



Lippo China Resources Limited

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code:156)

INTERIM REPORT
2014

Contents

	Page
Condensed Consolidated Statement of Profit or Loss	2
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Interim Financial Statements	8
Management Discussion and Analysis	30
Business Review and Prospects	34
Additional Information	36
Corporate Information	44

The Directors of Lippo China Resources 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, 2014.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th September, 2014

		Unaudited	
		six months ended 30th September,	
		2014	2013
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	1,387,849	1,414,076
Cost of sales		(776,333)	(726,319)
Gross profit		611,516	687,757
Administrative expenses		(421,009)	(430,551)
Other operating expenses		(196,442)	(179,521)
Gain/(Loss) on disposal of available-for-sale financial assets		(7)	131,599
Net gain on disposal of subsidiaries	16	11,644	–
Net fair value gain/(loss) on investment properties		17,875	(10,211)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss		11,925	(68,537)
Finance costs		(10,338)	(50,244)
Share of results of associates		1,324	(4,654)
Share of results of joint ventures		2,310	3,131
Profit before tax	4	28,798	78,769
Income tax	5	(22,188)	68,433
Profit for the period		6,610	147,202
Attributable to:			
Equity holders of the Company		6,023	159,030
Non-controlling interests		587	(11,828)
		6,610	147,202
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company			
Basic	6	0.07	1.73
Diluted		N/A	N/A

Details of the interim dividends are disclosed in Note 7 to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2014

	Unaudited	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	6,610	147,202
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	672	(538)
Adjustments for disposal	–	(118,914)
	672	(119,452)
Exchange differences on translation of foreign operations	(11,674)	25,166
Adjustments relating to disposal of foreign subsidiaries	(2,700)	–
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax	(13,702)	(94,286)
Total comprehensive income/(loss) for the period	(7,092)	52,916
Attributable to:		
Equity holders of the Company	2,213	82,611
Non-controlling interests	(9,305)	(29,695)
	(7,092)	52,916

Condensed Consolidated Statement of Financial Position

As at 30th September, 2014

		30th September, 2014	31st March, 2014
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Intangible assets		474,698	488,225
Exploration and evaluation assets		95,512	95,295
Fixed assets		329,794	324,636
Investment properties		1,981,361	2,248,541
Interests in associates		55,076	53,645
Interests in joint ventures		14,942	17,955
Available-for-sale financial assets	8	118,469	117,082
Debtors, prepayments and deposits	9	71,665	65,006
Deferred tax assets		6,806	6,708
		3,148,323	3,417,093
Current assets			
Properties held for sale		6,993	12,503
Properties under development		594,896	552,919
Inventories		302,579	280,884
Loans and advances		7,861	–
Debtors, prepayments and deposits	9	512,175	494,302
Financial assets at fair value through profit or loss	10	228,121	224,414
Tax recoverable		10,461	8,853
Restricted cash		24,332	23,809
Cash and bank balances		2,261,258	1,474,165
		3,948,676	3,071,849
Current liabilities			
Bank and other borrowings	11	514,948	693,910
Creditors, accruals and deposits received	12	1,268,730	564,664
Other financial liabilities	13	4,044	15,998
Tax payable		176,376	169,241
		1,964,098	1,443,813
Net current assets		1,984,578	1,628,036
Total assets less current liabilities		5,132,901	5,045,129

Condensed Consolidated Statement of Financial Position (Continued)

As at 30th September, 2014

	Note	30th September, 2014 HK\$'000 (Unaudited)	31st March, 2014 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	11	172,659	3,237
Creditors, accruals and deposits received	12	30,077	29,068
Deferred tax liabilities		115,972	114,484
		318,708	146,789
Net assets		4,814,193	4,898,340
Equity			
Equity attributable to equity holders of the Company			
Issued capital	14	1,705,907	1,705,907
Reserves		2,369,640	2,435,773
		4,075,547	4,141,680
Non-controlling interests		738,646	756,660
		4,814,193	4,898,340

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2014

	Unaudited										
	Attributable to equity holders of the Company										
	Issued capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Other asset revaluation reserve HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1st April, 2014	1,705,907	-	1,518	-	(1,019)	27,039	218,570	2,189,665	4,141,680	756,660	4,898,340
Profit for the period	-	-	-	-	-	-	-	6,023	6,023	587	6,610
Other comprehensive income/(loss) for the period:											
Available-for-sale financial assets:											
Change in fair value	-	-	-	-	672	-	-	-	672	-	672
Exchange differences on translation of foreign operations	-	-	(12)	-	-	-	(3,101)	-	(3,113)	(8,561)	(11,674)
Adjustments relating to disposal of foreign subsidiaries	-	-	-	-	-	-	(1,369)	-	(1,369)	(1,331)	(2,700)
Total comprehensive income/(loss) for the period	-	-	(12)	-	672	-	(4,470)	6,023	2,213	(9,305)	(7,092)
Change in non-controlling interests without change in control	-	-	-	-	-	-	-	556	556	(922)	(366)
2013/2014 final dividend declared to shareholders of the Company	-	-	-	-	-	-	-	(68,902)	(68,902)	-	(68,902)
Dividend declared and paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(7,787)	(7,787)
At 30th September, 2014	1,705,907	-	1,506	-	(347)	27,039	214,100	2,127,342	4,075,547	738,646	4,814,193
At 1st April, 2013	918,691	785,568	1,647	1,648	118,534	27,039	436,970	2,464,223	4,754,320	964,153	5,718,473
Profit for the period	-	-	-	-	-	-	-	159,030	159,030	(11,828)	147,202
Other comprehensive income/(loss) for the period:											
Available-for-sale financial assets:											
Change in fair value	-	-	-	-	(538)	-	-	-	(538)	-	(538)
Adjustments for disposal	-	-	-	-	(118,914)	-	-	-	(118,914)	-	(118,914)
Exchange differences on translation of foreign operations	-	-	(19)	-	-	-	43,052	-	43,033	(17,867)	25,166
Total comprehensive income/(loss) for the period	-	-	(19)	-	(119,452)	-	43,052	159,030	82,611	(29,695)	52,916
Change in non-controlling interests without change in control (Note 17)	-	-	-	-	-	-	-	9,248	9,248	(74,928)	(65,680)
2012/2013 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	-	(68,902)	(68,902)	-	(68,902)
Dividend declared and paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(11,822)	(11,822)
At 30th September, 2013	918,691	785,568	1,628	1,648	(918)	27,039	480,022	2,563,599	4,777,277	847,708	5,624,985

