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HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2014

The Directors of Hongkong Chinese Limited (the “Company”) announce the consolidated final results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31st March, 2014 together with the comparative figures for the fifteen months ended 31st March, 2013 (the “period ended 31st March, 2013”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st March, 2014

	<i>Note</i>	Year ended 31st March, 2014 HK\$'000	Period ended 31st March, 2013 HK\$'000 (Restated)
Revenue	2	3,969,891	133,992
Cost of sales		<u>(2,108,669)</u>	<u>(19,601)</u>
Gross profit		1,861,222	114,391
Administrative expenses		(86,079)	(131,322)
Other operating expenses		(150,623)	(93,857)
Net fair value gains on investment properties		8,447	26,351
Gain on disposal of fixed assets		–	8,822
Write-back of allowance for bad and doubtful debts		3,883	5,328
Finance costs		(1,344)	(19,861)
Share of results of associates		34,680	131,452
Share of results of joint ventures	4	<u>(346,068)</u>	<u>(282,041)</u>
Profit/(Loss) before tax	5	1,324,118	(240,737)
Income tax	6	<u>(821,147)</u>	<u>22,467</u>
Profit/(Loss) for the year/period		<u>502,971</u>	<u>(218,270)</u>

		Year ended 31st March, 2014	Period ended 31st March, 2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Attributable to:			
Equity holders of the Company		313,577	(209,464)
Non-controlling interests		189,394	(8,806)
		<u>502,971</u>	<u>(218,270)</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(Loss) per share attributable to equity holders of the Company			
Basic	7	<u>15.7</u>	<u>(10.5)</u>
Diluted		<u>N/A</u>	<u>(10.5)</u>

Details of the distributions payable and proposed for the year/period are disclosed in note 8 to the final results.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2014

	Year ended 31st March, 2014 <i>HK\$'000</i>	Period ended 31st March, 2013 <i>HK\$'000</i> (Restated)
Profit/(Loss) for the year/period	502,971	(218,270)
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale financial assets:		
Changes in fair value	(5,436)	5,363
Adjustments for disposal	323	1,632
Income tax effect	2,428	(1,635)
	(2,685)	5,360
Share of other comprehensive income/(loss) of joint ventures:		
Share of changes in fair value of available-for-sale financial assets	99,159	105,638
Share of effective portion of changes in fair value of cash flow hedges	(3,242)	4,336
Share of exchange differences on translation of foreign operations	(125,080)	298,599
	(29,163)	408,573
Exchange differences on translation of foreign operations	(8,902)	15,110
Adjustment relating to disposal of foreign subsidiaries	(1,234)	–
	(41,984)	429,043
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(41,984)	429,043
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of leasehold land and buildings	–	8,885
Income tax effect	–	(1,066)
	–	7,819
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	–	7,819
Other comprehensive income/(loss) for the year/period, net of tax	(41,984)	436,862
Total comprehensive income for the year/period	460,987	218,592
Attributable to:		
Equity holders of the Company	270,406	225,831
Non-controlling interests	190,581	(7,239)
	460,987	218,592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2014

	31st March, 2014	31st March, 2013	1st January, 2012
Note	HK\$'000	HK\$'000 (Restated)	HK\$'000 (Restated)
Non-current assets			
Goodwill	71,485	71,485	71,485
Fixed assets	16,915	15,729	137,169
Investment properties	219,917	210,172	171,408
Interests in associates	506,968	693,182	543,673
Interests in joint ventures	7,978,964	8,260,368	8,357,712
Held-to-maturity financial assets	–	–	27,265
Available-for-sale financial assets	104,245	106,370	46,304
Loans and advances	91,151	65,321	41,541
	<u>8,989,645</u>	<u>9,422,627</u>	<u>9,396,557</u>
Current assets			
Properties held for sale	173,087	9,005	8,545
Properties under development	633,422	2,410,402	1,465,655
Loans and advances	276,447	267,160	199,578
Debtors, prepayments and deposits	167,022	365,939	117,323
Available-for-sale financial assets	3,753	–	–
Financial assets at fair value through profit or loss	123,474	69,027	92,442
Tax recoverable	518	–	–
Client trust bank balances	311,353	356,002	550,716
Restricted cash	174,303	1,054,374	466,295
Treasury bills	33,950	9,700	–
Cash and bank balances	2,289,239	783,500	427,139
	<u>4,186,568</u>	<u>5,325,109</u>	<u>3,327,693</u>
Current liabilities			
Bank and other borrowings	308,387	286,915	378,999
Creditors, accruals and deposits received	1,177,804	3,585,440	1,443,686
Current, fixed, savings and other deposits of customers	332,180	266,786	120,225
Tax payable	611,570	2,445	33,649
	<u>2,429,941</u>	<u>4,141,586</u>	<u>1,976,559</u>
Net current assets	<u>1,756,627</u>	<u>1,183,523</u>	<u>1,351,134</u>
Total assets less current liabilities	<u>10,746,272</u>	<u>10,606,150</u>	<u>10,747,691</u>

