Lippo Limited
力寶有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 226)

2013
INTERIM REPORT

Contents

The Directors of Lippo Limited (the "Company") present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2013.

Condensed Consolidated Income Statement

For the six months ended 30th September, 2013

	Note	**Unaudited six months ended 30th September, 2013 *HK$'000***	30th June, 2012 *HK$'000* (Restated)
Revenue	*3*	**3,336,585**	1,334,737
Cost of sales		**(1,890,396)**	(676,910)
Gross profit		**1,446,189**	657,827
Administrative expenses		**(476,315)**	(423,454)
Other operating expenses		**(238,485)**	(208,876)
Gain on disposal of available-for-sale financial assets		**131,882**	—
Gain on disposal of investment properties		**—**	19,685
Net fair value gain/(loss) on investment properties		**(32,111)**	502,329
Net fair value loss on financial instruments at fair value through profit or loss		**(69,168)**	(19,803)
Finance costs		**(56,508)**	(42,264)
Share of results of associates		**(1,801)**	20,204
Share of results of joint ventures	*4*	**70,688**	(98,191)
Profit before tax	*5*	**774,371**	407,457
Income tax	*6*	**(214,421)**	(128,793)
Profit for the period		**559,950**	278,664
Attributable to:			
Equity holders of the Company		**272,152**	203,405
Non-controlling interests		**287,798**	75,259
		559,950	278,664
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	*7*		
Basic		**55**	41
Diluted		**55**	41

Details of the interim dividend are disclosed in Note 8 to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2013

	Unaudited six months ended 30th September, 2013 HK$'000	30th June, 2012 HK$'000 (Restated)
Profit for the period	**559,950**	278,664
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	**(5,087)**	19,762
Reclassification adjustments for disposal	**(118,433)**	—
Income tax effect	**1,847**	(1,360)
	(121,673)	18,402
Share of other comprehensive income/(loss) of joint ventures:		
Share of changes in fair value of available-for-sale financial assets	**(4,165)**	5,068
Share of effective portion of changes in fair value of cash flow hedges	**(4,018)**	(96)
Share of exchange differences on translation of foreign operations	**(119,316)**	130,547
	(127,499)	135,519
Exchange differences on translation of foreign operations	**25,299**	35,705
Reclassification adjustment relating to deemed disposal of a foreign associate	**—**	10,504
	(223,873)	200,130
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
Other comprehensive income/(loss) for the period, net of tax	**(223,873)**	207,949
Total comprehensive income for the period	**336,077**	486,613
Attributable to:		
Equity holders of the Company	**145,544**	317,488
Non-controlling interests	**190,533**	169,125
	336,077	486,613

Condensed Consolidated Statement of Financial Position

As at 30th September, 2013

	Note	30th September, 2013 HK$'000 (Unaudited)	31st March, 2013 HK$'000 (Restated)
Non-current assets			
Intangible assets		**630,995**	647,298
Exploration and evaluation assets		**104,072**	97,345
Fixed assets		**394,885**	400,440
Investment properties		**4,812,629**	4,721,327
Interests in associates		**640,917**	858,040
Interests in joint ventures	*4*	**8,507,834**	8,356,571
Available-for-sale financial assets	*9*	**238,152**	396,283
Loans and advances	*10*	**84,740**	65,321
Debtors, prepayments and deposits	*11*	**41,067**	40,985
Other financial assets	*12*	**34,521**	17,639
Deferred tax assets		**7,653**	6,106
		15,497,465	15,607,355
Current assets			
Properties held for sale		**22,323**	23,033
Properties under development		**1,986,065**	2,724,676
Inventories		**254,253**	212,980
Loans and advances	*10*	**467,673**	267,160
Debtors, prepayments and deposits	*11*	**1,141,488**	870,544
Available-for-sale financial assets	*9*	**3,771**	—
Financial assets at fair value through profit or loss	*13*	**282,964**	588,619
Other financial assets	*12*	**981**	7,275
Tax recoverable		**3,564**	5,437
Client trust bank balances		**323,076**	356,002
Restricted cash		**858,625**	1,120,567
Treasury bills		**29,100**	9,700
Cash and bank balances		**2,124,560**	2,538,321
		7,498,443	8,724,314
Current liabilities			
Bank and other borrowings	*14*	**977,297**	653,368
Creditors, accruals and deposits received	*15*	**3,051,013**	4,227,889
Current, fixed, savings and other deposits of customers	*16*	**330,970**	266,786
Other financial liabilities	*12*	**17,810**	134,632
Tax payable		**220,971**	71,524
		4,598,061	5,354,199
Net current assets		**2,900,382**	3,370,115
Total assets less current liabilities		**18,397,847**	18,977,470

As at 30th September, 2013

	Note	**30th September, 2013 HK$'000 (Unaudited)**	31st March, 2013 HK$'000 (Restated)
Non-current liabilities			
Bank and other borrowings	*14*	**1,649,502**	2,328,873
Creditors, accruals and deposits received	*15*	**24,724**	25,080
Other financial liabilities	*12*	**48,578**	32,440
Deferred tax liabilities		**659,904**	736,026
		2,382,708	3,122,419
Net assets		**16,015,139**	15,855,051
Equity			
Equity attributable to equity holders of the Company			
Issued capital	*17*	**49,316**	49,316
Reserves	*18*	**8,910,244**	8,799,246
		8,959,560	8,848,562
Non-controlling interests		**7,055,579**	7,006,489
		16,015,139	15,855,051

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2013

	Unaudited														
	Attributable to equity holders of the Company														
	Issued capital	Share premium account	Share option reserve	Special capital reserve *(Note 18 (a))*	Capital redemption reserve	Legal reserve *(Note 18 (b))*	Regulatory reserve *(Note 18 (c))*	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve *(Note 18 (d))*	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April, 2013															
As previously reported	49,316	914,519	1,175	1,709,202	22,763	4,055	1,470	269,532	20,153	–	907,791	4,948,586	8,848,562	6,103,970	14,952,532
Prior year adjustments	–	–	–	–	–	–	–	–	–	–	–	–	–	902,519	902,519
As restated	49,316	914,519	1,175	1,709,202	22,763	4,055	1,470	269,532	20,153	–	907,791	4,948,586	8,848,562	7,006,489	15,855,051
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	272,152	272,152	287,798	559,950
Other comprehensive income/(loss) for the period	–	–	(14)	–	–	–	–	(88,678)	–	(2,255)	(35,661)	–	(126,608)	(97,265)	(223,873)
Total comprehensive income/(loss) for the period	–	–	(14)	–	–	–	–	(88,678)	–	(2,255)	(35,661)	272,152	145,544	190,533	336,077
Change in non-controlling interests without change in control *(Note 19)*	–	–	–	–	–	–	–	–	–	–	–	6,588	6,588	(73,064)	(66,476)
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	–	–	–	–	–	(21,408)	(21,408)	(16,738)	(38,146)
Repayment to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(2,468)	(2,468)
Transfer of reserve	–	–	–	–	–	1,114	–	–	–	–	–	(1,114)	–	–	–
2012/2013 final dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	–	–	(19,726)	(19,726)	–	(19,726)
Dividends and distribution, declared and paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(49,173)	(49,173)
At 30th September, 2013	49,316	914,519	1,161	1,709,202	22,763	5,169	1,470	180,854	20,153	(2,255)	872,130	5,185,078	8,959,560	7,055,579	16,015,139

For the six months ended 30th September, 2013

	Unaudited														
	Attributable to equity holders of the Company														
	Issued capital	Share premium account	Share option reserve	Special capital reserve (Note 18 (a))	Capital redemption reserve	Legal reserve (Note 18 (b))	Regulatory reserve (Note 18 (c))	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve (Note 18 (d))	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2012															
As previously reported	50,044	914,519	24,955	1,709,202	22,035	3,876	458	216,195	25,634	(2,416)	654,230	4,879,454	8,498,186	5,928,198	14,426,384
Prior year adjustments	–	–	–	–	–	–	–	–	–	–	–	–	–	900,212	900,212
As restated	50,044	914,519	24,955	1,709,202	22,035	3,876	458	216,195	25,634	(2,416)	654,230	4,879,454	8,498,186	6,828,410	15,326,596
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	203,405	203,405	75,259	278,664
Other comprehensive income/(loss) for the period	–	–	–	–	–	–	–	15,676	4,379	(53)	94,081	–	114,083	93,866	207,949
Total comprehensive income/(loss) for the period	–	–	–	–	–	–	–	15,676	4,379	(53)	94,081	203,405	317,488	169,125	486,613
Repurchases of shares	(181)	–	–	–	181	–	–	–	–	–	–	(5,154)	(5,154)	–	(5,154)
Repurchases of shares by a subsidiary *(Note 19)*	–	–	–	–	–	–	–	–	–	–	–	10,114	10,114	(16,059)	(5,945)
Purchase of treasury shares by a subsidiary	–	–	–	–	–	–	–	–	–	–	–	96	96	(877)	(781)
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	–	–	–	–	–	101,825	101,825	80,006	181,831
Equity-settled share option arrangement	–	–	120	–	–	–	–	–	–	–	–	–	120	218	338
Transfer of reserve	–	–	–	–	–	179	–	–	–	–	–	(179)	–	–	–
2011 final and special final dividends declared to shareholders of the Company	–	–	–	–	–	–	–	–	–	–	–	(34,972)	(34,972)	–	(34,972)
Dividends and distributions, declared to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	–	(92,555)	(92,555)
At 30th June, 2012 (restated)	49,863	914,519	25,075	1,709,202	22,216	4,055	458	231,871	30,013	(2,469)	748,311	5,154,589	8,887,703	6,968,268	15,855,971

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2013

	Unaudited six months ended 30th September, 2013 HK$'000	30th June, 2012 HK$'000 (Restated)
Net cash flows from/(used in) operating activities	**(80,803)**	193,616
Net cash flows from investing activities	**355,879**	175,819
Net cash flows used in financing activities	**(472,171)**	(193,074)
Net increase/(decrease) in cash and cash equivalents	**(197,095)**	176,361
Cash and cash equivalents at beginning of period	**2,346,777**	1,500,201
Exchange realignments	**3,725**	2,130
Cash and cash equivalents at end of period	**2,153,407**	1,678,692
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**2,124,560**	1,682,864
Treasury bills	**29,100**	7,760
Time deposits with original maturity of more than three months	**(253)**	(11,932)
	2,153,407	1,678,692

1. Principal Accounting Policies

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.

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, these condensed interim financial statements now presented cover a six-month period from 1st April, 2013 to 30th September, 2013, and the comparative figures in these condensed interim financial statements cover a six-month period from 1st January, 2012 to 30th June, 2012.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group's audited financial statements for the fifteen months ended 31st March, 2013, except as described below.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRS"), HKASs and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs"), which have become effective for accounting periods beginning on or after 1st April, 2013, for the first time for the current period's financial statements:

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

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 13 and HKAS 1 Amendments, the adoption of the above new and revised HKFRSs has had no significant financial effect on these interim financial statements.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. HKFRS 10 affects the accounting for the Group's interests in Auric Pacific Group Limited ("Auric"), Asia Now Resources Corp. ("Asia Now") and Lippo ASM Asia Property LP ("LAAP").