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2014

	Unaudited	
	six months ended 30th September, 2014 HK\$'000	2013 HK\$'000
Net cash flows used in operating activities	(54,364)	(156,383)
Net cash flows from investing activities	873,983	203,077
Net cash flows used in financing activities	(29,033)	(385,788)
Net increase/(decrease) in cash and cash equivalents	790,586	(339,094)
Cash and cash equivalents at beginning of period	1,474,165	1,611,059
Exchange realignments	(3,493)	(1,657)
Cash and cash equivalents at end of period	2,261,258	1,270,308
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	2,261,258	1,270,561
Time deposits with original maturity of more than three months	–	(253)
	2,261,258	1,270,308

Notes to the Interim Financial Statements

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.

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 year ended 31st March, 2014, 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, 2014, for the first time for the current period’s financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> — <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> — <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim financial statements.

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 money markets;
- (d) the securities investment segment includes dealings in securities and financial assets available-for-sale;
- (e) 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
- (f) the “other” segment comprises principally mineral exploration, extraction and processing, money lending and the provision of property management services.

Notes to the Interim Financial Statements (Continued)

2. SEGMENT INFORMATION (Continued)

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

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

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Six months ended 30th September, 2014								
Revenue								
External	27,543	7,813	10,883	4,378	1,330,230	7,002	-	1,387,849
Inter-segment	2,885	-	-	-	-	-	(2,885)	-
Total	30,428	7,813	10,883	4,378	1,330,230	7,002	(2,885)	1,387,849
Segment results	43,556	(1,085)	10,883	12,181	15,708	(4,620)	-	76,623
	(Note)							
Unallocated corporate expenses								(42,261)
Finance costs								(9,198)
Share of results of associates	-	-	-	-	(19)	1,343	-	1,324
Share of results of joint ventures	-	6	-	-	2,304	-	-	2,310
Profit before tax								28,798
Six months ended 30th September, 2013								
Revenue								
External	105,379	-	7,467	32,284	1,257,049	11,897	-	1,414,076
Inter-segment	5,336	-	-	-	-	-	(5,336)	-
Total	110,715	-	7,467	32,284	1,257,049	11,897	(5,336)	1,414,076
Segment results	72,093	(6,071)	7,467	94,038	(5,405)	(2,182)	-	159,940
	(Note)							
Unallocated corporate expenses								(30,663)
Finance costs								(48,985)
Share of results of associates	-	-	-	-	-	(4,654)	-	(4,654)
Share of results of joint ventures	-	2	-	-	3,129	-	-	3,131
Profit before tax								78,769

Note: The amount included net fair value gain on investment properties of HK\$17,875,000 (2013 — loss of HK\$10,211,000).

Notes to the Interim Financial Statements (Continued)

3. REVENUE

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from sales of goods and food and beverage, fee income from operation of food courts, gross income from property management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

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

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Property investment	27,543	105,379
Property development	7,813	–
Treasury investment	10,945	8,528
Securities investment	5,041	35,628
Sales of goods	897,052	831,983
Sales of food and beverage	354,960	346,413
Fees charged to food court stallholders	68,760	66,089
Other	15,735	20,056
	1,387,849	1,414,076

Notes to the Interim Financial Statements (Continued)

4. PROFIT BEFORE TAX

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

	Six months ended 30th September,	
	2014 HK\$'000	2013 HK\$'000
Interest income:		
Financial assets at fair value through profit or loss designated as such upon initial recognition	–	2,166
Loans and advances	92	1,622
Other	10,945	8,528
Dividend income:		
Listed investments	3,421	2,871
Unlisted investments	663	1,179
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	957	29,412
Listed available-for-sale financial assets	–	131,599
Unlisted available-for-sale financial assets	(7)	–
Derivative financial instruments	(5,150)	(3,449)
Gain on deemed disposal of an associate	–	5,467
Net fair value gain/(loss) on:		
Listed financial assets at fair value through profit or loss	13,480	(58,423)
Unlisted financial assets at fair value through profit or loss	(688)	(2,505)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	(867)	(1,381)
Derivative financial instruments	–	(6,228)
Write-back of provision/(Provision) for impairment losses on:		
Unlisted available-for-sale financial assets	863	–
Inventories	(7,086)	(6,565)
Bad and doubtful debts	(1,072)	(1,425)
Fixed assets	1,047	–
Exploration and evaluation assets	(969)	–
Depreciation	(42,831)	(44,220)
Amortisation of intangible assets	(8,672)	(8,638)
Foreign exchange gains — net	1,173	9,480
Cost of inventories sold:		
Properties	(5,541)	–
Others	(690,712)	(651,135)

5. INCOME TAX

	Six months ended 30th September,	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong:		
Charge for the period	7,127	1,321
Overprovision in prior periods	–	(275)
Deferred	(393)	319
	6,734	1,365
Overseas:		
Charge for the period	15,822	20,919
Overprovision in prior periods	(3,849)	(643)
Deferred	3,481	(90,074)
	15,454	(69,798)
Total charge/(credit) for the period	22,188	(68,433)

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2013 — 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.

6. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY*(a) Basic earnings per share*

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 approximately 9,186,913,000 ordinary shares (2013 — approximately 9,186,913,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2014 and 2013.