	31st March, 2014 HK\$'000	31st March, 2013 HK\$'000 (Restated)	1st January, 2012 HK\$'000 (Restated)
Non-current liabilities			
Bank and other borrowings	–	222,582	699,057
Deferred tax liabilities	106,724	45,174	35,808
	106,724	267,756	734,865
Net assets	10,639,548	10,338,394	10,012,826
Equity			
Equity attributable to equity holders of the Company			
Issued capital	1,998,280	1,998,280	2,003,215
Reserves	8,393,235	8,278,346	7,920,458
	10,391,515	10,276,626	9,923,673
Non-controlling interests	248,033	61,768	89,153
	10,639,548	10,338,394	10,012,826

Note:

1. PRINCIPAL ACCOUNTING POLICIES

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, the current financial statements which cover a twelve-month period from 1st April, 2013 to 31st March, 2014 (the "year ended 31st March, 2014") may not be comparable with the comparative figures which cover a fifteen-month period from 1st January, 2012 to 31st March, 2013 (the "period ended 31st March, 2013").

The accounting policies and basis of preparation adopted in the preparation of these final results are consistent with those used in the Group's audited financial statements for the period ended 31st March, 2013, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs"), that are adopted for the first time for the current year's final results:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets</i> (early adopted)
HK(IFRIC)-Int 20 <i>Annual Improvements 2009–2011 Cycle</i>	<i>Stripping Costs in the Production Phase of a Surface Mine</i> Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, amendments to HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 1, the adoption of the new and revised HKFRSs has had no significant financial effect on these final results.

HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group. The application of HKFRS 10 affects the accounting for the Group's interest in Lippo ASM Asia Property LP ("LAAP").

LAAP was a limited partnership of which a subsidiary of the Group was a limited partner since 2005. LAAP was regarded as an associate of the Group and was accounted for using the equity method of accounting. Having considered the new definition of control and the additional guidance on the principal-agency relationship set out in HKFRS 10, the Group has determined that its interest held would be sufficient to give it control over LAAP since 2005 under HKFRS 10. Upon the adoption of HKFRS 10, LAAP has been treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective.

Upon the adoption of HKFRS 10 on 1st April, 2013, retrospective adjustments have been made to the previous accounting as if HKFRS 10 had always been effective. The opening balances as at 1st January, 2012 and comparative information for the period ended 31st March, 2013 have been restated in these final results. The quantitative impact on these final results is summarised below:

	Period ended 31st March, 2013 <i>HK\$'000</i>
<i>Consolidated statement of profit or loss</i>	
Increase in revenue	3
Increase in administrative expenses	(883)
Increase in other operating expenses	(5,633)
Increase in finance costs	(15,186)
Increase in share of results of associates	271,560
Decrease in share of results of joint ventures	(281,689)
Decrease in income tax	31,828
	<u>31,828</u>
<i>Consolidated statement of comprehensive income</i>	
Decrease in share of other comprehensive income of associates	(408,573)
Increase in share of other comprehensive income of joint ventures	408,573
	<u>408,573</u>

The adoption of HKFRS 10 did not have any impact on the loss per share attributable to equity holders of the Company and the loss and other comprehensive income for the period ended 31st March, 2013.

	31st March, 2013 <i>HK\$'000</i>	1st January, 2012 <i>HK\$'000</i>
<i>Consolidated statement of financial position</i>		
Decrease in interests in associates	(8,245,354)	(7,837,681)
Increase in interests in joint ventures	8,244,656	8,172,099
Increase in cash and bank balances	1,852	20,631
Increase in bank and other borrowings	–	(311,650)
Increase in creditors, accruals and deposits received	(1,154)	(11,571)
Increase in tax payable	–	(31,828)
	<u>–</u>	<u>(31,828)</u>

The above changes have had no effect on the net assets, non-controlling interests and equity of the Group.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The directors of the Company reviewed and assessed the classification of the Group's interests in joint arrangements in accordance with the requirements of HKFRS 11, and concluded that the application of HKFRS 11 does not change the classification of the Group's interests in joint ventures.

HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these final results.

2. REVENUE

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from underwriting and securities broking, gross interest income, commissions, dealing income and other revenue from a banking subsidiary, gross income from project management, and interest and other income from money lending and other businesses.

An analysis of the revenue of the Group by principal activity is as follows:

	Year ended 31st March, 2014 HK\$'000	Period ended 31st March, 2013 HK\$'000 (Restated)
Property investment	13,103	16,626
Property development (<i>Note</i>)	3,844,180	–
Treasury investment	31,369	13,379
Securities investment	15,456	14,223
Corporate finance and securities broking	30,175	41,828
Banking business	19,344	19,124
Project management	4,901	15,134
Other	11,363	13,678
	<u>3,969,891</u>	<u>133,992</u>

Note: The revenue for the year ended 31st March, 2014 represents proceeds from sales of properties of the property development project in Beijing which was completed during the year.