1. Principal Accounting Policies *(Continued)*

Auric is a company listed on the Singapore Exchange Securities Trading Limited. The Group's interest in Auric was reduced from 51.2 per cent. to 49.3 per cent. in February 2006, and Auric has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the absolute size of the Group's holding of voting rights and the relative size and dispersion of holdings of other shareholders, the Group has determined that its equity interest held would be sufficient to maintain the control in Auric under HKFRS 10. Upon the adoption of HKFRS 10, Auric is treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective.

Asia Now is a company listed on the TSX Venture Exchange of Canada. The Group has held approximately 49.9 per cent. in its issued share capital since November 2010, and Asia Now has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the absolute size of the Group's holding of voting rights and the relative size and dispersion of holdings of other shareholders, the Group has determined that its equity interest held would be sufficient to give it control over Asia Now since November 2010 under HKFRS 10. Upon the adoption of HKFRS 10, Asia Now is treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective.

LAAP is a limited partnership of which a subsidiary of the Group is a limited partner since 2005. LAAP has been regarded as an associate of the Group and 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 is treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective.

This change in accounting policy has been applied retrospectively and the effects are summarised below:

	Six months ended 30th June, 2012 *HK$'000*
Consolidated income statement	
Increase in revenue	1,163,975
Increase in cost of sales	(660,223)
Increase in gross profit	503,752
Increase in administrative expenses	(338,399)
Increase in other operating expenses	(159,214)
Increase in net fair value loss on financial instruments at fair value through profit or loss	(2,129)
Increase in finance costs	(11,082)
Increase in share of results of associates	115,476
Decrease in share of results of joint ventures	(97,763)
Increase in income tax expense	(6,124)
Increase in profit for the period	4,517
Increase in profit for the period attributable to non-controlling interests	4,517

The above change has had no effect on the basic earnings per share and diluted earnings per share of the Group.

1. Principal Accounting Policies *(Continued)*

	31st March, 2013 *HK$'000*
Consolidated statement of financial position	
Non-current assets	
Increase in intangible assets	575,813
Increase in exploration and evaluation assets	97,345
Increase in fixed assets	249,793
Decrease in interests in associates	(9,019,250)
Increase in interests in joint ventures	8,257,018
Increase in available-for-sale financial assets	52,085
Increase in debtors, prepayments and deposits	40,985
Increase in deferred tax assets	6,106
	259,895
Current assets	
Increase in inventories	212,980
Increase in debtors, prepayments and deposits	412,707
Increase in financial assets at fair value through profit or loss	229,073
Increase in tax recoverable	5,437
Increase in restricted cash	33,204
Increase in cash and bank balances	410,812
	1,304,213
Current liabilities	
Increase in bank and other borrowings	35,785
Increase in creditors, accruals and deposits received	449,452
Increase in other financial liabilities	98,919
Increase in tax payable	22,867
	607,023
Non-current liabilities	
Increase in bank and other borrowings	519
Increase in creditors, accruals and deposits received	25,080
Increase in deferred tax liabilities	28,967
	54,566
Increase in net assets	902,519
Increase in non-controlling interests and equity	902,519

1. Principal Accounting Policies *(Continued)*

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 provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. Some of the disclosures for financial instruments are specifically required in the interim financial information.

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, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains or losses on defined benefit plans and revaluation of land and buildings). The Group's presentation of other comprehensive income in the interim financial statements has been modified accordingly.

2. 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 cash and bond markets;

(d) the securities investment segment includes dealings in securities and disposals of investments;

(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 food businesses segment mainly includes distribution of consumer food and non-food products, food manufacturing and retailing, the management of restaurants and food court operations; and

(h) the "other" segment comprises principally mineral exploration, extraction and processing, the development of computer hardware and software, money lending and the provision of property, project and 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 finance costs as well as head office and corporate expenses are excluded from such measurement.

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

2. Segment Information *(Continued)*

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Food businesses HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Six months ended 30th September, 2013										
Revenue										
External	107,555	1,869,537	18,737	37,302	14,687	10,322	1,257,049	21,396	—	3,336,585
Inter-segment	9,662	—	—	—	1,137	—	—	3,061	(13,860)	—
Total	117,217	1,869,537	18,737	37,302	15,824	10,322	1,257,049	24,457	(13,860)	3,336,585
Segment results	46,987 *(Note)*	666,604	18,660	95,574	(213)	1,516	(4,146)	(5,552)	(954)	818,476
Unallocated corporate expenses										(56,484)
Finance costs										(56,508)
Share of results of associates	—	2,860	—	—	—	—	—	(4,661)	—	(1,801)
Share of results of joint ventures	65,201	2,358	—	—	—	—	3,129	—	—	70,688
Profit before tax										774,371
Six months ended 30th June, 2012 (restated)										
Revenue										
External	111,219	—	5,357	11,310	16,523	5,928	1,166,758	17,642	—	1,334,737
Inter-segment	8,330	—	—	—	—	—	—	1,615	(9,945)	—
Total	119,549	—	5,357	11,310	16,523	5,928	1,166,758	19,257	(9,945)	1,334,737
Segment results	613,719 *(Note)*	12,972	5,139	(8,607)	(9,195)	63	23,509	(10,408)	(1,615)	625,577
Unallocated corporate expenses										(97,869)
Finance costs										(42,264)
Share of results of associates	—	19,791	—	—	—	—	—	413	—	20,204
Share of results of joint ventures	(99,960)	(408)	—	—	—	—	2,197	(20)	—	(98,191)
Profit before tax										407,457

Note: The amount included fair value loss on investment properties of HK$32,111,000 (period ended 30th June, 2012 — gain of HK$502,329,000).

3. Revenue

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

3. Revenue *(Continued)*

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

	Six months ended	
	30th September, 2013	30th June, 2012
	HK$'000	*HK$'000* (Restated)
Property investment	**107,555**	111,219
Property development	**1,869,537**	—
Treasury investment	**19,799**	6,302
Securities investment	**40,646**	29,101
Corporate finance and securities broking	**14,687**	16,523
Banking business	**10,322**	5,928
Food businesses	**1,244,011**	1,141,334
Other	**30,028**	24,330
	3,336,585	1,334,737

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:

	Six months ended	
	30th September, 2013	30th June, 2012
	HK$'000	*HK$'000*
Interest income	**8,463**	4,910
Commission income	**1,313**	1,018
Other revenue	**546**	—
	10,322	5,928

4. Share of Results of Joint Ventures/Interests in Joint Ventures

Interests in joint ventures mainly included the Group's interest in the joint venture arrangement (the "Joint Venture") 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. In July 2013, OUE completed the disposal of its entire interest in Mandarin Orchard Singapore ("Mandarin Orchard") and Mandarin Gallery to OUE Hospitality Trust, a subsidiary of OUE and a newly established real estate investment trust listed in Singapore (the "Disposal"). A corporate restructuring was completed by the Group during the period, where a joint venture company was set up to hold the controlling stake in OUE.

For the six months ended 30th September, 2013, the Group's share of profit in the Joint Venture amounted to approximately HK$65,201,000 (period ended 30th June, 2012 — share of loss of HK$99,960,000). The share of profit recognised during the period was mainly attributable to the write back of deferred tax liabilities relating to Mandarin Orchard due to the change of tax base after the Disposal. As at 30th September, 2013, the Group's interest in the Joint Venture was approximately HK$8,383,011,000 (31st March, 2013 — HK$8,244,656,000). Certain bank facilities under the Joint Venture were secured by certain listed shares held under it.

5. Profit before Tax

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

	Six months ended 30th September, 2013 HK$'000	30th June, 2012 HK$'000 (Restated)
Interest income:		
Unlisted financial assets at fair value through profit or loss	**—**	376
Listed available-for-sale financial assets	**2,332**	915
Listed held-to-maturity financial assets	**—**	1,030
Financial assets at fair value through profit or loss designated as such upon initial recognition	**2,166**	12,880
Loans and advances	**3,645**	869
Banking business	**8,463**	4,910
Other	**19,799**	6,302
Dividend income:		
Listed investments	**3,167**	948
Unlisted investments	**3,421**	1,485
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**29,399**	5,170
Unlisted financial assets at fair value through profit or loss	**161**	2,112
Listed available-for-sale financial assets	**131,680**	—
Unlisted available-for-sale financial assets	**(553)**	—
Derivative financial instruments	**(3,449)**	4,185
Fixed assets	**(167)**	52
Gain on deemed disposal of an associate	**5,467**	23,902
Net fair value gain/(loss) on:		
Listed financial assets at fair value through profit or loss	**(58,538)**	(21,797)
Unlisted financial assets at fair value through profit or loss	**(3,021)**	5,733
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**(1,381)**	(3,136)
Derivative financial instruments	**(6,228)**	(603)
Write-back of provision/(Provision) for impairment losses on:		
Unlisted available-for-sale financial assets	**—**	788
Inventories	**(6,565)**	(8,290)
Bad and doubtful debts	**2,135**	(1,712)
Fixed assets	**(889)**	(5,259)
Intangible assets	**—**	(198)
Interest expense attributable to banking business	**(1,823)**	(786)
Depreciation	**(45,964)**	(36,606)
Amortisation of intangible assets	**(8,638)**	(8,698)
Foreign exchange gains/(losses) — net	**9,673**	(9,611)
Cost of inventories sold:		
Properties	**(1,155,674)**	—
Others	**(651,135)**	(600,269)

6. Income Tax

	Six months ended 30th September, 2013 *HK$'000*	Six months ended 30th June, 2012 *HK$'000* (Restated)
Hong Kong:		
Charge for the period	**1,321**	2,881
Overprovision in prior periods	**(275)**	—
Deferred	**137**	902
	1,183	3,783
Overseas:		
Charge for the period	**304,016**	18,227
Overprovision in prior periods	**(704)**	(287)
Deferred	**(90,074)**	107,070
	213,238	125,010
Total charge for the period	**214,421**	128,793

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (period ended 30th June, 2012 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the 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 Per Share Attributable to Equity Holders of the Company

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of 493,154,000 ordinary shares (period ended 30th June, 2012 — 500,184,000 ordinary shares) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2013.

No adjustment has been made to the basic earnings per share amount presented for the period ended 30th June, 2012 as the share options outstanding during the period had no dilutive effect on the basic earnings per share amount presented.

8. Interim Dividend

	Six months ended 30th September, 2013 HK$'000	Six months ended 30th June, 2012 HK$'000
Interim dividend, declared, of HK3 cents (period ended 30th June, 2012 — HK3 cents) per ordinary share	**14,795**	14,955

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

9. Available-for-sale Financial Assets

	30th September, 2013 HK$'000	31st March, 2013 HK$'000 (Restated)
Financial assets stated at fair value:		
Equity securities listed overseas	**50**	155,950
Debt securities listed in Hong Kong	**53,224**	51,609
Debt securities listed overseas	**24,335**	18,018
Unlisted debt securities	**1,273**	–
Unlisted investment funds	**12,957**	20,834
	91,839	246,411
Financial assets stated at cost:		
Unlisted equity securities	**225,344**	222,799
Unlisted debt securities	**11,663**	11,663
Unlisted investment funds	**80,521**	81,326
	317,528	315,788
Provision for impairment losses	**(167,444)**	(165,916)
	150,084	149,872
	241,923	396,283
Less: Amount classified under current portion	**(3,771)**	—
Non-current portion	**238,152**	396,283

The debt securities bear interest at effective rates ranging from nil to 11 per cent. (31st March, 2013 — nil to 10 per cent.) per annum.