Notes to the Interim Financial Statements (Continued)

7. INTERIM DIVIDENDS

	Six months ended 30th September,	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend, declared, of HK0.2 cent (2013 — HK0.2 cent) per ordinary share	18,374	18,374
Special interim dividend, declared, of HK0.4 cent (2013 — Nil) per ordinary share	36,748	—
	55,122	18,374

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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30th September,	31st March,
	2014	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets stated at fair value:		
Unlisted investment funds	4,040	3,368
Financial assets stated at cost:		
Unlisted equity securities	109,379	110,049
Unlisted debt securities	7,298	7,298
Unlisted investment funds	92,577	104,944
	209,254	222,291
Provisions for impairment losses	(94,825)	(108,577)
	114,429	113,714
	118,469	117,082

The debt securities are non-interest bearing.

Notes to the Interim Financial Statements (Continued)

9. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	30th September, 2014	31st March, 2014
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 30 days	230,959	232,245
Between 31 and 60 days	88,774	78,187
Between 61 and 90 days	64,221	39,464
Between 91 and 180 days	5,550	13,661
Over 180 days	122	117
	389,626	363,674

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

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

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Balance at beginning of period	27,829	26,305
Allowance for bad and doubtful debts	1,072	1,425
Amount written-off	(9,367)	(1,784)
Exchange adjustments	(31)	(617)
Balance at end of period	19,503	25,329

Notes to the Interim Financial Statements (Continued)

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September, 2014	31st March, 2014
	HK\$'000	HK\$'000
Held for trading:		
Equity securities listed in Hong Kong	123,554	103,071
Equity securities listed overseas	96,505	112,509
Unlisted investments funds	8,062	8,834
	228,121	224,414

11. BANK AND OTHER BORROWINGS

	30th September, 2014	31st March, 2014
	HK\$'000	HK\$'000
Current portion:		
Bank loans:		
Secured (Note (a))	483,786	652,000
Unsecured	30,327	41,195
Obligations under finance leases (Note (b))	835	715
	514,948	693,910
Non-current portion:		
Secured bank loans (Note (a))	170,000	–
Obligations under finance leases (Note (b))	2,659	3,237
	172,659	3,237
	687,607	697,147

Notes to the Interim Financial Statements (Continued)

11. BANK AND OTHER BORROWINGS (Continued)

	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
Bank and other borrowings by currency:		
Hong Kong dollar	650,000	652,000
Renminbi	3,786	–
Malaysian Ringgit	33,821	45,147
	687,607	697,147
Bank loans repayable:		
Within one year	514,113	693,195
In the second year	40,000	–
In the third to fifth years, inclusive	130,000	–
	684,113	693,195
Other borrowings repayable:		
Within one year	835	715
In the second year	512	598
In the third to fifth years, inclusive	1,531	2,639
After five years	616	–
	3,494	3,952

The Group's bank loans bear interest at floating rates ranging from 2.5 per cent. to 7.1 per cent. (31st March, 2014 — 2.4 per cent. to 3.9 per cent.) per annum.

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) first legal mortgages over certain investment properties, leasehold land and buildings and properties under development of the Group with carrying amounts of HK\$971,950,000 (31st March, 2014 — HK\$1,496,500,000), HK\$100,592,000 (31st March, 2014 — HK\$101,890,000) and HK\$211,333,000 (31st March, 2014 — Nil), respectively; and
 - (ii) certain bank deposits of the Group with a carrying amount of HK\$2,378,000 (31st March, 2014 — HK\$2,374,000).
- (b) The Group has obligations under finance leases for certain plant and equipment. The implicit average interest rate in the leases ranges from 3.8 per cent. to 5.0 per cent. (31st March, 2014 — 3.8 per cent. to 5.0 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\$3,494,000 (31st March, 2014 — HK\$3,952,000).

Notes to the Interim Financial Statements (Continued)

12. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received as at 30th September, 2014 included sale deposit for disposal of subsidiaries of HK\$639,150,000 (31st March, 2014 — Nil), with further details given in Note 22 to the interim financial statements.

An aged analysis of trade creditors are as follows:

	30th September, 2014	31st March, 2014
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 30 days	181,142	168,807
Between 31 and 60 days	18,667	21,309
Between 61 and 90 days	6,251	16,769
Between 91 and 180 days	21,777	19,669
Over 180 days	2,887	2,811
	230,724	229,365

The balances of trade creditors are non-interest-bearing and are generally settled on their normal trade terms.

13. OTHER FINANCIAL LIABILITIES

	30th September, 2014	31st March, 2014
	HK\$'000	HK\$'000
Derivative financial instruments:		
Futures	–	259
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	4,044	15,739
	4,044	15,998

14. SHARE CAPITAL

	30th September, 2014	31st March, 2014
	HK\$'000	HK\$'000
Issued and fully paid:		
9,186,912,716 (31st March, 2014 — 9,186,912,716) ordinary shares	1,705,907	1,705,907

15. SHARE OPTION SCHEMES

Details of the share option schemes of the Company and its subsidiary 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 and Lippo Limited ("Lippo"), an intermediate holding company of the Company, on 7th June, 2007 (the "Adoption Date"), the board of the Directors of the Company (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 920,108,871 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.

At the beginning and end of the period, there were no outstanding options granted under the Share Option Scheme to subscribe for shares in the Company.

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

15. SHARE OPTION SCHEMES (Continued)

(b) *Share Option Schemes of Asia Now Resources Corp.*

Terminated Incentive Stock Option Plan of Asia Now Resources Corp.