Revenue attributable to the banking business represents revenue generated from The Macau Chinese Bank Limited, a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China. Revenue attributable to the banking business is analysed as follows:

	Year ended 31st March, 2014 HK\$'000	Period ended 31st March, 2013 HK\$'000
Interest income	17,032	14,847
Commission income	2,186	3,619
Other revenue	126	658
	<u>19,344</u>	<u>19,124</u>

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 letting and resale of properties;
- (b) the property development segment includes development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes dealings in securities and financial assets available-for-sale;
- (e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (f) the banking business segment engages in the provision of commercial and retail banking services;
- (g) the project management segment engages in the provision of project management, marketing, sales and administrative and other related services; and
- (h) the “other” segment comprises principally the development of computer hardware and software, money lending and the provision of fund management and investment advisory services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax except that corporate expenses and finance costs unallocated are excluded from such measurement.

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

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

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

Year ended 31st March, 2014

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Corporate finance and securities broking <i>HK\$'000</i>	Banking business <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Other <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue										
External	13,103	3,844,180	31,369	15,456	30,175	19,344	4,901	11,363	-	3,969,891
Inter-segment	-	-	-	-	-	-	297	3,567	(3,864)	-
Total	<u>13,103</u>	<u>3,844,180</u>	<u>31,369</u>	<u>15,456</u>	<u>30,175</u>	<u>19,344</u>	<u>5,198</u>	<u>14,930</u>	<u>(3,864)</u>	<u>3,969,891</u>
Segment results	<u>13,952</u>	<u>1,642,230</u>	<u>31,249</u>	<u>9,523</u>	<u>(6,289)</u>	<u>1,848</u>	<u>(10,037)</u>	<u>4,552</u>	<u>(1,816)</u>	1,685,212
Unallocated corporate expenses										(48,473)
Finance costs										(1,233)
Share of results of associates	-	34,759	-	-	-	-	-	(79)	-	34,680
Share of results of joint ventures	(527,017)	180,949	-	-	-	-	-	-	-	(346,068)
Profit before tax										<u>1,324,118</u>
Segment assets	239,028	1,052,542	2,268,204	231,472	417,333	446,050	-	21,215	-	4,675,844
Interests in associates	7,841	498,934	-	-	-	-	-	193	-	506,968
Interests in joint ventures	7,854,617	124,347	-	-	-	-	-	-	-	7,978,964
Unallocated assets										14,437
Total assets										<u>13,176,213</u>
Segment liabilities	2,962	795,022	-	-	361,316	336,027	-	4,544	-	1,499,871
Unallocated liabilities										1,036,794
Total liabilities										<u>2,536,665</u>

Period ended 31st March, 2013 (restated)

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Corporate finance and securities broking <i>HK\$'000</i>	Banking business <i>HK\$'000</i>	Project management <i>HK\$'000</i>	Other <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue										
External	16,626	-	13,379	14,223	41,828	19,124	15,134	13,678	-	133,992
Inter-segment	-	-	-	-	-	-	750	8,379	(9,129)	-
Total	<u>16,626</u>	<u>-</u>	<u>13,379</u>	<u>14,223</u>	<u>41,828</u>	<u>19,124</u>	<u>15,884</u>	<u>22,057</u>	<u>(9,129)</u>	<u>133,992</u>
Segment results	<u>61,859</u>	<u>(64,000)</u>	<u>13,015</u>	<u>6,166</u>	<u>(14,770)</u>	<u>612</u>	<u>(1,587)</u>	<u>1,653</u>	<u>(9,129)</u>	<u>(6,181)</u>
Unallocated corporate expenses										(64,130)
Finance costs										(19,837)
Share of results of associates	-	124,598	-	-	-	-	-	6,854	-	131,452
Share of results of joint ventures	(281,689)	(352)	-	-	-	-	-	-	-	(282,041)
Loss before tax										<u>(240,737)</u>
Segment assets	227,318	4,083,806	417,507	175,397	449,713	391,854	10,902	27,811	-	5,784,308
Interests in associates	5,965	686,166	-	-	778	-	-	273	-	693,182
Interests in joint ventures	8,244,656	15,712	-	-	-	-	-	-	-	8,260,368
Unallocated assets										<u>9,878</u>
Total assets										<u>14,747,736</u>
Segment liabilities	13,805	3,160,963	-	-	387,826	274,927	209	4,993	-	3,842,723
Unallocated liabilities										<u>566,619</u>
Total liabilities										<u>4,409,342</u>

Geographical information

(a) Revenue from external customers

	Year ended 31st March, 2014 HK\$'000	Period ended 31st March, 2013 HK\$'000 (Restated)
Hong Kong	43,998	56,757
Macau	24,067	24,718
Mainland China	3,883,816	21,544
Republic of Singapore	11,557	19,076
Other	6,453	11,897
	<u>3,969,891</u>	<u>133,992</u>