9. Available-for-sale Financial Assets *(Continued)*

An analysis of the issuers of available-for-sale financial assets is as follows:

	30th September, 2013	31st March, 2013
	HK$'000	*HK$'000*
		(Restated)
Equity securities:		
Corporate entities	**225,394**	378,749
Debt securities:		
Club debentures	**11,663**	11,663
Corporate entities	**61,663**	52,583
Banks and other financial institutions	**17,169**	17,044
	90,495	81,290

10. Loans and Advances

The loans and advances to customers of the Group bear interest at effective rates ranging from 3 per cent. to 9 per cent. (31st March, 2013 — 3 per cent. to 9 per cent.) per annum. Certain balances arising from securities broking and banking operations are secured by clients' properties, deposits and securities being held as collaterals with a carrying amount of HK$798,592,000 (31st March, 2013 — HK$1,090,619,000).

At the end of the reporting period, the overdue or impaired balances are related to securities broking, banking and money lending operations. Movements of the allowance for bad and doubtful debts during the period are as follows:

	Six months ended	
	30th September, 2013	30th June, 2012
	HK$'000	*HK$'000*
Balance at beginning of period	**6,770**	8,450
Allowance for bad and doubtful debts	**127**	233
Impairment allowance released	**(3,687)**	—
Balance at end of period	**3,210**	8,683

11. Debtors, Prepayments and Deposits

Included in the balances are trade debtors with an aged analysis as follows:

	30th September, 2013 *HK$'000*	31st March, 2013 *HK$'000* (Restated)
Outstanding balances with ages:		
Repayable on demand	**42,185**	30,993
Within 30 days	**682,577**	246,164
Between 31 and 60 days	**83,796**	57,747
Between 61 and 90 days	**35,938**	36,801
Between 91 and 180 days	**6,252**	13,167
Over 180 days	**1,321**	1,094
	852,069	385,966

Trading terms with customers are either on a cash basis or 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.

At the end of the reporting period, the impaired trade and other receivables related to securities broking operation, a property development project and food businesses. The Group does not hold any collateral or other credit enhancements over these balances. Movements in the allowance for bad and doubtful debts during the period are as follows:

	Six months ended	
	30th September, 2013 *HK$'000*	30th June, 2012 *HK$'000* (Restated)
Balance at beginning of period	**48,180**	82,402
Allowance for bad and doubtful debts	**1,425**	1,479
Amount written-off as uncollectible	**(1,784)**	(26,682)
Exchange adjustments	**(617)**	(158)
Balance at end of period	**47,204**	57,041

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

12. Other Financial Assets/Liabilities

	30th September, 2013		31st March, 2013	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
				(Restated)
Non-current portion:				
Derivative financial instruments:				
Forward currency contracts	**33,563**	**48,578**	17,639	31,430
Interest rate swap	**958**	**—**	—	1,010
	34,521	**48,578**	17,639	32,440
Current portion:				
Derivative financial instruments:				
Call option	**—**	**—**	7,275	—
Futures	**981**	**—**	—	—
Financial liabilities at fair value through profit or loss designated as such upon initial recognition *(Note)*	**—**	**17,810**	—	134,632
	981	**17,810**	7,275	134,632
	35,502	**66,388**	24,914	167,072

Note: As at 31st March, 2013, the balance included redeemable preference shares ("RPS") of HK$98,919,000. In 2010, Auric Pacific Real Estate Fund (the "Fund"), a private equity fund sponsored by the Group, issued 1,520 RPS at S$10,000 each specifically for the real estate fund investment activities. The RPS generally did not carry a voting right and were entitled to distributions from the net proceeds arising from the sale of investment and all other proceeds from the real estate fund investment activities, at the discretion of the investment committee. As the Group completed the disposal of its interest in the Fund in May 2013, the subsidiary and its RPS were derecognised.

The notional amount of the outstanding forward currency contract under other financial assets as at 30th September, 2013 was HK$776,000,000 (31st March, 2013 — HK$776,000,000). The notional amount of the outstanding forward currency contract under other financial liabilities as at 30th September, 2013 was HK$776,000,000 (31st March, 2013 — HK$776,000,000). The notional amount of the outstanding interest rate swap contract as at 30th September, 2013 was HK$776,000,000 (31st March, 2013 — HK$776,000,000). The notional amount of the outstanding futures as at 30th September, 2013 was HK$73,691,000 (31st March, 2013 — Nil).

13. Financial Assets at Fair Value through Profit or Loss

	30th September, 2013	31st March, 2013
	HK$'000	*HK$'000*
		(Restated)
Held for trading:		
Equity securities:		
Listed in Hong Kong	**128,729**	161,895
Listed overseas	**123,473**	167,736
	252,202	329,631
Unlisted investment funds	**30,762**	41,083
Financial assets at fair value through profit or loss designated as such upon initial recognition :		
Mezzanine loan *(Note)*	**—**	217,905
	282,964	588,619

Note: In 2010, the Group, through the Fund, acquired a mezzanine loan of HK$217,921,000 owing from a third party, which bore interest at a rate of 15 per cent. per annum. There was a default by the borrower in 2012 but there was no default recoverability issue as the loan was secured by a first ranking mortgage over a land owned by the third party. In May 2013, the loan was divested following the disposal of RPS and the share capital of the Fund and the repayment of all outstanding interests.

An analysis of the issuers of financial assets at fair value through profit or loss is as follows:

	30th September, 2013	31st March, 2013
	HK$'000	*HK$'000*
Equity securities:		
Corporate entities	**252,202**	328,899
Banks and other financial institutions	**—**	732
	252,202	329,631

14. Bank and Other Borrowings

	30th September, 2013 *HK$'000*	31st March, 2013 *HK$'000* (Restated)
Current portion:		
Bank loans:		
Secured *(Note 1)*	**833,649**	620,083
Unsecured	**143,302**	32,885
Obligations under finance leases *(Note 2)*	**346**	400
	977,297	653,368
Non-current portion:		
Secured bank loans *(Note 1)*	**1,649,156**	2,328,354
Obligations under finance leases *(Note 2)*	**346**	519
	1,649,502	2,328,873
	2,626,799	2,982,241
Bank and other borrowings by currency:		
Hong Kong dollar	**2,213,120**	2,318,103
Renminbi	**374,155**	630,334
Malaysian Ringgit	**39,524**	33,804
	2,626,799	2,982,241
Bank loans repayable:		
Within one year or on demand	**976,951**	652,968
In the second year	**1,403,574**	1,025,668
In the third to fifth years, inclusive	**245,582**	1,302,686
	2,626,107	2,981,322
Other borrowings repayable:		
Within one year	**346**	400
In the second year	**346**	344
In the third to fifth years, inclusive	**—**	175
	692	919

The Group's bank loans bear interest at various rates ranging from 0.6 per cent. to 8.0 per cent. (31st March, 2013 — 2.4 per cent. to 8.0 per cent.) per annum.

Note:

1. At the end of the reporting period, the bank loans were secured by:

   (i) shares in certain listed subsidiaries of the Group with market value of HK$3,199,456,000 (31st March, 2013 — HK$2,957,771,000);

   (ii) first legal mortgages over certain investment properties, leasehold land and buildings and properties under development of the Group with carrying amounts of HK$4,052,877,000 (31st March, 2013 — HK$4,015,843,000), HK$119,555,000 (31st March, 2013 — HK$121,096,000) and HK$546,490,000 (31st March, 2013 — HK$1,476,611,000), respectively; and

   (iii) certain bank deposits of the Group with carrying amount of HK$119,280,000 (31st March, 2013 — HK$216,443,000, restated).

2. The Group has obligations under finance leases for certain plant and equipment. These leases are classified as finance lease and expire over 3 years (31st March, 2013 — 3 years). The implicit average interest rate in the leases ranges from 3.8 per cent. to 3.9 per cent. (31st March, 2013 — 3.8 per cent. to 3.9 per cent.) per annum. At the end of the reporting period, the obligations under finance leases were secured by rights to certain leased plant and equipment of the Group with a carrying amount of HK$692,000 (31st March, 2013 — HK$919,000).

15. 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$1,600,886,000 (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$341,536,000 (31st March, 2013 — HK$384,309,000). As at 30th September, 2013, total client trust bank balances amounted to HK$323,076,000 (31st March, 2013 — HK$356,002,000).

An aged analysis of trade creditors are as follows:

	30th September, 2013 *HK$'000*	31st March, 2013 *HK$'000* (Restated)
Outstanding balances with ages:		
Repayable on demand	**337,285**	373,411
Within 30 days	**567,317**	234,940
Between 31 and 60 days	**29,365**	22,167
Between 61 and 90 days	**13,399**	8,531
Between 91 and 180 days	**15,053**	21,049
Over 180 days	**2,586**	1,987
	965,005	662,085

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 trade creditors are non-interest-bearing.

16. Current, Fixed, Savings and Other Deposits of Customers

The current, fixed, savings and other deposits of customers attributable to banking operation bear interest at effective rates ranging from 0.01 per cent. to 3.0 per cent. (31st March, 2013 — 0.01 per cent. to 4.0 per cent.) per annum.

17. Share Capital

Shares

	30th September, 2013 *HK$'000*	31st March, 2013 *HK$'000*
Authorised:		
30,000,000,000 (31st March, 2013 — 30,000,000,000) ordinary shares of HK$0.10 each	**3,000,000**	3,000,000
Issued and fully paid:		
493,154,032 (31st March, 2013 — 493,154,032) ordinary shares of HK$0.10 each	**49,316**	49,316

17. Share Capital *(Continued)*

Share Option Schemes

Details of the share option schemes of the Company and its subsidiaries are as follows:

(a) *Share Option Scheme of the Company adopted on 7th June, 2007*

Pursuant to the share option scheme of the Company (the "Share Option Scheme") adopted and approved by the shareholders of the Company on 7th June, 2007 (the "Adoption Date"), the board of the Directors (the "Board") may, at its discretion, offer to grant to any eligible employee (including director, officer and/or employee of the Group or any member of it); or any consultant, adviser, supplier, customer or sub-contractor of the Group or any member of it; or any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Group or any member of it or as having spent any material time in or about the promotion of the Group or its business (together the "Eligible Person") an option to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide Eligible Persons with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. Under the rules of the Share Option Scheme, no further options shall be granted on and after the tenth anniversary of the Adoption Date. The options can be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which date shall not be later than the day last preceding the tenth anniversary of the date of grant. The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such term(s) on the grant of an option. No grantee of option is required to pay for the grant of the relevant option.