An incentive stock option plan of Asia Now Resources Corp. ("Asia Now"), a listed subsidiary of the Company, was adopted on 30th April, 2007 and amended and restated on 17th February, 2011 and approved by the shareholders of Asia Now and such option plan was subsequently terminated during the financial year ended 31st March, 2014 (the "Terminated ANR Stock Option Plan"). Pursuant to the Terminated ANR Stock Option Plan, the board of directors of Asia Now (the "ANR Board") might grant options to eligible persons including any employees, officers, directors, management company employees or consultants of Asia Now and any of its subsidiaries to purchase the common shares in the capital of Asia Now (the "ANR Shares"). The purpose of the Terminated ANR Stock Option Plan was to advance the interests of Asia Now by providing the eligible persons with additional incentive, encouraging equity ownership by such eligible persons in the success of Asia Now, encouraging 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 the Terminated ANR Stock Option Plan vested, and became 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 Terminated ANR Stock Option Plan, the ANR Board had the authority to determine the terms, limitations, restrictions and conditions respecting the grant of options. No grantee of the option was 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 issued share capital, were reserved for issuance upon exercise of options granted under the Terminated ANR Stock Option Plan. The maximum number of ANR Shares which was reserved for issuance to any one person in any 12-month period under the Terminated ANR Stock Option Plan was 5 per cent. of the ANR Shares issued and outstanding at the time of grant (on a non-diluted basis). The option exercise price was determined by the ANR Board in its sole discretion and was not less than the closing price of the ANR Shares on TSX Venture Exchange of Canada (the "Venture Exchange") on the date immediately preceding the day on which the ANR Board granted and provided notice to such exchange of the grant of the option(s).

As at 1st April, 2014, there were 400,000 outstanding options granted under the Terminated ANR Stock Option Plan (the "ANR Options") to subscribe for a total of 400,000 ANR Shares. Of this total, 350,000 ANR Options have an exercise price of C\$0.30 per share (subject to adjustment) and are subject to the Vesting Period. The remaining 50,000 ANR Options, which had an exercise price of C\$0.25 per share and remained unexercised, expired on 10th September, 2014 and lapsed accordingly. As at 1st April, 2014, all the above ANR Options were vested.

Notes to the Interim Financial Statements (Continued)

15. SHARE OPTION SCHEMES (Continued)

(b) *Share Option Schemes of Asia Now Resources Corp. (Continued)*

Terminated Incentive Stock Option Plan of Asia Now Resources Corp. (Continued)

During the period, movements in the ANR Options granted under the Terminated 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, 2014	Lapsed during the period	Balance as at 30th September, 2014
Employees (Note)	10th September, 2009	10th September, 2014	0.25	50,000	(50,000)	–
	17th February, 2011	17th February, 2016	0.30	350,000	–	350,000
Total				400,000	(50,000)	350,000
Weight average exercise price per ANR Shares (C\$)				0.29	0.25	0.30

Note: Employees refer to the employees of Asia Now and its subsidiaries as at 30th September, 2014 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.

Save as disclosed herein, no option of Asia Now was granted, exercised, cancelled or lapsed under the Terminated ANR Stock Option Plan during the period.

Following the termination of the option plan, no new option will be granted under the Terminated ANR Stock Option Plan.

15. SHARE OPTION SCHEMES (Continued)

(b) *Share Option Schemes of Asia Now Resources Corp. (Continued)*

Share Option Scheme of Asia Now Resources Corp. adopted on 11th September, 2014

A new share option scheme of Asia Now (the "ANR Share Option Scheme"), which was approved by the shareholders of Asia Now, the Company and Lippo, was adopted on 11th September, 2014 (the "ANR Adoption Date"). Pursuant to the ANR Share Option Scheme, the ANR Board shall be entitled at any time to offer to grant an option to subscribe for ANR Shares to any eligible person including director or senior officer of Asia Now, and employee (the "ANR Eligible Employee") and consultant of Asia Now and its subsidiaries (together, the "ANR Eligible Person") whom the ANR Board may, in its absolute discretion, select and subject to such conditions as it may think fit. The purpose of the ANR Share Option Scheme is to provide ANR Eligible Persons with the opportunity to acquire proprietary interests in Asia Now and to encourage ANR Eligible Persons to work towards enhancing the value of Asia Now and its shares for the benefit of Asia Now and its shareholders as a whole. The ANR Share Option Scheme shall be valid and effective for the period of ten years commencing on the ANR Adoption Date. Under the rules of the ANR Share Option Scheme, no further options shall be granted on and after the tenth anniversary of the ANR 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. No option may be exercised by an ANR Eligible Employee until such ANR Eligible Employee has been in continuous employment with Asia Now or its subsidiary or has been appointed as a director for a period of one calendar year from the date of such ANR Eligible Employee's commencement of employment with or appointment by Asia Now or its subsidiary. In respect of an ANR Eligible Person who is not an ANR Eligible Employee, the ANR Board may in its absolute discretion specify such minimum period for which an option must be held before such option can be exercised. In respect of an ANR Eligible Person (whether or not an ANR Eligible Employee), the ANR Board may in its absolute discretion make the exercise of an option conditional on the achievement of minimum performance target(s). No grantee of option is required to pay for the grant of the relevant option.

15. SHARE OPTION SCHEMES (Continued)

(b) *Share Option Schemes of Asia Now Resources Corp. (Continued)*

Share Option Scheme of Asia Now Resources Corp. adopted on 11th September, 2014 (Continued)

The overall limit on the number of ANR Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the ANR Share Option Scheme and other share option schemes must not exceed 20 per cent. of the ANR Shares in issue on the ANR Adoption Date. The maximum number of ANR Shares in respect of which options may be granted under the ANR Share Option Scheme shall not (when aggregated with any ANR Shares subject to grants made after the ANR Adoption Date pursuant to any other share option scheme(s) of Asia Now) exceed 10 per cent. of the issued share capital of Asia Now on the ANR Adoption Date (the "ANR Scheme Mandate Limit"). The ANR Scheme Mandate Limit may be renewed at any time subject to prior approval of the Toronto Stock Exchange (as defined below) and shareholders of Asia Now and its relevant holding companies but in any event shall not exceed 10 per cent. of the issued share capital of Asia Now as at the date of approval of the renewal of the ANR Scheme Mandate Limit. A maximum of 11,332,079 ANR Shares, representing approximately 10 per cent. of Asia Now's issued share capital, are reserved for issuance upon exercise of options granted under the ANR Share Option Scheme. The total number of ANR Shares issued and to be issued upon exercise of options granted and to be granted under the ANR Share Option Scheme to any single ANR 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 ANR Shares in issue at the relevant time. The exercise price for the ANR Shares under the ANR Share Option Scheme shall be determined by the ANR Board in its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the ANR Shares on the date of grant of the option, as stated in the daily quotations sheets of the Venture Exchange or the Toronto Stock Exchange, as applicable, being the stock exchange on which the ANR Shares are primarily listed (the "Toronto Stock Exchange"); (ii) the average closing price of the ANR Shares for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheet of the Toronto Stock Exchange; and (iii) the floor price which means the last closing price of the ANR Shares on the Toronto Stock Exchange before the date the option is granted less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of C\$0.05):

Closing Price	Discount
Up to C\$0.50	25 per cent.
C\$0.51 to C\$2.00	20 per cent.
Above C\$2.00	15 per cent.