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

(b) Non-current assets

	31st March, 2014 HK\$'000	31st March, 2013 HK\$'000 (Restated)
Hong Kong	4,380	3,423
Macau	159,488	153,280
Mainland China	105,263	101,178
Republic of Singapore	8,476,354	8,941,973
Other	48,764	51,082
	<u>8,794,249</u>	<u>9,250,936</u>

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

Information about a major customer

Revenue of approximately HK\$1,127,405,000 for the year ended 31st March, 2014 was derived from sales by the property development segment to a single customer. No revenue from a single customer accounted for 10 per cent. or more of the total revenue for the period ended 31st March, 2013.

4. SHARE OF RESULTS OF JOINT VENTURES

For the year ended 31st March, 2014, the Group's share of loss in Lippo ASM Asia Property Limited ("LAAPL") amounted to approximately HK\$527,017,000 (period ended 31st March, 2013 — HK\$281,689,000, restated). The share of loss recognised during the year was mainly attributable to the provision made on the properties under development, the net fair value loss on investment portfolio and the finance costs incurred. LAAPL is a material joint venture set up to hold the controlling stake in OUE Limited ("OUE", formerly known as Overseas Union Enterprise Limited), a listed company in Singapore. OUE focuses its business across commercial, hospitality, retail and residential property segments.

5. PROFIT/(LOSS) BEFORE TAX

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

	Year ended 31st March, 2014 HK\$'000	Period ended 31st March, 2013 HK\$'000 (Restated)
Interest income:		
Unlisted financial assets at fair value through profit or loss	–	51
Listed available-for-sale financial assets	4,972	4,039
Unlisted available-for-sale financial assets	323	–
Listed held-to-maturity financial assets	–	1,030
Loans and advances	5,789	1,578
Banking business	17,032	14,847
Other	31,369	13,379
Dividend income:		
Listed investments	3,477	1,460
Unlisted investments	2,559	3,459
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	3,956	1,644
Unlisted financial assets at fair value through profit or loss	169	2,540
Listed available-for-sale financial assets	273	309
Unlisted available-for-sale financial assets	(116)	(1,957)
Listed held-to-maturity financial assets	–	570
Subsidiaries	(3,548)	–
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	(2,037)	(5,841)
Unlisted	856	4,611
Cost of properties sold	(2,091,234)	–
Write-back of provision/(Provisions) for impairment losses on:		
Unlisted available-for-sale financial assets	–	(90)
An associate	(778)	–
A joint venture	(14,645)	(2,219)
Properties held for sale	1,086	465
Properties under development	–	(156)
Interest expense attributable to the banking business	(4,048)	(2,640)
Depreciation	(2,890)	(9,698)
Gain/(Loss) on disposal of fixed assets:		
Leasehold property	–	8,826
Other items of fixed assets	–	(4)
Foreign exchange gains — net	4,103	34,033

6. INCOME TAX

	Year ended 31st March, 2014 HK\$'000	Period ended 31st March, 2013 HK\$'000 (Restated)
Hong Kong:		
Charge for the year/period	–	427
Overprovision in prior years	<u>(71)</u>	<u>(24)</u>
	<u>(71)</u>	<u>403</u>
Overseas:		
Charge for the year/period	757,223	1,499
Overprovision in prior years	–	(30,819)
Deferred	<u>63,995</u>	<u>6,450</u>
	<u>821,218</u>	<u>(22,870)</u>
Total charge/(credit) for the year/period	<u>821,147</u>	<u>(22,467)</u>

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (period ended 31st March, 2013 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the year/period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

7. 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 year/period attributable to equity holders of the Company; and (ii) the weighted average number of 1,998,280,000 ordinary shares (period ended 31st March, 2013 — 1,998,497,000 ordinary shares) in issue during the year/period.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the year ended 31st March, 2014.

No adjustment has been made to the basic loss per share amount presented for the period ended 31st March, 2013 as the share options outstanding during the period had no dilutive effect on the basic loss per share amount presented.

8. DISTRIBUTIONS

	Year ended 31st March, 2014 HK\$'000	Period ended 31st March, 2013 HK\$'000
Interim distribution, declared, of HK2 cents (period ended 31st March, 2013 — Nil) per ordinary share	39,966	–
Final distribution, proposed, of HK2 cents (period ended 31st March, 2013 — HK2 cents) per ordinary share	39,966	39,966
	<u>79,932</u>	<u>39,966</u>

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

9. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	31st March, 2014 HK\$'000	31st March, 2013 HK\$'000
Outstanding balances with ages:		
Repayable on demand	45,580	30,993
Within 30 days	15,106	14,574
Between 61 and 90 days	8	23
	<u>60,694</u>	<u>45,590</u>

Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management.

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing.

10. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised of pre-sale proceeds received from the property development projects of the Group of HK\$408,735,000 (31st March, 2013 — HK\$2,820,004,000), and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK\$357,899,000 (31st March, 2013 — HK\$384,309,000). As at 31st March, 2014, total client trust bank balances amounted to HK\$311,353,000 (31st March, 2013 — HK\$356,002,000).

An aged analysis of trade creditors are as follows:

	31st March, 2014 HK\$'000	31st March, 2013 HK\$'000
Outstanding balances with ages:		
Repayable on demand	343,953	373,411
Within 30 days	38,788	109,004
	<u>382,741</u>	<u>482,415</u>

Trade creditors are generally settled on their normal trade terms. Except for certain client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation which are interest-bearing, the balances of creditors are non-interest-bearing.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, the current financial year covers a twelve-month period from 1st April, 2013 to 31st March, 2014 (the "Current Year"), and the comparative figures cover a fifteen-month period from 1st January, 2012 to 31st March, 2013 (the "Last Period").

The Group reported a profit attributable to shareholders of HK\$314 million for the Current Year (the Last Period — loss of HK\$209 million). The profit for the year was mainly attributable to the recognition of profit arising from the sold units of the Group's property development project in Beijing which was completed during the Current Year.

Results for the Year

Lippo ASM Asia Property LP was previously regarded as an associate of the Group. Following the adoption of Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" by the Group from 1st April, 2013 onwards, it is treated as a subsidiary of the Group. Its results and financial position are consolidated in the Group's financial statements with retrospective adjustments on prior period figures.

Turnover for the Current Year totalled HK\$3,970 million (the Last Period — HK\$134 million, restated). The significant increase was mainly attributable to the revenue from the property development project in Beijing completed during the Current Year.

Property investment

The revenue of the property investment business for the Current Year amounted to HK\$13 million (the Last Period — HK\$17 million). The segment profit was amounted to HK\$14 million for the Current Year (the Last Period — HK\$62 million), the decrease of which was mainly attributable to the decrease in net fair value gains on investment properties.

Lippo ASM Asia Property Limited ("LAAPL"), a principal joint venture of the Group, has a majority interest in OUE Limited ("OUE", formerly known as Overseas Union Enterprise Limited). OUE is a listed company in Singapore with assets across the commercial, hospitality, retail and residential sectors primarily in Singapore. During the Current Year, OUE acquired US Bank Tower, a Class A office property in downtown Los Angeles. In January 2014, OUE Commercial Real Estate Investment Trust ("OUE C-REIT") was listed in Singapore with OUE Bayfront acquired from OUE and Lippo Plaza in Shanghai acquired from Lippo China Resources Limited, a fellow subsidiary of the Group, as its initial portfolio. All these investments provide strong and recurring income stream to OUE.

In July 2013, OUE completed the disposal of its entire interest in Mandarin Orchard Singapore and Mandarin Gallery to OUE Hospitality Trust ("OUE H-Trust"), a newly established real estate investment trust listed in Singapore. OUE held substantial stake in OUE H-Trust upon listing and consolidated the results, assets and liabilities in the books of OUE. In March 2014, OUE made a distribution in specie of units of OUE H-Trust to its shareholders, with more details mentioned under the section headed "Business Review". After the distribution in specie, OUE H-Trust was deconsolidated in the books of OUE as a result of the reduction of

OUE's effective interest and a substantial gain (the "Gain") relating to the disposal of subsidiaries was recognised. However, there was no substantial change of LAAPL's effective interests in the OUE H-Trust through the receipt of units from the distribution in specie. Hence, LAAPL continues to consolidate the results, assets and liabilities of OUE H-Trust and the Gain was not shared by the Group in the Current Year. As a result, the Group registered a share of loss of HK\$527 million from the investment in LAAPL during the Current Year (the Last Period — HK\$282 million). The share of loss recognised during the year was mainly attributable to the provision made on the properties under development, the net fair value loss on investment portfolio and the finance costs incurred. The Group's interest in the investment decreased to approximately HK\$7.9 billion (31st March, 2013 — HK\$8.2 billion), mainly attributable to the share of loss during the year.

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and other area of the Asia Pacific region.

In mainland China, construction of an integrated residential, commercial and retail complex at the Beijing Economic-Technological Development Area (the "BDA Project") was completed in the third quarter of year 2013. Pre-sale has been launched since July 2011 and a substantial part of the residential units, office blocks and the retail mall have been sold before the completion. The sale and handover of approximately 90 per cent. of the total saleable area have been completed as at 31st March, 2014. As a result, for the Current Year, the segment recorded a revenue of HK\$3,844 million (the Last Period — Nil) and a profit of HK\$1,642 million (the Last Period — loss of HK\$64 million), respectively. As the BDA project has been completed, the Group's property under development decreased to HK\$0.6 billion as at 31st March, 2014 (31st March, 2013 — HK\$2.4 billion).