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30 per cent. of the issued shares of the Company from time to time. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any shares subject to options granted after the Adoption Date pursuant to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company on the Adoption Date, that is 43,373,501 shares (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1 per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); (ii) the average closing price of the shares of the Company for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

As at the beginning and end of the period, there were no outstanding options granted under the Share Option Scheme to subscribe for shares of HK$0.10 each in the Company.

No option of the Company was granted, exercised, cancelled or lapsed during the period.

17. Share Capital *(Continued)*

Share Option Schemes (Continued)

(b) *Share Option Scheme of Lippo China Resources Limited adopted on 7th June, 2007*

The principal terms of the rules of the share option scheme of Lippo China Resources Limited ("LCR"), a listed subsidiary of the Company, adopted and approved by the shareholders of LCR and the Company on 7th June, 2007 (the "LCR Share Option Scheme") are substantially the same as the terms of the Share Option Scheme as mentioned above. As at the beginning and end of the period, there were no outstanding options granted under the LCR Share Option Scheme to subscribe for shares of HK$0.10 each in LCR.

No option of LCR was granted, exercised, cancelled or lapsed during the period.

(c) *Share Option Scheme of Hongkong Chinese Limited adopted on 7th June, 2007*

The principal terms of the rules of the share option scheme of Hongkong Chinese Limited ("HKC"), a listed subsidiary of the Company, adopted and approved by the shareholders of HKC, LCR and the Company on 7th June, 2007 (the "HKC Share Option Scheme") are substantially the same as the terms of the Share Option Scheme as mentioned above. As at the beginning and end of the period, there were no outstanding options granted under the HKC Share Option Scheme to subscribe for shares of HK$1.00 each in HKC (the "HKC Shares").

No option of HKC was granted, exercised, cancelled or lapsed during the period.

(d) *Incentive Stock Option Plan of Asia Now adopted on 30th April, 2007 and amended and restated on 17th February, 2011*

Pursuant to the incentive stock option plan of Asia Now adopted on 30th April, 2007 and amended and restated on 17th February, 2011 and approved by the shareholders of Asia Now (the "ANR Stock Option Plan"), the board of directors of Asia Now (the "ANR Board") may grant options to eligible persons including any employees, officers, directors, management company employees or consultants of Asia Now and any of its subsidiaries (the "ANR Eligible Persons") to purchase the common shares in the capital of Asia Now (the "ANR Shares"). The purpose of the ANR Stock Option Plan is to advance the interests of Asia Now by providing ANR Eligible Persons with additional incentive, encouraging equity ownership by such ANR Eligible Persons in the success of Asia Now, encouraging ANR Eligible Persons to remain with Asia Now or its affiliates and attracting new employees, directors and officers. The options granted must be exercised no later than five years after the date of grant. Subject to ANR Board's sole discretion in modifying the vesting of options, the options granted under ANR Stock Option Plan shall vest, and become exercisable as to 25 per cent. on the date of grant and 25 per cent. on each six-month anniversary of the date of grant (the "Vesting Period"). However, subject to the provisions of the ANR Stock Option Plan, the ANR Board shall have the authority to determine the terms, limitations, restrictions and conditions respecting the grant of options. No grantee of option is required to pay for the grant of the relevant option.

A maximum of 11,100,000 ANR Shares, representing approximately 10 per cent. of Asia Now's existing issued share capital are reserved for issuance upon exercise of options granted under the ANR Stock Option Plan. The option exercise price shall be determined by the ANR Board in its sole discretion and shall not be less than the closing price of the ANR Shares on TSX Venture Exchange Inc. on the date immediately preceding the day on which the ANR Board grants and provides notice to such exchange of the grant of the option(s).

17. Share Capital *(Continued)*

Share Option Schemes (Continued)

(d) Incentive Stock Option Plan of Asia Now adopted on 30th April, 2007 and amended and restated on 17th February, 2011 (Continued)

As at 1st April, 2013, there were 2,650,000 outstanding options granted under the ANR Stock Option Plan (the "ANR Options") to subscribe for a total of 2,650,000 ANR Shares. Of this total, 1,400,000 ANR Options have an exercise price of C$0.25 per share (subject to adjustment) and 1,250,000 ANR Options have an exercise price of C$0.30 per share (subject to adjustment). The above ANR Options are subject to the Vesting Period. As at 1st April, 2013, all the above ANR Options were vested.

During the period, details of movement in the ANR Options granted under the ANR Stock Option Plan are summarised as follows:

Participants	Date of grant	Expiry date	Exercise price per share (subject to adjustment) C$	Number of ANR Options: Balance as at 1st April, 2013	Lapsed during the period	Balance as at 30th September, 2013
Directors and officers of Asia Now	10th September, 2009	10th September, 2014	0.25	**800,000***	**(600,000)**	**200,000**
	17th February, 2011	17th February, 2016	0.30	**450,000#**	**(400,000)**	**50,000**
	24th March, 2011	24th March, 2016	0.30	**50,000**	**—**	**50,000**
Employees *(Note)*	10th September, 2009	10th September, 2014	0.25	**50,000**	**—**	**50,000**
	17th February, 2011	17th February, 2016	0.30	**450,000**	**(100,000)**	**350,000**
Others	10th September, 2009	10th September, 2014	0.25	**550,000**	**(550,000)**	**—**
	17th February, 2011	17th February, 2016	0.30	**300,000**	**(300,000)**	**—**
Total				**2,650,000**	**(1,950,000)**	**700,000**
Weighted average exercise price per ANR Share (C$)				**0.27**	**0.27**	**0.28**

* Included 600,000 ANR Options granted to a former director who resigned in May 2013 and such ANR Options lapsed during the period accordingly

Included 400,000 ANR Options granted to a former director who resigned in May 2013 and such ANR Options lapsed during the period accordingly

Note: Employees refer to the employees of Asia Now and its subsidiaries as at 30th September, 2013 working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, other than the directors and chief executive of Asia Now.

During the period, 1,950,000 ANR Options to subscribe for 1,950,000 ANR Shares lapsed.

Save as disclosed herein, no option of Asia Now was granted, exercised, cancelled or lapsed during the period.

18. 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 pages 6 and 7.

(a) Special capital reserve

Pursuant to a special resolution passed at an extraordinary general meeting of the Company on 23rd December, 1998 and the subsequent confirmation by the court on 26th January, 1999, the then entire amount standing to the credit of the share capital account of the Company of approximately HK$1,709,202,000 was cancelled on 27th January, 1999 (the "Cancellation"). The credit arising from the Cancellation was transferred to a special capital reserve account.

(b) Legal reserve

The legal reserve represents the part of reserve generated by a banking subsidiary of the Company which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which the subsidiary operates.

(c) Regulatory reserve

The regulatory reserve represents the part of reserve generated by a banking subsidiary of the Company arising from the difference between the impairment allowance made under HKAS 39 and for regulatory purpose.

(d) Hedging reserve

The hedging reserve relates to the Group's share of the hedging reserve under joint ventures.

19. Changes in Non-controlling Interests without Change in Control

Major changes in non-controlling interests during the period are as follows:

Six months ended 30th September, 2013

In June 2013, a wholly-owned subsidiary of Auric made a voluntary unconditional cash offer to acquire all the issued and paid-up ordinary shares in the capital of Food Junction Holdings Limited ("Food Junction"), a listed company in Singapore, other than treasury shares and those already owned, controlled or agreed to be acquired by Auric and its subsidiaries (the "APG Group"), at an offer price of S$0.255 in cash for each share (the "Offer"). Immediately before the Offer, the APG Group was interested in approximately 61.4 per cent. of the issued share capital of Food Junction (excluding treasury shares).

The Offer was closed on 14th August, 2013 and the APG Group held approximately 93.1 per cent. of the issued share capital in Food Junction immediately after the close of the Offer. The total consideration was approximately HK$65,680,000. The Group recognised a decrease in non-controlling interests of HK$72,268,000 and an increase in retained profits of HK$6,588,000.

Six months ended 30th June, 2012

During the six months ended 30th June, 2012, HKC had repurchased a total of 4,758,000 HKC Shares for a total consideration (including expenses) of approximately HK$5,945,000. The Group's effective ownership in HKC increased from approximately 56.0 per cent. as at 31st December, 2011 to approximately 56.1 per cent. as at 30th June, 2012. The Group recognised a decrease in non-controlling interest of HK$16,059,000 and an increase in retained profits of HK$10,114,000.

20. Contingent Liabilities

At the end of the reporting period, the Group had the following contingent liabilities:

	30th September, 2013 *HK$'000*	31st March, 2013 *HK$'000* (Restated)
Guarantees and other endorsements relating to a banking subsidiary	**16,675**	15,191
Liabilities under letters of credit on behalf of customers relating to a banking subsidiary	**13,557**	5,691
Secured bankers' guarantee *(Note 1)*	**37,116**	40,860
Unsecured bankers' guarantee *(Note 2)*	**6,841**	2,850
	74,189	64,592

Note:

1. The Group had bankers' guarantees issued in lieu of rental, security and utility deposits for the premises used for operation of food businesses. As at 30th September, 2013, fixed deposits of approximately HK$21,361,000 (31st March, 2013 — HK$25,873,000) was pledged to banks as security for bankers' guarantees issued.

2. The Group had bankers' guarantees issued in lieu of rental, security and utility deposits for the premises used for operation of food businesses.

21. Commitments

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

	30th September, 2013 *HK$'000*	31st March, 2013 *HK$'000* (Restated)
Commitments in respect of property, plant and equipment and properties under development:		
Contracted, but not provided for	**480,423**	824,243
Other commitments:		
Contracted, but not provided for *(Note)*	**93,380**	95,493
	573,803	919,736

Note: The balance included the Group's capital commitments in respect of the formation of joint ventures for certain property projects in the Republic of Singapore, of approximately HK$73 million (31st March, 2013 — HK$74 million).

22. 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 period:

(a) During the period, the Group received project management income of HK$2,966,000 (period ended 30th June, 2012 — HK$4,381,000, restated) and HK$1,041,000 (period ended 30th June, 2012 — HK$1,028,000, restated) from associates and joint ventures of the Group, respectively.

(b) During the period, the Group received service fee of HK$588,000 (period ended 30th June, 2012 — Nil) for restaurant management from a subsidiary of OUE, a joint venture of the Group. The service fee was determined by reference to the prevailing service fees offered to relevant market customers of comparable standing.

(c) During the period, the Group received service fee of HK$2,240,000 (period ended 30th June, 2012 — Nil) for operation of the French cuisine segment of a restaurant from a subsidiary of OUE. The service fee was determined by reference to the prevailing service fees offered to relevant market customers of comparable standing.

(d) During the period, the Group received service fee of HK$2,402,000 (period ended 30th June, 2012 — Nil) for operation of the Japanese cuisine segment of a restaurant from a subsidiary of OUE. The service fee was determined by reference to the prevailing service fees offered to relevant market customers of comparable standing.

(e) During the period, the Group sold food and beverage products of HK$960,000 (period ended 30th June, 2012 — HK$670,000) to OUE and its subsidiaries. The sales were on normal commercial terms in line with, and with reference to, the industry practice.