No option of Asia Now was granted, exercised, cancelled or lapsed under the ANR Share Option Scheme during the period.

There are no outstanding options granted under the ANR Share Option Scheme to subscribe for ANR Shares.

16. DISPOSAL OF SUBSIDIARIES

	Six months ended 30th September, 2014 HK\$'000
Net assets disposed of:	
Fixed assets	272
Investment properties	284,000
Debtors, prepayments and deposits	293
Cash and bank balances	733
Creditors, accruals and deposits received	(3,098)
Tax payables	(3)
Deferred tax liabilities	(1,524)
	280,673
Release of cumulative exchange differences on translation of foreign operations attributable to:	
Equity holders of the Company	(1,369)
Non-controlling interests	(1,331)
	(2,700)
	277,973
Gain on disposal	11,644
	289,617
Satisfied by:	
Cash consideration received	288,719
Other receivable	898
	289,617

17. CHANGE IN NON-CONTROLLING INTERESTS WITHOUT CHANGE IN CONTROL

During the period ended 30th September, 2014, there were no material changes in ownership interests in subsidiaries without change in control.

Major change in non-controlling interests during the six months ended 30th September, 2013 was as follows:

In June 2013, a wholly-owned subsidiary of Auric Pacific Group Limited ("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 then 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\$74,928,000 and an increase in retained profits of HK\$9,248,000.

18. CONTINGENT LIABILITIES

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

	30th September, 2014	31st March, 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bankers' guarantee (Note (a))	37,029	33,637
Unsecured bankers' guarantee (Note (b))	6,184	6,270
	43,213	39,907

Note:

- (a) The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used in the food businesses segment. As at 30th September, 2014, fixed deposits of approximately HK\$21,954,000 (31st March, 2014 — HK\$21,435,000) were pledged to banks as security for bankers' guarantees issued.
- (b) The Group had bankers' guarantees issued to suppliers in the ordinary course of business and in lieu of rental and utility deposits for the premises used in the food businesses segment.

Notes to the Interim Financial Statements (Continued)

19. COMMITMENTS

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

	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
Commitments in respect of properties, plant and equipment and properties under development:		
Contracted, but not provided for	195,339	200,554
Authorised, but not contracted for	5,787	–
Other commitments:		
Contracted, but not provided for (Note)	13,873	16,180
	214,999	216,734

Note: The balance included the Group's capital commitments in respect of the joint operations of approximately HK\$9 million (31st March 2014 — HK\$11 million).

20. 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 rental income (including service charge) of HK\$3,308,000 (2013 — HK\$3,308,000) from Lippo. The rental was determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group received rental income (including service charge) of HK\$1,486,000 (2013 — HK\$1,490,000) from Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals.
- (c) During the period, the Group paid trading commission, brokerage service fees, collection fees and/or other incidental fees (the "Fees") in the total amount of HK\$173,000 (2013 — HK\$1,136,000) to subsidiaries of HKC. The Fees were determined by reference to the prevailing fees offered to relevant market customers of comparable standing.
- (d) During the period, the Group paid rental expenses (including service charges) in the total amount of HK\$4,280,000 (2013 — HK\$1,824,000) to joint ventures of HKC. The rentals were determined by reference to the then prevailing open market rentals.
- (e) During the period, the Group sold food and beverage products of HK\$750,000 (2013 — HK\$960,000) to joint ventures of a fellow subsidiary. The sales were made on normal commercial terms in line with, and with reference to, the industry practice.

Notes to the Interim Financial Statements (Continued)

20. RELATED PARTY TRANSACTIONS (Continued)

- (f) During the period, the Group sold goods to its joint venture of HK\$8,096,000 (2013 — HK\$10,361,000). The prices and terms of sales are on normal commercial terms and are comparable to, or no more favorable than the prices and terms offered to other customers who are independent third parties of similar credit standing, trading volume and trading record.
- (g) During the period, the Group paid management fee of HK\$275,000 (2013 — HK\$343,000) to a subsidiary of Lippo for management of an exchange traded fund held by the Group. The management fee was calculated based on net asset value of that fund.
- (h) As at 30th September, 2014, the Group had amounts due from associates in a total of HK\$35,019,000 (31st March, 2014 — HK\$34,894,000) and trade receivables due from a joint venture in a total of HK\$3,427,000 (31st March, 2014 — HK\$3,344,000), respectively. The balances with the associates are unsecured, interest-free and have no fixed terms of repayments. The amount due from the joint venture arose from sales made to the joint venture, which is unsecured, interest-free and repayable within normal trade credit terms.

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying Amounts		Fair Values	
	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
Financial assets				
Available-for-sale financial assets	4,040	3,368	4,040	3,368
Financial assets at fair value through profit or loss	228,121	224,414	228,121	224,414
	232,161	227,782	232,161	227,782
Financial liabilities				
Other financial liabilities	4,044	15,998	4,044	15,998

Management has assessed that the fair values of cash and bank balances, restricted cash, financial assets included in debtors, prepayments and deposits, loans and advances, financial liabilities included in creditors, payables and accruals approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank and other borrowings with floating interest rates approximate to their carrying amounts.

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

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

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

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

The fair values of listed equity investments and derivative financial instruments are based on quoted market prices.

The fair values of unlisted investments funds are assessed to approximate the net asset values indicated on the net asset value statement issued by the investment fund manager, which take into consideration the fair value of the underlying properties and assets held under the investments. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.