In Macau, main contract works of "M Residences", a property development project, have commenced and are expected to be completed in next financial year. Pre-sale has been launched since November 2011 and has received satisfactory response. About 96 per cent. of the saleable area of the residential units has been pre-sold as at 31st March, 2014 at a total consideration of approximately HK\$1.2 billion. The revenue and profit arising from the project will be reflected in the Group's results in the year of completion.

In Singapore, all the units for Centennia Suites, a joint venture property development project at Kim Seng Road, Singapore have been sold out during the pre-sale in 2010. Temporary occupation permit was obtained in October 2013 and handover was completed. As a result, the Group registered a share of profit of HK\$178 million from the investment during the Current Year.

The Group has interests in "Marina Collection" in Sentosa Cove, Singapore, a property development project carried out by an associate of the Group. For the Current Year, a further share of profit of HK\$35 million (the Last Period — HK\$125 million) was recorded from this project, mainly come from the sale of properties.

Treasury and securities investments

Treasury and securities investments businesses recorded a revenue of HK\$47 million during the Current Year (the Last Period — HK\$28 million, restated), mainly attributable to the interest and dividend income received from the investment portfolio and the disposal of the Group's financial assets held for trading. The segments recorded a profit of HK\$41 million for the Current Year (the Last Period — HK\$19 million, restated).

Corporate finance and securities broking

Although there are signs of rebound of the major stock markets in U.S. and Europe, investors remain selective and vigilant in the highly volatile markets. The Group adopts a cautious and prudent approach in conducting its corporate finance and securities broking business. It registered a turnover of HK\$30 million for the Current Year (the Last Period— HK\$42 million) and the loss of this segment was HK\$6 million (the Last Period — HK\$15 million).

Banking business

The Macau Chinese Bank Limited (“MCB”), a licensed bank in Macau, is a wholly-owned subsidiary of the Company. MCB has been seeking new business opportunities and remains positive to enhance its competitiveness in the Macau banking sector. The segment recorded a turnover of HK\$19 million for the year (the Last Period — HK\$19 million) and registered a profit of HK\$2 million (the Last Period — HK\$0.6 million).

Financial Position

As at 31st March, 2014, the Group's total assets decreased to HK\$13.2 billion (31st March, 2013 — HK\$14.7 billion, restated). Property-related assets decreased to HK\$9.8 billion (31st March, 2013 — HK\$13.3 billion), representing 74 per cent. (31st March, 2013 — 90 per cent., restated) of the total assets. Total liabilities decreased to HK\$2.5 billion (31st March, 2013 — HK\$4.4 billion, restated), mainly due to repayment of bank loans, transfer of the pre-sale proceeds received from the BDA Project to revenue upon completion of handover. The Group's financial position remained healthy.

As at 31st March, 2014, the bank and other borrowings of the Group (other than those attributable to banking business) decreased to HK\$308 million (31st March, 2013 — HK\$509 million). The bank loans were denominated in Hong Kong dollars and Renminbi. All the bank loans carried interest at floating rates and were secured by certain properties of the Group and certain bank deposits. As at 31st March, 2014, all the bank and other borrowings (31st March, 2013 — 56 per cent.) were repayable within one year. At the end of the reporting period, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 3.0 per cent. (31st March, 2013 — 4.4 per cent.).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK\$10.4 billion (31st March, 2013 — HK\$10.3 billion). This was equivalent to HK\$5.2 per share (31st March, 2013 — HK\$5.1 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, swap and currency loans would be used to manage the foreign exchange exposure.

As at 31st March, 2014, the Group had contingent liabilities relating to MCB of approximately HK\$18 million (31st March, 2013 — HK\$21 million), comprising guarantees and other endorsements of approximately HK\$15 million (31st March, 2013 — HK\$15 million) and liabilities under letters of credit on behalf of customers of approximately HK\$3 million (31st March, 2013 — HK\$6 million). Aside from the abovementioned, the Group had no material contingent liabilities outstanding as at 31st March, 2014 (31st March, 2013 — Nil). Apart from the abovementioned, there were no charges on the Group's assets at the end of the year (31st March, 2013 — Nil).

The Group's commitments mainly arise from its property development projects. Following the completion of the BDA Project during the year, the total commitment as at 31st March, 2014 decreased to HK\$290 million (31st March, 2013 — HK\$798 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 172 employees as at 31st March, 2014 (31st March, 2013 — 210 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Current Year amounted to HK\$59 million (the Last Period — HK\$90 million). The Group ensures that its employees are offered competitive remuneration packages.

Outlook

The global economic environment has stabilised since last year but it still continues to face various uncertainties. The Group will continue to cautiously manage its investment portfolio in view of the market conditions and its business needs with a view to maximising returns to the shareholders of the Company.