(f) During the period, the Group paid rental expense (including service charge) of HK$3,691,000 (period ended 30th June, 2012 — HK$3,689,000) to a joint venture of the Group. The rental was determined by reference to the then prevailing open market rentals.

(g) As at 30th September, 2013, the Group had amounts due from associates in a total of HK$183,662,000 (31st March, 2013 — HK$410,755,000, restated) and amounts due from joint ventures in a total of HK$115,844,000 (31st March, 2013 — HK$19,085,000, restated). As at 31st March, 2013, the Group had amounts due to joint ventures of HK$160,091,000 (restated), which had been fully repaid during the period.

The balances with the associates included a loan of HK$36,492,000 (31st March, 2013 — HK$36,534,000), which bears interest at 8.5 per cent. per annum and is repayable on demand. The balances with the associates also included a loan of HK$15,509,000 (31st March, 2013 — HK$15,526,000), which bears interest at five-year United States Treasury bill rate per annum and is repayable in 2013. The remaining balances with the associates are unsecured, interest-free and have no fixed terms of repayment.

The balances with the joint ventures included trade receivables of HK$3,941,000 (31st March, 2013 — HK$3,831,000) arising from sales made to the joint venture, which is unsecured, interest-free, and repayable within normal trade credit terms. Sales made to such joint venture during the period amounted to HK$10,361,000 (period ended 30th June, 2012 — HK$11,386,000). The balances with the joint ventures included a loan of HK$3,977,000 (31st March, 2013 — HK$3,981,000), which is secured by certain shares of a joint venture, bears interest at United States dollar prime rate plus 2 per cent. per annum and has no fixed terms of repayment. The balances with the joint ventures also included loans of HK$81,645,000 (31st March, 2013 — Nil), which are unsecured, bear interests at various rates ranging from 9.5 per cent. to 12 per cent. per annum and are repayable in 2015. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment.

23. Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at 30th September, 2013

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Financial assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	50	—	—	50
Debt securities	78,832	—	—	78,832
Investment funds	—	—	12,957	12,957
Financial assets at fair value through profit or loss:				
Equity securities	252,202	—	—	252,202
Investment funds	—	8,952	21,810	30,762
Other financial assets:				
Derivative financial instruments	981	34,521	—	35,502
	332,065	43,473	34,767	410,305
Financial liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	—	(17,810)	—	(17,810)
Derivative financial instruments	—	(48,578)	—	(48,578)
	—	(66,388)	—	(66,388)

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of investment funds in Level 2 is determined by reference to secondary market quotations approximating the carrying value of the investment funds.

Derivative financial instruments include interest rate swap and forward currency contracts. The fair value of interest rate swap contract is the estimated amount that the Group would receive or pay to terminate the swap agreement at the end of the reporting period, taking into account the current market conditions and the current creditworthiness of the swap counterparties. The fair value of the forward currency contracts is determined by reference to the present value of expected future cash flows related to the difference between the contract rates and the market forward rates at the end of the reporting period.

The fair value of financial liabilities at fair value through profit or loss designated as such upon initial recognition in Level 2 is determined by reference to the pro rata share by external parties of the net assets value of certain exchange traded fund, which is a subsidiary of the Group. The sharing ratio is derived from the number of outstanding shares held by the external parties as at the reporting date.

23. Fair Value Hierarchy *(Continued)*

Valuation technique and input used in Level 3 fair value measurements

	Valuation technique	Significant unobservable input
Available-for-sale investment funds	**Discounted cash flow method**	**Discount rate**
Investment funds at fair value through profit or loss	**Discounted cash flow method**	**Discount rate**

The movements in fair value measurements in Level 3 during the six months ended 30th September, 2013 are as follows:

	Available-for-sale investment funds *HK$'000*	Investment funds at fair value through profit or loss *HK$'000*	Derivative financial instruments *HK$'000*	Financial asset at fair value through profit or loss designated as such upon initial recognition *HK$'000*	Financial liability at fair value through profit or loss designated as such upon initial recognition *HK$'000*
At 1st April, 2013	**17,230**	**29,543**	**7,275**	**217,905**	**(98,919)**
Total losses recognised in the income statement	**—**	**(517)**	**(7,275)**	**—**	**(524)**
Total losses recognised in other comprehensive income	**(3,495)**	**—**	**—**	**—**	**—**
Purchases	**14**	**—**	**—**	**—**	**—**
Disposals	**(780)**	**(7,188)**	**—**	**(217,905)**	**99,443**
Exchange adjustments	**(12)**	**(28)**	**—**	**—**	**—**
At 30th September, 2013	**12,957**	**21,810**	**—**	**—**	**—**

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

24. Financial Risk Management Objectives and Policies

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operation and its sources of finance.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group and they are summarised below.

(a) *Credit risk*

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from lending, treasury, investment, food businesses and other activities undertaken by the Group.

The credit policies for banking and margin lending businesses set out in details the credit approval and monitoring mechanism, the loan classification criteria and provision policy. Credit approval is conducted in accordance with the credit policies, taking into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Day-to-day credit management is performed by management of individual business units.

In addition, the Group's exposure to credit risk for its food businesses arises primarily from trade and other debtors. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Group continues to monitor existing customers, especially those with repayment issues. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

The Group has established guidelines to ensure that all new debt investments are properly made, taking into account factors such as the credit rating requirements and the maximum exposure limit to a single corporate or issuer. All relevant departments within the Group are involved to ensure that appropriate processes, systems and controls are set in place before and after the investments are acquired.

(b) *Liquidity risk*

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources.

24. Financial Risk Management Objectives and Policies *(Continued)*

(b) Liquidity risk (Continued)

An analysis of the maturity profile of debt instruments, loans and receivables, non derivative financial liabilities and net-settled derivative financial instruments of the Group analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

	Repayable on demand HK$'000	3 months or less HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	After 5 years HK$'000	Undated HK$'000	Total HK$'000
At 30th September, 2013							
Assets							
Amount due from an associate	—	15,509	—	—	—	—	15,509
Amounts due from joint ventures	—	3,941	—	81,645	—	3,977	89,563
Debt securities:							
Available-for-sale financial assets	—	—	3,771	49,642	15,507	21,485	90,405
Loans and advances	179,833	157,519	130,321	62,794	21,946	—	552,413
Debtors and deposits	44,780	817,545	51,255	32,709	—	51,375	997,664
Derivative financial instruments	—	981	—	—	—	—	981
Client trust bank balances	297,499	25,577	—	—	—	—	323,076
Restricted cash	800,772	49,898	7,955	—	—	—	858,625
Treasury bills	—	29,100	—	—	—	—	29,100
Cash and bank balances	1,135,069	989,238	253	—	—	—	2,124,560
	2,457,953	2,089,308	193,555	226,790	37,453	76,837	5,081,896
Liabilities							
Bank and other borrowings	7,820	372,676	596,801	1,673,575	—	—	2,650,872
Creditors, accruals and deposits received	341,919	681,422	250,539	26,668	—	174,303	1,474,851
Derivative financial instruments	—	319	956	1,275	—	—	2,550
Current, fixed, savings and other deposits of customers	96,014	173,522	42,198	19,236	—	—	330,970
Other financial liabilities	17,810	—	—	—	—	—	17,810
	463,563	1,227,939	890,494	1,720,754	—	174,303	4,477,053

24. Financial Risk Management Objectives and Policies *(Continued)*

(b) Liquidity risk (Continued)

	Repayable on demand HK$'000	3 months or less HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	After 5 years HK$'000	Undated HK$'000	Total HK$'000
At 31st March, 2013 (restated)							
Assets							
Amount due from an associate	—	—	15,526	—	—	—	15,526
Amounts due from joint ventures	—	3,831	—	—	—	3,981	7,812
Debt securities:							
Available-for-sale financial assets	—	—	—	34,322	24,307	22,571	81,200
Financial assets at fair value through profit or loss	217,905	—	—	—	—	—	217,905
Loans and advances	197,067	41,531	28,562	45,730	19,591	—	332,481
Debtors and deposits	33,793	346,522	67,714	27,767	44	62,835	538,675
Client trust bank balances	292,735	63,267	—	—	—	—	356,002
Restricted cash	1,072,212	48,355	—	—	—	—	1,120,567
Treasury bills	—	9,700	—	—	—	—	9,700
Cash and bank balances	963,456	1,491,295	83,570	—	—	—	2,538,321
	2,777,168	2,004,501	195,372	107,819	43,942	89,387	5,218,189
Liabilities							
Amounts due to joint ventures	—	—	—	—	—	160,091	160,091
Bank and other borrowings	9,163	571,304	72,901	2,358,109	—	—	3,011,477
Creditors, accruals and deposits received	378,673	308,939	290,819	26,636	—	427,898	1,432,965
Derivative financial instruments	—	326	977	1,953	—	—	3,256
Current, fixed, savings and other deposits of customers	103,335	142,586	20,865	—	—	—	266,786
Other financial liabilities	35,713	—	—	98,919	—	—	134,632
	526,884	1,023,155	385,562	2,485,617	—	587,989	5,009,207

The forward currency contracts require gross settlement with undiscounted contractual cash inflows of HK$1,601,846,000 (31st March, 2013 — HK$1,586,812,000) and undiscounted contractual cash outflows of HK$1,616,331,000 (31st March, 2013 — HK$1,601,033,000) for the year ending 31st March, 2016.

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury, banking and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk at a cost-effective manner. The interest rate risk is managed and monitored regularly by senior management of the Group.

24. Financial Risk Management Objectives and Policies *(Continued)*

(d) *Foreign currency risk*

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its banking activities, foreign exchange dealings and other investment activities.

The Group monitors the relative foreign exchange positions of its assets and liabilities and allocates accordingly 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 foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

(e) *Equity price risk*

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets classified as available-for-sale financial assets (Note 9) and financial assets at fair value through profit or loss (Note 13) as at 30th September, 2013. The Group's listed financial assets are mainly listed on the Hong Kong, Singapore, Australia and Indonesia stock exchanges and are valued at quoted market prices at the end of the reporting period.

The Group uses Value at Risk (the "VaR") model to assess possible changes in the market value of the investment portfolios based on historical data. The VaR figures are regularly reviewed by senior management of the Group to ensure the loss arising from the changes in the market value of the investment portfolios is capped within an acceptable range.

25. Events after the Reporting Period

In October 2013, OUE announced a proposal to dispose of OUE Bayfront together with its ancillary properties to a proposed real estate investment trust known as OUE Commercial Real Estate Investment Trust ("OUE C-REIT", formerly known as OUE Commercial Trust) to be listed in Singapore. LCR and OUE Eastern Limited, a wholly-owned subsidiary of OUE C-REIT, also entered into an agreement, pursuant to which, LCR conditionally agreed to procure the sale of, and OUE Eastern Limited conditionally agreed to purchase the entire issued share capital of Tecwell Limited, an indirect wholly-owned subsidiary of LCR, for a consideration of approximately HK$843.5 million (subject to adjustment, if any) (the "Disposal"). Tecwell Limited holds a majority portion of Lippo Plaza located in Shanghai, the People's Republic of China, through its wholly-owned subsidiary.