The fair value of financial liabilities at fair value through profit or loss designated as such upon initial recognition within Level 2 of fair value hierarchy is determined by reference to the pro rata share held by external parties of the net asset value of certain exchange traded fund, which is a subsidiary of the Group.

Below is a summary of significant unobservable inputs to the valuation of financial instruments used in Level 3 fair value measurements at the end of the reporting period:

	Valuation technique	Significant unobservable input	Range	Sensitivity of the input to fair value
Available-for-sale investment fund	Discounted cash flow method	Discount rate	12 per cent. (31st March, 2014 — 10 per cent.)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value

Notes to the Interim Financial Statements (Continued)

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

Fair value hierarchy

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

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
As at 30th September, 2014				
Assets measured at fair value				
Available-for-sale financial assets:				
Investment fund	–	–	4,040	4,040
Financial assets at fair value through profit or loss:				
Equity securities	220,059	–	–	220,059
Investment funds	–	8,062	–	8,062
	220,059	8,062	4,040	232,161
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	4,044	–	4,044
As at 31st March, 2014				
Assets measured at fair value				
Available-for-sale financial assets:				
Investment fund	–	–	3,368	3,368
Financial assets at fair value through profit or loss:				
Equity securities	215,580	–	–	215,580
Investment funds	–	8,834	–	8,834
	215,580	8,834	3,368	227,782
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	15,739	–	15,739
Derivative financial instruments	259	–	–	259
	259	15,739	–	15,998

Notes to the Interim Financial Statements (Continued)

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

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

	Available- for-sale investment fund 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
Period ended 30th September, 2014				
At 1st April, 2014	3,368	-	-	-
Total gains recognised in other comprehensive income	672	-	-	-
At 30th September, 2014	4,040	-	-	-
Period ended 30th September, 2013				
At 1st April, 2013	4,584	7,275	217,905	(98,919)
Total losses recognised in the statement of profit or loss	-	(7,275)	-	(524)
Total losses recognised in other comprehensive income	(538)	-	-	-
Disposals	(349)	-	(217,905)	99,443
At 30th September, 2013	3,697	-	-	-

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 (2013 — Nil).

22. EVENT AFTER THE REPORTING PERIOD

In August 2014, the Group entered into a provisional agreement for disposal of the entire issued share capital and a shareholder loan of Chung Po Investment and Development Company Limited ("Chung Po"), an indirect wholly-owned subsidiary of the Company, at an aggregate consideration of HK\$1,278.3 million, to an independent third party. Chung Po, through its wholly-owned subsidiary, is interested in investment properties located in Zhuhai, the People's Republic of China. The disposal was completed in October 2014 and is expected to give rise to a gain on disposal of subsidiaries of approximately HK\$751 million (subject to audit and before expenses and taxes).

Management Discussion and Analysis

For the six months ended 30th September, 2014, the Group reported a profit attributable to shareholders of HK\$6 million (2013 — HK\$159 million). The profit for 2013 was mainly attributable to the significant gain on disposal of available-for-sale financial assets. During the six months ended 30th September, 2014, there was no gain on disposal of available-for-sale financial assets. Therefore, the results for the period decreased significantly as compared to 2013.

Results for the Period

Turnover for the six months ended 30th September, 2014 totalled HK\$1,388 million (2013 — HK\$1,414 million). Property investment and property development businesses as well as food businesses were the principal sources of revenue of the Group, representing 3 per cent. (2013 — 7 per cent.) and 96 per cent. (2013 — 89 per cent.) of the total turnover.

Property investment

The Group's investment properties are located mainly in Hong Kong and mainland China and provide recurring source of income to the Group. Total segment revenue from the property investment business for the six months ended 30th September, 2014 amounted to HK\$30 million (2013 — HK\$111 million). The decrease in segment revenue was mainly due to the absence of contributions from Lippo Plaza in Shanghai, which was disposed of by the Group in January 2014, during the period. In addition, the Group recorded net valuation gain on its investment properties of HK\$18 million for the period (2013 — net loss of HK\$10 million). As a result, the segment profit decreased to HK\$44 million for the period (2013 — HK\$72 million).

The Group undertakes strategic reviews of its assets from time to time with a view to maximising returns to its shareholders. In April 2014, the Group completed the disposal of the entire issued share capital and a shareholder loan of a subsidiary, which owned interests in a commercial property in Hong Kong for total consideration of HK\$282.6 million.

In October 2014, the Group completed the sale of the entire issued share capital and a shareholder loan of a subsidiary, which owns interests in investment properties in Zhuhai, at an aggregate consideration of HK\$1,278.3 million. The gain on disposal attributable to the Group is expected to be approximately HK\$751 million (subject to audit and before expenses and taxes) and will be recognised in the consolidated statement of profit or loss of the Group for the second half of this financial year.

Property development

The Group primarily focuses on property development projects in mainland China and participated in development projects in Huai An City (the “Huai An Project”) and Taizhou City (the “Taizhou Project”), both in Jiangsu Province. 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. Construction work planning for both projects had been completed.

During the six months ended 30th September, 2014, the Group sold two residential units in Australia at HK\$8 million and recognised a gain of HK\$2 million. Together with the pre-operating costs incurred during the period, the segment loss decreased to HK\$1 million (2013 — HK\$6 million).

Food businesses

The Group’s food businesses are mainly operated by Auric Pacific Group Limited and its subsidiaries (the “APG Group”).

During the six months ended 30th September, 2014, food businesses segment recorded a revenue of HK\$1,330 million (2013 — HK\$1,257 million), mainly from wholesale and distribution of fast-moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros. The improved performance was attributable to new products launched and the better customer awareness created by the increased sales and marketing promotions during the period.

The APG Group completed the sale of a subsidiary which had interests in rights to use a leasehold land in Foshan, mainland China at a consideration of RMB7.2 million and a gain on disposal of approximately HK\$10.7 million was recognised during the six months ended 30th September, 2014. Such disposal is in line with APG Group’s objective to focus on its core businesses.