BUSINESS REVIEW

The U.S. economy performed better with stronger private consumption, business investments and exports. With the gradual global economic recovery and easing of the Eurozone debt crisis, the major stock markets in U.S. and Europe began to pick up from the second half of 2012, continuing into and through 2013. However, it was overall a steady and modest economic recovery. Towards the end of 2013, the world economy faced fresh uncertainties and concerns about the possible global economic impact of the gradual withdrawal by the U.S. Federal Reserve of its quantitative easing program. On the positive side, amidst the continuing low interest rate and surplus funds environment, the major economies in the Asia region were able to sustain their growth momentum, with mainland China continuing to be the leading economic performer.

The Group maintained stable growth during the year under review, assisted by the continuing strong performance of the countries in the Asia region, within which the Group substantially has its operations and investments. The Group recorded a consolidated profit attributable to shareholders of approximately HK\$314 million for the year ended 31st March, 2014 (the “Current Year”), as compared to a consolidated loss of approximately HK\$209 million for the fifteen months ended 31st March, 2013.

The profit for the Current Year was mainly attributable to the recognition of the profit arising from the pre-sold properties of the Group’s property development project at 北京經濟技術開發區 (Beijing Economic-Technological Development Area) in Beijing (the “BDA Project”) and share of profit arising from the pre-sold properties of the “Centennia Suites”, a property development project in Singapore held by the Group’s joint venture, both of which had been completed in the Current Year.

The Group has a 50 per cent. interest in the “Marina Collection”, which is located at Sentosa Cove, Sentosa Island, Singapore. This property development project was completed in 2011 and provides 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres. Up to 31st March, 2014, 89 units have been sold of which 9 units were sold during the Current Year.

The Group has a 50 per cent. interest in the “Centennia Suites” located at 100 Kim Seng Road, Singapore. “Centennia Suites”, with a site area of approximately 5,611 square metres, has been developed into a residential development with a saleable area of approximately 16,182 square metres. This project has been completed in the fourth quarter of 2013. All the 97 residential units in this project have been pre-sold in 2010.

As part of the internal group restructuring, Lippo ASM Asia Property Limited (“LAAPL”), a joint venture of the Company, was set up in March 2013 as the new holding vehicle to hold the controlling stake of OUE Limited (“OUE”), a listed company in Singapore principally engaged in property investment and development and hotel operations. The Group’s economic interest in OUE remains unchanged after the group restructuring. As at 31st March, 2014, LAAPL had an aggregate interest of approximately 68.02 per cent. in OUE.

In June 2013, the OUE Group successfully completed the acquisition of the U.S. Bank Tower, a Class A office property located in the core of downtown Los Angeles and the tallest iconic building in California, U.S. Together with its interest in other well diversified and high quality properties in Singapore such as One Raffles Place and OUE Downtown, the OUE Group has substantial and stable recurrent income stream.

In July 2013, OUE completed the disposal of its entire interest in Mandarin Orchard Singapore (“Mandarin Orchard”) and Mandarin Gallery to OUE Hospitality Trust (“OUE H-Trust”), a newly established real estate investment trust, at an aggregate consideration of S\$1,705 million (the “Disposal”). OUE retains its rights to operate Mandarin Orchard and manage Mandarin Gallery. The consideration of the Disposal was settled in a combination of cash and stapled securities in OUE H-Trust. Concurrent with the completion of the Disposal, the listing of and commencement of trading of the staple securities in OUE H-Trust on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) took place on 25th July, 2013. OUE is the sponsor and long-term investor of OUE H-Trust. With the successful listing of OUE H-Trust and by retaining a stake in OUE H-Trust, it is expected that OUE will benefit from a stable and recurring income stream.

In November 2013, the board of directors of OUE proposed to declare a conditional distribution in specie of certain OUE H-Trust stapled securities held by OUE to the shareholders of OUE on the basis of one OUE H-Trust stapled security for every six shares of OUE (the “Distribution”). With completion of the Distribution on 31st March, 2014, OUE held approximately 33.9 per cent. of the total number of stapled securities units of OUE H-Trust in issue and LAAPL received approximately 7.9 per cent. of the total number of stapled securities units of OUE H-Trust in issue as at 31st March, 2014.

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) was established by OUE and its initial property portfolio includes OUE Bayfront, an 18-storey office building in Singapore with its ancillary properties (the “OUE Bayfront Property”) as well as the properties at Lippo Plaza in Shanghai. The OUE Bayfront Property was disposed of by OUE to OUE C-REIT at a consideration of approximately S\$1,005 million which was paid in a combination of cash and units in OUE C-REIT. With the offer price of S\$0.8 per unit, the listing of OUE C-REIT on SGX-ST took place on 27th January, 2014. Establishment of OUE C-REIT is in line with OUE’s strategy to grow by leveraging on prime commercial assets to diversity and expand into new geographical area. As at 31st March, 2014, the OUE Group was holding approximately 47.8 per cent. of the total number of OUE C-REIT units in issue.

The Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the BDA Project. The Group has an 80 per cent. interest in the BDA Project which has been completed in the third quarter of 2013. The BDA Project involves the development of an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. The sale and handover of approximately 90 per cent. of the total saleable area of the project has been completed as at 31st March, 2014.

The Group has 100 per cent. interest in the residential development known as “M Residences” at 83 Estrada de Cacilhas, Macau. Superstructure works of the project commenced in August 2013 and the topping-out ceremony took place in March 2014 whilst the interior fitting-out works are progressing well. “M Residences”, with a site of approximately 3,398 square metres, is being developed into 311 residential units with a total saleable area of approximately 26,025 square metres. The above development is scheduled to be completed later in the next financial year. As at 31st March, 2014, about 96 per cent. of the total saleable area of the project had been pre-sold.

The Macau Chinese Bank Limited (“MCB”), a wholly-owned subsidiary of the Company, maintained steady performance during the Current Year amidst the strong performance of the Macau economy. The Group will continue to seek new business opportunities for MCB and enhance its competitiveness in the Macau banking sector.

Though the rebound of the major stock markets in U.S. and Europe has continued into the Current Year, the stock markets in Hong Kong and mainland China remained sluggish with low initial public offering activities. For the local stock market, participation from retail investors remained cautious given the uncertain market conditions. This has affected the performance and profitability of Lippo Securities Holdings Limited (“LSHL”) during the Current Year. LSHL is a wholly-owned subsidiary of the Company and its subsidiaries are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services. The outlook for the local stock market will be dependent on the market conditions in mainland China and economic developments globally, especially in U.S. and Europe.

The Group will continue to be watchful of market developments and will manage its portfolio with a view to further improving overall asset quality.

PROSPECTS

The economic prospects for Asia remain positive but with the growth momentum dependent on the pace of economic recovery in U.S. and Europe. Though there are strong signs that the global economy has picked up, the gradual withdrawal by the U.S. Federal Reserve of its quantitative easing program will undoubtedly affect the pace of the economic recovery in U.S. and globally in the coming year. Hopefully, the present low interest rate environment can continue and if so, would help to promote investor confidence and create new business opportunities, although there are concerns that the present low interest environment may not be endure.

The Group will continue to focus on property investment and property development businesses in Asia Pacific region for its long term growth. Management is however watchful of the economic challenges ahead and will accordingly continue to take a cautious and prudent approach in the management of the Group’s property portfolio and businesses and in its assessment of new investment opportunities.

DISTRIBUTION

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting (the “2014 AGM”) the payment of a final distribution of HK2 cents per share (fifteen months ended 31st March, 2013 — HK2 cents per share), amounting to approximately HK\$40 million for the year ended 31st March, 2014 (fifteen months ended 31st March, 2013 — approximately HK\$40 million). Together with the interim distribution of HK2 cents per share (fifteen months ended 31st March, 2013 — Nil) paid on 10th February, 2014, total distributions for the year ended 31st March, 2014 will be HK4 cents per share (fifteen months ended 31st March, 2013 — HK2 cents per share) amounting to approximately HK\$80 million (fifteen months ended 31st March, 2013 — approximately HK\$40 million). Subject to the approval of shareholders at the 2014 AGM, the final distribution will be paid on or about Wednesday, 8th October, 2014 to shareholders whose names appear on the Company’s Register of Members on Thursday, 25th September, 2014.

CLOSURE OF REGISTER OF MEMBERS

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

- (i) from Monday, 8th September, 2014 to Thursday, 11th September, 2014 (both dates inclusive) during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2014 AGM. In order to be entitled to attend and vote at the 2014 AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Tengis Limited, the Company’s Branch Share Registrar in Hong Kong, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 5th September, 2014; and
- (ii) from Monday, 22nd September, 2014 to Thursday, 25th September, 2014 (both dates inclusive) during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders’ entitlement to the proposed final distribution. In order to qualify for the proposed final distribution, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Tengis Limited, the Company’s Branch Share Registrar in Hong Kong, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 19th September, 2014.

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

During the year ended 31st March, 2014, there was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Tsui King Fai (Chairman), Mr. Albert Saychuan Cheok and Mr. Victor Yung Ha Kuk and one non-executive Director, Mr. Leon Chan Nim Leung. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the consolidated financial statements of the Company for the year ended 31st March, 2014.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group’s results for the year ended 31st March, 2014 as set out in this preliminary announcement have been agreed by the Group’s independent auditors, Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by Ernst & Young on this preliminary announcement.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance practices. The Company’s Board of Directors (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 shareholders’ value.

To the best knowledge and belief of the Directors, the Directors consider that, save as disclosed below, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31st March, 2014. Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings. One of the independent non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 30th August, 2013 as he was travelling overseas and not contactable at that time due to communication problem.

By Order of the Board
Hongkong Chinese Limited
John Lee Luen Wai
Chief Executive Officer

Hong Kong, 27th June, 2014

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

** For identification purpose only*