The Disposal has not completed as of the date of the approval of these interim financial statements.

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, these interim financial statements cover a six-month period from 1st April, 2013 to 30th September, 2013, and the comparative figures cover a six-month period from 1st January, 2012 to 30th June, 2012 ("2012").

For the six months ended 30th September, 2013, the Group reported a profit attributable to shareholders of HK$272 million (2012 — HK$203 million). The profit recorded for the current period was mainly attributable to the recognition of part of the profit arising from the pre-sold properties at the Group's property development project in Beijing which was completed in the third quarter of 2013.

Results for the Financial Period

Auric Pacific Group Limited ("Auric") and Asia Now Resources Corp. ("Asia Now") were previously regarded as associates of the Group. Following the adoption of Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" by the Group from 1st April, 2013 onwards, both are treated as subsidiaries of the Group. Auric is a company listed in Singapore and is principally engaged in food businesses. Asia Now is a company listed in Canada and is engaged in the business of exploration of mineral deposits. Their results and financial position are consolidated in the Group's financial statements with retrospective adjustments on prior period figures.

Turnover for the six months ended 30th September, 2013 totalled HK$3,337 million (2012 — HK$1,335 million, restated). Property investment, property development and food businesses were the principal sources of revenue of the Group, representing 97 per cent. (2012 — 96 per cent., restated) of the total turnover.

Property investment

Property investment business continued to provide stable and recurring rental income to the Group. Total segment revenue from the property investment business for the six months ended 30th September, 2013 amounted to HK$117 million (2012 — HK$120 million), mainly contributed by Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmarks of the Group in Hong Kong and in mainland China respectively. The Group recorded revaluation loss on its investment properties of HK$32 million for the period (2012 — gain of HK$502 million) which leaded to the segment profit decreasing to HK$47 million (2012 — HK$614 million).

Lippo ASM Asia Property Limited, 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 which focuses its business across commercial, hospitality, retail and residential property segments. The hotels managed by OUE, including Mandarin Orchard Singapore ("Mandarin Orchard") and the Crowne Plaza Changi Airport, are strategically located in various well known tourist destinations of Singapore and Malaysia. The investment property portfolio of OUE in Singapore includes OUE Bayfront, OUE Downtown 1 and 2 (formerly known as DBS Building Towers One and Two), Mandarin Gallery and its interests in One Raffles Place. Recently, OUE acquired US Bank Tower, a Class A office property in downtown Los Angeles. Twin Peaks, a residential property development project at 33 Leonie Hill Road in Singapore is under construction and pre-sale is in progress. 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 and Mandarin Gallery to OUE Hospitality Trust, a newly established real estate investment trust listed in Singapore which is also a subsidiary of OUE. After the completion of such disposal, due to the change of the tax base of Mandarin Orchard, the previously recognised deferred tax liabilities were written back. As a result, the Group registered a share of profit of HK$65 million from the investment during the current period (2012 — share of loss of HK$100 million). The Group's interest in the investment increased to approximately HK$8.4 billion (31st March, 2013 — HK$8.2 billion).

The Group undertakes strategic reviews of its assets from time to time with a view to maximising returns to its shareholders. In October 2013, Lippo China Resources Limited ("LCR", a listed subsidiary of the Company) proposed to dispose its entire interest in Lippo Plaza in Shanghai to a real estate investment trust proposed to be listed in Singapore, namely OUE Commercial Real Estate Investment Trust ("OUE C-REIT") (the "Disposal"), with more details mentioned under the section headed "Business Review". OUE will act as the sponsor of OUE C-REIT and retain a stake in OUE C-REIT. In addition, OUE Bayfront under OUE is proposed to be sold to the OUE C-REIT as its initial portfolio.

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and other areas 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. Approximately 85 per cent. of the total saleable area have been pre-sold at a total consideration of approximately RMB3.2 billion. Handover is in progress.

In Macau, main contract works of "M Residences", a property development project, have commenced and are expected to be completed in 2014. 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 have been pre-sold as at 30th September, 2013 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.

The Group also participated in other development projects in Huai An City (the "Huai An Project") and Taizhou City (the "Taizhou Project"), both in Jiangsu Province in mainland China. Huai An Project will be developed into an integrated residential, commercial and retail complex, whereas Taizhou Project is a residential project comprising townhouses and residential apartments. Constructions are expected to be commenced soon.

The property development segment recognised a turnover of HK$1,870 million for the period from units of the BDA Project which have completed handover process (2012 — Nil). The segment profit for the period amounted to HK$667 million (2012 — HK$13 million). As part of the development cost of the BDA Project was transferred to profit or loss upon completion, the Group's properties under development decreased to HK$2.0 billion as at 30th September, 2013 (31st March, 2013 — HK$2.7 billion).

In Singapore, temporary occupation permit for Centennia Suites, a joint venture property development project at Kim Seng Road, Singapore was obtained in October 2013. All the units have been sold out during the pre-sale in 2010 and the units are being handed over to the buyers. Share of profit therefrom will be recognised in the Group's consolidated financial results in the second half of this financial year.

The Group has interests in "Marina Collection" in Sentosa Cove, Singapore, a property development project carried out by an associate of the Group completed in April 2011. For the six months ended 30th September, 2013, a further share of profit of HK$32 million (2012 — HK$51 million) was recorded from this project, mainly arising from the sale of properties during the period.

The Group is interested in a development project at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the "MIDAN City Project"). The MIDAN City Project is a comprehensive property project to be developed into a self-contained community with an approved total gross floor area of approximately three million square metres. The Group's interest in the MIDAN City Project is 38.5 per cent. and the marketing of the project is in progress.

Food businesses

The Group's food businesses are mainly operated by Auric and its subsidiaries (the "APG Group"), which in turn has a controlling stake in Food Junction Holdings Limited ("Food Junction"), both are listed companies in Singapore.

During the period, food businesses segment recorded a revenue of HK$1,257 million (2012 — HK$1,167 million, restated), mainly from wholesale and distribution of fast-moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros. Although higher sales were generated from existing and new agencies, the operating environment remains challenging with operating costs increasing as a result of rising costs for labour, rental and raw materials. The food businesses segment recorded a loss of HK$4 million (2012 — profit of HK$24 million, restated). The Group will remain focused on its core business and expand its business operations cautiously.

APG Group held 60 per cent. of the total issued redeemable preference shares ("RPS") and the sole share in Auric Pacific Real Estate Fund (the "Fund"), a private equity fund sponsored by the APG Group. In 2010, the Fund acquired a mezzanine loan of approximately HK$218 million owing from a third party (the "Previous Lender"), which was secured by a piece of land. There was a default by the borrower of the mezzanine loan in 2012. After extensive negotiations, the issue was resolved by the purchase of all the RPS held by the Fund and ordinary share held under the APG Group to the indirect holding company of the Previous Lender and settlement of all the overdue interest (save for default interests). The disposal was completed in May 2013 and the APG Group received consideration of approximately HK$131 million, being approximately 60 per cent. of the outstanding principal amount of the mezzanine loan, the sole investment of the Fund. As a result, the financial assets at fair value through profit or loss and the other financial liabilities under the current portion decreased to HK$283 million (31st March, 2013 — HK$589 million, restated) and HK$18 million (31st March, 2013 — HK$135 million, restated), respectively.

In June 2013, the APG Group made a voluntary unconditional cash offer to acquire all the issued and paid up ordinary shares in the capital of Food Junction, other than treasury shares and those already owned, controlled or agreed to be acquired by the APG Group, at an offer price of S$0.255 in cash for each share (the "Offer"). The Offer was closed on 14th August, 2013. Up to 1st October, 2013, the APG Group held 95.7 per cent. of all the shares in Food Junction and the total consideration was approximately HK$71 million.

Treasury and securities investments

For the six months ended 30th September, 2013, treasury and securities investments businesses recorded a revenue of HK$56 million (2012 — HK$17 million, restated), mainly attributable to the disposal of the Group's financial assets held for trading. The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. During the six months ended 30th September, 2013, the Group sold certain available-for-sale financial assets and realised a gain of HK$132 million (2012 — Nil).

The investment market continues to be challenging and full of uncertainties and unrealised fair value loss was recorded. The treasury and securities investments business recorded a profit of HK$114 million (2012 — loss of HK$3 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$16 million for the six months ended 30th September, 2013 (2012 — HK$17 million) and the loss of this segment was reduced to HK$0.2 million (2012 — HK$9 million).

Banking business

The Macau Chinese Bank Limited ("MCB"), a licensed bank in Macau, is a wholly-owned subsidiary of Hongkong Chinese Limited ("HKC", a listed subsidiary of the Company). Following the capital injection late last year, MCB has been seeking new business opportunities and remains positive to enhance its competitiveness in the Macau banking sector. It recorded a turnover of HK$10 million for the six months ended 30th September, 2013 (2012 — HK$6 million) and managed to improve the performance and registered a profit of HK$2 million (2012 — HK$0.1 million).

Other businesses

Other businesses mainly comprise mineral exploration, extraction and processing, money lending and the provision of property, project and fund management services. The other businesses segment reported a loss of HK$6 million for the six months ended 30th September, 2013 (2012 — HK$10 million, restated), with turnover of HK$24 million (2012 — HK$19 million).

Financial Position

As at 30th September, 2013, the Group's total assets amounted to HK$23.0 billion (31st March, 2013 — HK$24.3 billion, restated). Property-related assets amounted to approximately HK$17.8 billion (31st March, 2013 — HK$18.5 billion), representing 77 per cent. (31st March, 2013 — 76 per cent, restated) of the total assets. Total liabilities decreased to HK$7.0 billion (31st March, 2013 — HK$8.5 billion, restated), mainly due to the repayment of bank loans and transfer of part 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 30th September, 2013, the bank and other borrowings of the Group (other than those attributable to banking business) decreased to HK$2,627 million (31st March, 2013 — HK$2,982 million, restated). The bank loans amounted to HK$2,626 million as at 30th September, 2013 (31st March, 2013 — HK$2,981 million, restated), which comprised secured bank loans of HK$2,483 million, unsecured bank loans of HK$39 million and IPO loan of HK$104 million (31st March, 2013 — secured bank loans of HK$2,948 million and unsecured bank loans of HK$33 million) and were denominated in Hong Kong dollars, Renminbi and Malaysian Ringgit. The secured bank loans were secured by certain properties, shares in certain subsidiaries of the Group and certain bank deposits. Where appropriate, the Group uses interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 30th September, 2013, approximately 33 per cent. (31st March, 2013 — 25 per cent., restated) of the Group's bank borrowings effectively carried fixed rate of interest and the remaining were at floating rates. The Group has obligations under finance leases for certain plant and equipment which amounted to HK$0.7 million as at 30th September, 2013 (31st March, 2013 — HK$0.9 million, restated). These obligations are secured by the rights to the leased plant and equipment. As at 30th September, 2013, approximately 37 per cent. (31st March, 2013 — 22 per cent., restated) of the bank and other borrowings 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 21.4 per cent. (31st March, 2013 — 24.0 per cent., restated).