Competition in the food businesses is stiff and cost pressures on manpower and rental are not expected to ease in the immediate term. The APG Group continues to re-align its resources for its business growth and enhance its operational efficiency. The food businesses reported a segment profit of HK\$16 million (2013 — loss of HK\$5 million) during the period.

Treasury and securities investments

Treasury and securities investments businesses recorded a revenue of HK\$15 million during the six months ended 30th September, 2014 (2013 — HK\$40 million), mainly attributable to the interest and dividend income received from the investment portfolio and the disposal of the Group's financial assets held for trading.

The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. In 2013, the Group sold certain available-for-sale financial assets and realised a gain of HK\$132 million. There was no substantial gain on disposal during the period and hence the profit from treasury and securities investments businesses decreased to HK\$23 million for the six months ended 30th September, 2014 (2013 — HK\$102 million).

Financial Position

As at 30th September, 2014, the Group's total assets increased to HK\$7.1 billion (31st March, 2014 — HK\$6.5 billion). As a result of the sale of various properties during the period, property-related assets decreased to approximately HK\$2.8 billion as at 30th September, 2014 (31st March, 2014 — HK\$3.0 billion), representing 39 per cent. (31st March, 2014 — 47 per cent.) of the total assets. Total liabilities increased to HK\$2.3 billion (31st March, 2014 — HK\$1.6 billion), mainly due to sale deposit received for the disposal of the properties in Zhuhai. The Group maintains a strong cash position. Total cash and bank balances as at 30th September, 2014 increased to HK\$2.3 billion (31st March, 2014 — HK\$1.5 billion).

As at 30th September, 2014, bank and other borrowings of the Group decreased to HK\$688 million (31st March, 2014 — HK\$697 million). The bank loans amounted to HK\$684 million as at 30th September, 2014 (31st March, 2014 — HK\$693 million), which comprised secured bank loans of HK\$654 million and unsecured bank loans of HK\$30 million (31st March, 2014 — secured bank loans of HK\$652 million and unsecured bank loans of HK\$41 million) and were denominated in Hong Kong dollars, Renminbi and Malaysian Ringgit. The secured bank loans were secured by certain properties and certain bank deposits of the Group. All of the bank borrowings carried interest at floating rates. Where appropriate, the Group uses interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure.

The Group has obligations under finance leases for certain plant and equipment which amounted to HK\$4 million as at 30th September, 2014 (31st March, 2014 — HK\$4 million). These obligations are secured by the rights to the leased plant and equipment. As at 30th September, 2014, approximately 75 per cent. (31st March, 2014 — 99.5 per cent.) of the bank and other borrowings were repayable within one year. As at 30th September, 2014, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 16.4 per cent. (31st March, 2014 — 16.2 per cent.).

Management Discussion and Analysis (Continued)

The net asset value attributable to equity holders of the Group remained strong and amounted to HK\$4.1 billion as at 30th September, 2014 (31st March, 2014 — HK\$4.1 billion). This was equivalent to HK44 cents per share (31st March, 2014 — HK45 cents per share).

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

The Group had bankers' guarantees of approximately HK\$43 million as at 30th September, 2014 (31st March, 2014 — HK\$40 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 86 per cent. (31st March, 2014 — 84 per cent.) of the bankers' guarantees were secured by certain bank deposits of the Group. Aside from the abovementioned, the Group had no material contingent liabilities outstanding as at 30th September, 2014 (31st March, 2014 — Nil). Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st March, 2014 — Nil).

As at 30th September, 2014, the total capital commitment amounted to HK\$215 million (31st March, 2014 — HK\$217 million), mainly related to the property development projects of the Group. 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 3,279 employees as at 30th September, 2014 (2013 — 3,089 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the period amounted to HK\$258 million (2013 — HK\$268 million). Certain employees of Asia Now Resources Corp. ("Asia Now", a listed subsidiary of the Company) 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 stabilised but there are still various uncertainties. The US Federal Reserve has recently ended its quantitative easing program and there is a greater anticipation of increase in interest rates in the near future, which may cast shadow on the business environment. The Group is seeking to streamline and strengthen its existing business to meet the challenges ahead. The Group will cautiously evaluate all opportunities with a view to maximising returns to the shareholders of the Company.

Business Review and Prospects

Business Review

Overview

The global economy remained on a moderate and uneven recovery path during the period under review. Following the substantial improvement in the outlook of the labour market, the U.S. Federal Reserve recently brought an end to its asset purchase programme launched in late 2008. However, it is expected that the record low interest rates will be kept for a considerable time. Mainland China sustained growth and other Asian economies in general improved, but the Eurozone and Japan remained subdued.

Results

The financial position of the Group was stable and strong. The Group recorded a profit attributable to shareholders of approximately HK\$6 million for the six months ended 30th September, 2014 (the "Period"), as compared to a profit of approximately HK\$159 million for the six months ended 30th September, 2013 (the "Last Period"). Such decrease in profit was mainly attributable to the absence of the gain on disposal of available-for-sale financial assets in the Period.

The Group undertakes strategic review of its 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 April 2014, the Group completed the disposal of its interest in the entire office on 42nd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for an aggregate consideration of approximately HK\$282.6 million. In October 2014, the Group completed the disposal of its entire interest in Chung Po Investment and Development Company Limited which, through its wholly-owned subsidiary, owns the property at 4 Shuiwan Road, Gongbei, Zhuhai City, Guangdong Province, mainland China for an aggregate consideration of HK\$1,278.3 million (the "Disposal"). The Disposal is a good opportunity for the Group to realize its investment at a profit. It is expected that the Disposal will give rise to a non-recurring gain attributable to the Group of approximately HK\$751 million (subject to audit and before expenses and taxes) which will be recorded in the financial results of the Group for the year ending 31st March, 2015.

Construction work planning for two development projects located at Huai An City and Taizhou City in Jiangsu Province, mainland China had been completed. The project situated in Huai An City 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 other project is located in China Medical City (中國醫藥城), 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.

