PLH to FCL on 20 June 2013.

On 20 October 2016, PLH assigned all of its rights, interests, benefits and title in the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan to PSL. Pursuant to an amended and restated loan agreement dated 20 October 2016 between, inter alia, PSL and FCL, with effect from the October 2016 Facility Drawdown Date, the interest rate of each of the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan was amended from 6.5% per annum to 2.25% per annum and the repayment date was amended to repayable on demand.

On 4 January 2017, PLH assigned all of its rights, interests, benefits and title in the Interim Loan, the Second Interim Loan and the New Loan to PSL. Pursuant to an amended and restated loan agreement dated 4 January 2017 between, inter alia, PSL and FCL (which was replaced by a second amended and restated loan agreement dated 4 January 2021), with effect from 4 January 2017, the interest rate of each of the Interim Loan, the Second Interim Loan and the New Loan was amended from 6.5% per annum to 2.25% per annum and such loans will be repayable on demand.

FCL prepaid PSL S\$6,423,108.11 (the “Prepaid Loan”) out of the Interim Loan in December 2020 and reborrowed the Prepaid Loan in January 2021 pursuant to a consent letter dated 20 December 2020 between, inter alia, PSL and FCL.

All the above advances to FCL are unsecured. As at 30 June 2021, the outstanding balance of the above advances amounted to approximately S\$380,420,000 (approximately HK\$2,195,632,000).

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.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the code for securities transactions by the Directors. Having made specific enquiry of all the Directors, the Directors have complied with the required standard set out in the Model Code during the Period.

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

30 August 2021

Supplementary Financial Information

Disclosure Pursuant to Rule 13.22 of the Listing Rules

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30 June 2021 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Listing Rules:

	HK\$'000
Pro forma combined statement of financial position	
Intangible assets	1,127,194
Fixed assets	3,846,807
Investment properties	26,211,901
Right-of-use assets	369,434
Interests in equity-accounted investees	9,003,347
Properties held for sale	571,278
Financial assets at fair value through other comprehensive income	816,162
Financial assets at fair value through profit or loss	523,695
Debtors, prepayments and other assets	1,449,376
Cash and cash equivalents	2,507,704
Other assets	750,321
Bank and other borrowings	(16,655,581)
Lease liabilities	(227,089)
Creditors, accruals and other liabilities	(1,402,328)
Tax payable	(217,878)
Shareholders' advance	(3,181,308)
Deferred tax liabilities	(860,981)
Other financial liabilities	(126,894)
Non-controlling interests	(15,733,043)
	8,772,117
Group's attributable interest (<i>Note</i>)	10,713,677

Note: The Group's attributable interest represents that portion attributable to the Group before non-controlling interests included therein.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr Stephen Riady (*Chairman*)
Mr John Luen Wai Lee, BBS, JP
(*Chief Executive Officer*)

Non-executive Director

Mr Leon Nim Leung Chan

Independent non-executive Directors

Mr Victor Ha Kuk Yung
Mr King Fai Tsui
Mr Edwin Neo

COMMITTEES

Audit Committee

Mr King Fai Tsui (*Chairman*)
Mr Leon Nim Leung Chan
Mr Victor Ha Kuk Yung
Mr Edwin Neo

Remuneration Committee

Mr King Fai Tsui (*Chairman*)
Dr Stephen Riady
Mr Leon Nim Leung Chan
Mr Victor Ha Kuk Yung
Mr Edwin Neo

Nomination Committee

Mr King Fai Tsui (*Chairman*)
Dr Stephen Riady
Mr Leon Nim Leung Chan
Mr Victor Ha Kuk Yung
Mr Edwin Neo

SECRETARY

Mr Kelsch Woon Kun Wong

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China CITIC Bank International Limited
The Bank of East Asia, Limited

SOLICITORS

Howse Williams

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North
Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

40th Floor, Tower Two
Lippo Centre
89 Queensway
Hong Kong

STOCK CODE

655

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