The net asset value of the Group remained strong and increased to HK$9.0 billion (31st March, 2013 — HK$8.8 billion) after taking into account the profit for the period. This was equivalent to HK$18.2 per share (31st March, 2013 — HK$17.9 per share).

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign currency risk. The Group has entered into forward contracts to manage exposures to fluctuations of foreign exchange rates. When appropriate, additional hedging instruments including forward contracts, swap and currency loans would be used to manage the foreign exchange exposure.

As at 30th September, 2013, the Group had bankers' guarantees of approximately HK$44 million (31st March, 2013 — HK$44 million, restated) issued in lieu of rental, security and utility deposits for the premises used for operation of food businesses. Approximately 84 per cent. (31st March, 2013 — 93 per cent., restated) of the bankers' guarantees were secured by certain bank deposits of the Group. Besides, the Group had contingent liabilities relating to MCB of approximately HK$30 million (31st March, 2013 — HK$21 million), comprising guarantees and other endorsements of approximately HK$17 million (31st March, 2013 — HK$15 million) and liabilities under letters of credit on behalf of customers of approximately HK$13 million (31st March, 2013 — HK$6 million). Aside from the abovementioned, the Group had no material contingent liabilities outstanding as at 30th September, 2013 (31st March, 2013 — Nil). Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st March, 2013 — Nil).

The Group's capital commitment mainly arises from its property development projects. Following the completion of BDA Project during the period, the total capital commitment as at 30th September, 2013 decreased to HK$574 million (31st March, 2013 — HK$920 million, restated). 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 3,295 employees as at 30th September, 2013 (30th June, 2012 — 3,197 employees, restated). Staff costs (including directors' emoluments) charged to the income statement during the period amounted to HK$301 million (2012 — HK$267 million, restated). Certain employees of Asia Now were granted options under the share option scheme of Asia Now. The Group ensures that its employees are offered competitive remuneration packages.

Outlook

The global economic environment has stablised since last year but it is still overshadowed by a considerable uncertainty. The Group is seeking to streamline and strengthen its existing business to meet the challenges ahead. With the increase in working capital after the Disposal, 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

Overview

With the slow global economic recovery and stabilisation of the eurozone debt crisis starting to show some positive results, the major stock markets in U.S. and Europe began to rebound from the second half of 2012, continuing into the first three quarters of 2013. However, overall, the strength of economic recovery was visibly weak. Other than old challenges, the global economy had to face new uncertainties and concern over the possible economic impact of the proposed "tapering" or 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 its growth in GDP of approximately 7.7 per cent. for the first three quarters of 2013.

Results

Following the adoption of Hong Kong Financial Reporting Standard 10 entitled "Consolidated Financial Statements" for the financial year commencing on 1st April, 2013, Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group") and Asia Now Resources Corp. ("Asia Now", together with its subsidiaries, the "Asia Now Group") and their respective subsidiaries have been classified from associates to subsidiaries of the Company with effect from 1st April, 2013. Accordingly, the results, assets and liabilities of the APG Group and Asia Now Group have been consolidated into the financial statements of the Group for the six months ended 30th September, 2013 (the "Current Period"). During the Current Period, the Group recorded a profit attributable to shareholders of approximately HK$272 million, when compared to a profit of approximately HK$203 million for the six months ended 30th June, 2012 (the "Last Period"). The increase in profit was partly due to better results from Hongkong Chinese Limited ("HKC", together with its subsidiaries, the "HKC Group"), a 56.1 per cent. listed subsidiary of the Company, which recorded a consolidated profit attributable to shareholders of approximately HK$403 million for the Current Period, as compared to a consolidated loss of approximately HK$112 million for the Last Period. It was mainly attributable to the recognition of part of the profit arising from the pre-sold properties at the HKC 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") which was completed in the third quarter of 2013. In addition, the HKC Group recorded a better result from its joint ventures for the Current Period as compared with the Last Period as a result of the write back of certain deferred tax liabilities by a joint venture following a change of tax base of its underlying property during the Current Period. Lippo China Resources Limited ("LCR", together with its subsidiaries, the "LCR Group"), a 71.2 per cent. listed subsidiary of the Company, recorded a consolidated profit attributable to shareholders of approximately HK$159 million for the Current Period, as compared with a consolidated profit of approximately HK$413 million for the Last Period. The decrease in profit was mainly attributable to the non-recurrence of significant fair value gains on investment properties for the Current Period as compared with the Last Period.

The Group's investment properties enjoyed a satisfactory occupancy rate for the Current Period. Rental income from the investment properties continued to provide the Group with stable recurrent income. The Group undertakes strategic review of the Group's assets from time to time for maximizing returns to its shareholders, which may include a possible sale of certain properties held for investment purposes. In October 2013, LCR entered into an agreement for the disposal of the entire issued share capital of Tecwell Limited (the "Disposal") which, through its wholly-owned subsidiary, owns the properties at Lippo Plaza in Shanghai with a total gross floor area of approximately 58,522 square metres, for a cash consideration of approximately HK$843.5 million (subject to adjustment, if any), to a subsidiary of OUE Commercial Real Estate Investment Trust ("OUE C-REIT", formerly known as OUE Commercial Trust). The Disposal is conditional upon, amongst other things, the approval of independent shareholders of LCR, and the completion of the initial public offering and the listing of the units in OUE C-REIT on Singapore Exchange Securities Trading Limited (the "SGX-ST"). In order to distribute the excess cash as a return to its shareholders, on 4th November, 2013, the board of directors of LCR declared a conditional special dividend of HK3.5 cents per share (the "LCR Conditional Special Dividend"), amounting to a total of approximately HK$321.5 million to the shareholders of LCR. The LCR Conditional Special Dividend is subject to the approval of the shareholders of LCR and the completion of the Disposal taking place. The net proceeds from the Disposal after deducting expenses and related taxes attributable to the Disposal are estimated to be approximately HK$755.3 million (subject to adjustment and audit) which are currently expected to be applied by LCR as to approximately HK$433.8 million for its general corporate purposes, including investments and capital expenditure and approximately HK$321.5 million for payment of the LCR Conditional Special Dividend.

The LCR Group has two major development projects in Jiangsu Province, mainland China. The project situated in Huai An City (the "Huai An Project") will be developed into an integrated residential, commercial and retail complex with a total gross floor area of approximately 250,000 square metres on a site of approximately 41,000 square metres. The Huai An Project is well-located in the central business district of Qing He District which itself is the political, commercial, business, financial and cultural centre of Huai An City. Another project is located in China Medical City (中國醫藥城) ("CMC"), Taizhou City (the "Taizhou Project") with a site of approximately 81,000 square metres and a total gross floor area of approximately 220,000 square metres. The Taizhou Project is a residential development comprising townhouses and residential apartments. CMC is the only national level development zone focused on high-tech medical related industries in mainland China. Construction work planning for each of the Huai An Project and the Taizhou Project is in progress and test piling for both projects has commenced. The above two projects strengthen the LCR Group's strategic growth in property development business.

The development of the BDA Project, in which the HKC Group has 80 per cent. interest, was 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. As at 30th September, 2013, about 85 per cent. of the total saleable area of the project has been sold and handover is in progress. The Group has recognised part of the profit arising from sale of the properties in the Current Period, and expected that part of the profit will be recognised in the second half of the financial year ending 31st March, 2014.

Superstructure works for the residential development "M Residences" at 83 Estrada de Cacilhas, Macau, in which the HKC Group has 100 per cent. interest, commenced in August 2013. "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 in 2014. As at 30th September, 2013, about 96 per cent. of the total saleable area of the project has been pre-sold.

"Marina Collection", in which the HKC Group has 50 per cent. interest, is located at Sentosa Cove in Sentosa Island, Singapore. It has 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres. The development was completed in 2011. As at 30th September, 2013, 89 units have been sold, of which 9 units were sold in the Current Period.

Temporary occupation permit for "Centennia Suites", a residential development at 100 Kim Seng Road, Singapore with a saleable area of approximately 16,182 square metres, was obtained in October 2013. All the 97 residential units in this project have been sold in 2010. It is expected that a share of profit from this project will be recognised in the Group's consolidated financial results for the second half of the financial year ending 31st March, 2014. The HKC Group has a 50 per cent. interest in this project.

As part of an internal group restructuring, Lippo ASM Asia Property Limited ("LAAPL"), a joint venture of HKC, was set up to hold the controlling stake in OUE Limited ("OUE", formerly known as Overseas Union Enterprise Limited), a listed company in Singapore principally engaged in property investment and development and hotel operation. The HKC Group's economic interest in OUE remains unchanged after the above group restructuring. As at 30th September, 2013, LAAPL had an aggregate interest of approximately 68.02 per cent. in OUE (excluding treasury shares).

OUE has interest in prime office buildings in the Central Business District in Singapore like One Raffles Place, OUE Bayfront and OUE Downtown 1 and 2 (formerly known as 6 Shenton Way Towers One and Two) as well as hotels in the Asia region. To further strengthen its commercial property portfolio, in June 2013, a subsidiary of OUE completed the acquisition of U.S. Bank Tower, a Class A office property located in Los Angeles and the tallest iconic building in California, U.S., and the related properties. This bespoke portfolio of well diversified and high quality properties will help to generate substantial and stable recurrent income for OUE.

In order to enable OUE to unlock the value of some of the properties at fair value, in July 2013, OUE completed the disposal of its interest in Mandarin Orchard Singapore ("Mandarin Orchard") and Mandarin Gallery to a newly established real estate investment trust known as OUE Hospitality Trust ("OUE H-Trust") at an aggregate consideration of S$1,705 million. OUE maintains its rights to operate Mandarin Orchard and manage Mandarin Gallery. The consideration for the above disposal was settled in a combination of cash and stapled securities in OUE H-Trust. Concurrent with the completion of the above disposal, the listing of and commencement of trading of the stapled securities in OUE H-Trust (with OUE acting as the sponsor) on the Main Board of SGX-ST took place on 25th July, 2013. As at 30th September, 2013, OUE held approximately 45.2 per cent. of the total number of stapled securities units of OUE H-Trust in issue. In November 2013, the board of directors of OUE proposed to declare a distribution in specie of certain OUE H-Trust stapled securities that are 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 above proposed distribution in specie is subject to the approval of the shareholders of OUE and conditional upon, amongst other things, the completion of the initial public offering and the listing of the units in OUE C-REIT on the SGX-ST.

OUE C-REIT, which was established by OUE recently, is expected to include 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 as its initial portfolio. The OUE Bayfront Property is proposed to be disposed of by OUE to OUE C-REIT at a minimum consideration of approximately S$1,005 million and will be paid in a combination of cash and units in OUE C-REIT. It is expected that OUE C-REIT when listed together with OUE H-Trust on the SGX-ST, will complement and strengthen OUE's lines of business. The listing of OUE C-REIT will be subject to, among other things, market conditions, the relevant regulatory, shareholders' and other approvals having been obtained.

In September 2013, OUE disposed of its entire 80 per cent. interest in Meritus Shantou China and 100 per cent. interest in Meritus Mandarin Haikou, both in mainland China, to third parties.