Business Review and Prospects (Continued)

The performance of Auric Pacific Group Limited (“Auric”, together with its subsidiaries, the “APG Group”), the shares of which are listed on the Main Board of the Singapore Exchange Securities Trading Limited and in which the Group is interested in approximately 49.3 per cent. of its issued share capital, improved during the Period. Auric recorded a consolidated profit attributable to shareholders of approximately S\$1,175,000 for the Period, as compared to a consolidated loss of S\$1,231,000 for the Last Period. The APG Group will continue to remain focused on its core businesses, which includes food distribution, manufacturing and retail. The APG Group will through innovation and the supply of quality products and services meet the needs of consumers and the market.

It was announced on 3rd October, 2014 that the Company was approached by an independent third party (the “Potential Purchaser”) in respect of a possible transaction involving the majority of the shares in the Company beneficially owned by Lippo Limited (the “Possible Transaction”). On 19th November, 2014, it was announced that discussion with the Potential Purchaser in respect of the Possible Transaction had been discontinued and no formal or legally binding agreement had been entered into between the Company and the Potential Purchaser in respect of the terms of the Possible Transaction. No further discussion with the Potential Purchaser of the Possible Transaction is planned for the time being.

Prospects

The outlook of the global economy is clouded with considerable uncertainties. The pace of the U.S. monetary normalization remains contingent on its economic data which could affect the pace of economic recovery and interest rates. The economic recovery of the Eurozone is still constrained by various structural issues and the economy of Japan falls into recession after the increase in sales tax in April 2014. Otherwise, the economic prospects for Asia remain positive, and the long-term outlook of the economy of mainland China is promising.

The Group will continue to streamline and strengthen its existing businesses and operations to meet the challenges ahead. Management is watchful of economic fluctuations ahead and will continue to take a cautious and prudent approach in managing the Group’s assets and assessing new investment opportunities to enhance shareholders’ value.

Additional Information

Interim Dividends

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (For the six months ended 30th September, 2013 — HK0.2 cent per share) and a special interim dividend of HK0.4 cent per share (For the six months ended 30th September, 2013 — Nil) amounting to approximately HK\$55.1 million for the six months ended 30th September, 2014 (For the six months ended 30th September, 2013 — approximately HK\$18.4 million), which will be paid on or about Monday, 26th January, 2015 to shareholders whose names appear on the Register of Members on Wednesday, 14th January, 2015.

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 12th January, 2015 to Wednesday, 14th January, 2015 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend and special interim dividend for the six months ended 30th September, 2014, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 9th January, 2015.

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, 2014, 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 shares
Number of ordinary shares in the Company					
Stephen Riady	–	–	6,544,696,389 <i>Notes (i) and (ii)</i>	6,544,696,389	71.24
Number of ordinary shares in Lippo Limited ("Lippo")					
Stephen Riady	–	–	319,322,219 <i>Note (i)</i>	319,322,219	64.75
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,315,707,842 <i>Notes (i) and (iii)</i>	1,315,707,842	65.84
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, 2014, 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 in, representing approximately 64.75 per cent. of the issued shares of, Lippo. 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 shares 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 issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.
- (ii) As at 30th September, 2014, Lippo was indirectly interested in 6,544,696,389 ordinary shares in, representing approximately 71.24 per cent. of the issued shares of, the Company.
- (iii) As at 30th September, 2014, Lippo was indirectly interested in 1,315,707,842 ordinary shares of HK\$1.00 each in, representing approximately 65.84 per cent. of the issued shares of, HKC.

For the reasons outlined above, through his deemed interests in Lippo Capital as mentioned in Note (i) above, Dr. Stephen Riady was also taken to be interested in the issued shares 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 shares
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
Brimming Fortune Limited	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
First Tower Corporation	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 shares
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company 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
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	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, 2014, Dr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares in, representing approximately 16.67 per cent. of the issued shares of, Lanius which is the holder of the entire issued shares of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Dr. Stephen Riady), who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. 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, 2014, Dr. 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"). Dr. Stephen Riady is the beneficial owner of the entire issued share capital of Bravado. For the reasons mentioned above, through his deemed interest in Lippo Capital, Dr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in Auric. Accordingly, Dr. 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 shares of, Auric.

As at 30th September, 2014, 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, 2014, 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, 2014, 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, 2014, 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	Approximate percentage of the issued shares
Lippo Limited ("Lippo")	6,544,696,389	71.24
Lippo Capital Limited ("Lippo Capital")	6,544,696,389	71.24
Lanius Limited ("Lanius")	6,544,696,389	71.24
Dr. Mochtar Riady	6,544,696,389	71.24
Madam Lidya Suryawaty	6,544,696,389	71.24

Note:

1. 6,544,696,389 ordinary shares of the Company were held by Skyscraper Realty Limited directly as beneficial owner which in turn is a wholly-owned subsidiary of First Tower Corporation ("First Tower"). First Tower is a wholly-owned subsidiary of Lippo. Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in ordinary shares representing approximately 64.75 per cent. of the issued shares of Lippo.
2. Lanius is the holder of the entire issued shares 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 issued shares 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's interests in the ordinary shares of the Company were recorded as the interests of Lippo Capital, Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 6,544,696,389 ordinary shares in the Company related to the same block of shares that Dr. 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, 2014, 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 subsidiary are disclosed in Note 15 to the interim financial statements.

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

During the six months ended 30th September, 2014, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Audit Committee

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. 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, 2014.

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 the Company has complied with the code provisions of the Corporate Governance 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, 2014.

Additional Information *(Continued)*

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 China Resources Limited

John Luen Wai Lee

Chief Executive Officer

Hong Kong, 27th November, 2014

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. 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
Dr. Stephen Riady

Nomination Committee

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

SECRETARY

Ms. Millie Yuen Fun Luk

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

China CITIC Bank International Limited
Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited
Standard Chartered Bank

SOLICITORS

Howse Williams Bowers

REGISTRAR

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183 Queen's Road East
Hong Kong

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89 Queensway
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STOCK CODE

156

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