Marketing of the development at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the "MIDAN City Project"), in which the Group has approximately 38.5 per cent. interest, is in progress. The MIDAN City Project involves the development, construction and management of a residential, leisure and business complex with an approved total gross floor area of approximately three million square metres. The project is located in Incheon Free Economic Zone and will be completed in phases. It is intended to be a self-contained community with residential properties, shopping malls, hospital, schools, hotels and a business town.

In January 2013, the Group together with other joint venture partners (the "Consortium"), including Caesars Entertainment Corporation ("Caesars"), a company listed on the NASDAQ Stock Market, entered into various agreements which established the terms on which the parties agreed to seek preliminary governmental approval (the "Preliminary Review Application") that would allow the parties to design, develop, construct and own an integrated resort located in Incheon, Korea which will include, inter alia, hotels and service apartments (the "IR Project"). The joint venture entity is intended to be owned by the Group as to 20 per cent. and by Caesars as to 40 per cent. In the event the series of transactions related to the IR Project are concluded, it is intended that Caesars or its affiliate(s) would construct and operate an integrated hotel-casino. The Group will not participate or engage in any gaming business in the IR Project. Following the Ministry of Culture, Sports and Tourism of the Republic of Korea ("MCST") declining the Preliminary Review Application in June 2013, the Consortium has been considering its position and discussing with the relevant governmental bodies in Korea with a view to resolving the issues which lead to the Preliminary Review Application being declined. If the issues which lead to the Preliminary Review Application being declined can be resolved, the Consortium will consider submitting a new application to MCST.

Auric, a listed company in Singapore in which the LCR Group is interested in approximately 49.3 per cent. of its issued share capital, became a subsidiary of LCR with effect from 1st April, 2013. Auric recorded a loss attributable to shareholders of approximately S$1,231,000 for the Current Period, as compared with a profit of S$3,149,000 for the Last Period. Rising raw materials and operating costs have eroded the APG Group's gross margins. The APG Group is committed to improve its profitability by rationalizing costs and improving operational efficiency. In June 2013, a wholly-owned subsidiary of Auric (the "Offeror") made a voluntary unconditional cash offer to acquire all the issued and paid-up ordinary shares in the capital of Food Junction Holdings Limited ("Food Junction"), other than treasury shares and those already owned, controlled or agreed to be acquired by the APG Group, at an offer price of S$0.255 in cash for each share (the "Offer"). Auric believes that there are synergistic benefits to be derived by increasing its stake in Food Junction, the current portfolio of which consisting of food courts and restaurants will complement Auric's existing portfolio, and the increase in the sharing of resources relating to marketing and operations between both Auric and Food Junction will contribute to the growth of both companies. The APG Group held approximately 61.4 per cent. interest in Food Junction when the Offer was made. The Offer was closed on 14th August, 2013. As at the close of the Offer, the APG Group was interested in approximately 93.1 per cent. of the issued share capital in Food Junction. The remaining shareholders of Food Junction have a right to require the Offeror to purchase their shares in Food Junction on the same terms as those applicable under the Offer including the Offer price. Such remaining shareholders may exercise their right from 28th August, 2013 to 28th November, 2013 (or such later date as the Offeror may notify in writing). Up to 1st October, 2013, Food Junction's remaining shareholders of approximately 2.6 per cent. have exercised their rights, and the APG Group was then interested in approximately 95.7 per cent. of the issued share capital in Food Junction. In August 2013, an application was made by the Offeror to delist the shares in Food Junction from the SGX-ST after the process to acquire the shares from the remaining shareholders is completed. The SGX-ST had in September 2013 stated that it had no objection to the delisting of Food Junction subject to certain conditions to be fulfilled by Food Junction and the Offeror.

Asia Now, in which the LCR Group is interested in approximately 49.9 per cent. of its issued share capital, has become a subsidiary of LCR with effect from 1st April, 2013. After years of studies, surveys and drillings, Asia Now has scaled down its scale of surveys and drillings. The Asia Now Group is now focused on the concessions, totalling approximately 89 square kilometres, with a total area of approximately 58 square kilometres for two concessions in Habo, Yunnan Province and a total area of approximately 31 square kilometres for the concession in Beiya, Yunnan Province. Asia Now is listed on the TSX Venture Exchange of Canada, and is primarily engaged in the business of exploration of mineral deposits in mainland China.

Prospects

Though there are strong signs that the global economy has picked up gradually, the proposed phased withdrawal by the U.S. Federal Reserve of its quantitative easing program and the uncertainty arising from the yet to be resolved U.S. debt default crisis will undoubtedly affect the pace of the economic recovery in U.S. and elsewhere. Against this backdrop, the Group will continue to streamline and strengthen its existing businesses and operations to meet the challenges ahead. Management will continue to adopt a cautious and prudent approach in selecting suitable investment opportunities to enhance shareholders' value.

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK3 cents per share (For the six months ended 30th June, 2012 — HK3 cents per share) amounting to approximately HK$14.8 million for the six months ended 30th September, 2013 (For the six months ended 30th June, 2012 — approximately HK$14.8 million), which will be paid on or about Monday, 10th February, 2014 to shareholders whose names appear on the Register of Members on Thursday, 30th January, 2014.

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 27th January, 2014 to Thursday, 30th January, 2014 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend for the six months ended 30th September, 2013, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Progressive Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 24th January, 2014.

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

As at 30th September, 2013, 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")), 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (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)	Other interests	Total interests	Approximate percentage of total interests in the issued share capital
Number of ordinary shares of HK$0.10 each in the Company					
Stephen Riady	—	—	319,322,219 *Note (i)*	319,322,219	64.75
Jark Pui Lee	—	60	—	60	0.00
John Luen Wai Lee	1,031,250	—	—	1,031,250	0.21
Number of ordinary shares of HK$0.10 each in Lippo China Resources Limited ("LCR")					
Stephen Riady	—	—	6,544,696,389 *Notes (i) and (ii)*	6,544,696,389	71.24
Number of ordinary shares of HK$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	—	—	1,121,517,842 *Notes (i) and (iii)*	1,121,517,842	56.12
Jark Pui Lee	469	469	—	938	0.00
John Luen Wai Lee	2,000,270	270	—	2,000,540	0.10
King Fai Tsui	600,000	75,000	—	675,000	0.03

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)*

Note:

(i) As at 30th September, 2013, Lippo Capital Limited ("Lippo Capital"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 319,322,219 ordinary shares of HK$0.10 each in, representing approximately 64.75 per cent. of the issued share capital of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK$1.00 each in, representing the entire issued share capital of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the share capital of Lanius. The beneficiaries of the trust included, inter alia, Mr. Stephen Riady and other members of the family. Mr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.

(ii) As at 30th September, 2013, the Company was indirectly interested in 6,544,696,389 ordinary shares of HK$0.10 each in, representing approximately 71.24 per cent. of the issued share capital of, LCR.

(iii) As at 30th September, 2013, the Company was indirectly interested in 1,121,517,842 ordinary shares of HK$1.00 each in, representing approximately 56.12 per cent. of the issued share capital of, HKC.

For the reasons outlined above, through his deemed interests in Lippo Capital as mentioned in Note (i) above, Mr. Stephen Riady was also taken to be interested in the share capital of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Abital Trading Pte. Limited	Ordinary shares	2	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	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)*

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Honix Holdings Limited	Ordinary shares	1	100
J & S Company Limited	Ordinary shares	1	100
Kingaroy Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
SCR Ltd.	Ordinary shares	1	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

As at 30th September, 2013, Mr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares of HK$1.00 each in, representing approximately 16.67 per cent. of the issued share capital of, Lanius which is the holder of the entire issued share capital of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Mr. Stephen Riady), who does not have any interest in the share capital of Lanius. The beneficiaries of the trust included, inter alia, Mr. Stephen Riady and other members of the family.

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)*

As at 30th September, 2013, Mr. Stephen Riady was interested in 27,493,311 ordinary shares in Auric Pacific Group Limited ("Auric"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, held by Goldstream Capital Limited, which in turn is a wholly-owned subsidiary of Bravado International Ltd. ("Bravado"). Mr. Stephen Riady is the beneficial owner of the entire issued capital of Bravado. For the reasons mentioned above, through his deemed interest in Lippo Capital, Mr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in Auric. Accordingly, Mr. Stephen Riady was interested and taken to be interested in an aggregate of 89,420,646 ordinary shares in, representing approximately 71.16 per cent. of the issued share capital of, Auric.

As at 30th September, 2013, 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 (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at 30th September, 2013, 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 (within the meaning of Part XV of the SFO) 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 30th September, 2013, 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 (within the meaning of Part XV of the SFO).

Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance

As at 30th September, 2013, so far as is known to the Directors of the Company, 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 Securities and Futures Ordinance (the "SFO") as follows:

Interests of substantial shareholders in shares of the Company

Name	Number of ordinary shares of HK$0.10 each	Approximate percentage of the issued share capital
Lippo Capital Limited ("Lippo Capital")	319,322,219	64.75
Lanius Limited ("Lanius")	319,322,219	64.75
Dr. Mochtar Riady	319,322,219	64.75
Madam Lidya Suryawaty	319,322,219	64.75

Note:

1. Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 ordinary shares of the Company. Together with 304,622,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 319,322,219 ordinary shares of HK$0.10 each in, representing approximately 64.75 per cent. of the issued share capital of, the Company.

2. Lanius is the holder of the entire issued share capital of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the share capital of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in the shares of the Company under the provisions of the SFO.

3. Lippo Capital's interests in the ordinary shares of the Company were recorded as the interests of Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 319,322,219 ordinary shares of the Company related to the same block of shares that Mr. Stephen 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 30th September, 2013, 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.

Share Option Schemes

Details of the share option schemes of the Company and its subsidiaries are disclosed in Note 17 to the interim financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30th September, 2013, 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. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui 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 Company for the six months ended 30th September, 2013.

Corporate Governance

The Company is committed to ensuring high standards of corporate governance practices. The Board of Directors of the Company (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 six months ended 30th September, 2013. 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.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the code for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code during the period under review.

By Order of the Board
Lippo Limited
John Luen Wai Lee
Managing Director and Chief Executive Officer

Hong Kong, 27th November, 2013

Corporate Information

HONORARY CHAIRMAN*
Dr. Mochtar Riady

BOARD OF DIRECTORS
Executive Directors
Mr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee, BBS, JP
(Managing Director and Chief Executive Officer)
Mr. Jark Pui Lee, SBS, OBE, JP

Non-executive Director
Mr. Leon Nim Leung Chan

Independent non-executive Directors
Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

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

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

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

* *non-officer position*

SECRETARY
Mr. Davy Kwok Fai Lee

AUDITORS
Ernst & Young

PRINCIPAL BANKERS
Standard Chartered Bank
China CITIC Bank International Limited
Fubon Bank (Hong Kong) Limited
Chong Hing Bank Limited
Bank of Beijing Co., Ltd.
The Bank of East Asia, Limited

SOLICITORS
Howse Williams Bowers

REGISTRAR
Tricor Progressive Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE
24th Floor, Tower One
Lippo Centre
89 Queensway
Hong Kong

STOCK CODE
226

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