



**Lippo China Resources Limited**

**力寶華潤有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 156)

A stylized globe of the Earth is shown at the bottom of the page. The globe is rendered in shades of green and yellow, with the continents visible. The background of the entire page is a light green gradient with abstract white line patterns that resemble a globe or a network of connections.

**2014/2015**  
**ANNUAL REPORT**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### 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

## SOLICITORS

Howse Williams Bowers

## REGISTRAR

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## REGISTERED OFFICE

Rooms 2302 and 2303  
23rd Floor  
Tower One  
Lippo Centre  
89 Queensway  
Hong Kong

## STOCK CODE

156

## WEBSITE

[www.lcr.com.hk](http://www.lcr.com.hk)



# Chairman's Statement

I am pleased to present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31st March, 2015 (the "Year").

The performance of the Group was satisfactory for the Year. It recorded a consolidated profit attributable to shareholders of approximately HK\$399.2 million for the Year, as compared to a consolidated profit of HK\$124.4 million for the year ended 31st March, 2014. Such profit was mainly attributable to the gain on disposal of subsidiaries following the strategic review of the Group's assets for maximising return to the shareholders. The above disposals allowed the Group to realise its investments and free up capital for operation and potential new investment opportunities that may arise in the future. With a strong financial position, the Group is well positioned to take advantage of any suitable new investment opportunities that complement our strategy to maximize shareholders' returns.

Although the external environment remains challenging, the Group will continue to invest in people and businesses to generate or seize growth opportunities. The Group is committed to corporate governance and will continually enhance its processes and procedures to ensure that its investments are protected.

As a gesture of our appreciation to our shareholders, the Directors have proposed a final cash dividend of HK0.75 cent per share and a special final cash dividend of HK0.3 cent per share for the Year. Together with the interim dividend of HK0.2 cent per share and a special interim dividend of HK0.4 cent per share, total dividends for the Year will be HK1.65 cent per share.

On behalf of the Board of Directors of the Company (the "Board"), I would like to thank our management team and all staff members for the diligent work and dedication during the Year. I would also like to thank my fellow Directors for their invaluable advice and guidance. As part of our efforts to refresh and strengthen the Board, we welcome Mr. James Siu Lung Lee to join the Board as a new executive Director.

**Stephen Riady**

*Chairman*

29th June, 2015

# Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March, 2015 (the “Year”).

## **BUSINESS REVIEW**

### **Overview**

The U.S. economy performed better with stronger private consumption, business investments and exports during 2014. With the global economy recovering gradually, the major stock markets in U.S. and Europe continued to perform well in the first quarter of 2015. However, it was overall a steady but modest economic recovery. The economic growth of mainland China slowed down during the year under review, with a GDP growth rate of approximately 7 per cent. In the first quarter of 2015, the lowest since the financial crisis. It is expected to continue to decelerate modestly, with the slowdown buffered by scaled-up monetary and fiscal policies.

### **Results for the Year**

The Company (together with its subsidiaries, the “Group”) recorded a consolidated profit attributable to shareholders of approximately HK\$399.2 million for the Year, as compared to a consolidated profit of HK\$124.4 million for the year ended 31st March, 2014 (the “Last Year” or “2014”). The profit for the Year was mainly attributable to the gain on disposal of subsidiaries.

Revenue for the Year totalled HK\$2,750 million (2014 — HK\$2,771 million). Food businesses and property investment and development businesses were the principal sources of revenue of the Group, representing respectively 96 per cent. (2014 — 91 per cent.) and 2 per cent. (2014 — 7 per cent.) of total revenue.

#### *Food businesses*

The Group’s food businesses are mainly operated by Auric Pacific Group Limited (“Auric”, together with its subsidiaries, the “APG Group”). The shares of Auric are listed on the Main Board of the Singapore Exchange Securities Trading Limited and the Group is interested in approximately 49.3 per cent. of its issued share capital.

The performance of the APG Group improved during the Year. The segment recorded a revenue of HK\$2,627 million (2014 — HK\$2,512 million), mainly from wholesale and distribution of fast-moving consumer goods and the food retail operation in chains of bakeries, cafes and bistros. The improved performance was attributable to new products launched and better customer awareness created by increased sales and marketing promotions during the Year.

The APG Group completed the sale of a subsidiary which had interests in rights to use a leasehold land in Foshan, mainland China and a gain on disposal of approximately HK\$10.5 million was recognised during the Year. Such disposal is in line with APG Group’s objective to focus on its core businesses.

The loss of the food businesses segment lowered to HK\$8 million during the Year (2014 — HK\$137 million). The improvement of the segment results was mainly attributable to non-recurring costs incurred in Last Year with the closures of certain loss-making business, provisions for impairment loss on intangible assets and fixed assets, as part of the APG Group’s strategy to streamline the non-performing businesses and to re-align the focus on building sustainable business growth and profit generation.

**BUSINESS REVIEW** (continued)

**Results for the Year** (continued)

*Food businesses (continued)*

The APG Group expects the operating environment in the food retail and distribution sectors to remain challenging. Besides stiff competition, the inflationary pressure on wages, cost of raw materials and rental could negatively impact on the APG Group's operational cost and profitability. Therefore, the APG Group is moving forward with cautious optimism through further consolidation, streamlining its operation and continuing to improve its profitability through more active marketing efforts and promotions, expanding sales channels and product offerings as well as controlling operating cost. The APG Group will also continue to explore new business opportunities and new F&B concepts that would be compatible with its growth strategy.

*Property investment*

The Group's investment properties are located mainly in Hong Kong and mainland China and provide recurring income to the Group.

The Group undertakes strategic review of its assets from time to time for maximising return to its shareholders, which may include possible sale of certain properties held for investment purposes. In April 2014 and March 2015, the Group completed the disposal of its interest in the entire office on 42nd Floor and 43rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for an aggregate consideration of approximately HK\$282.6 million and HK\$252.9 million, respectively. 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, owned the property at 4 Shuiwan Road, Gongbei, Zhuhai City, Guangdong Province, mainland China for an aggregate consideration of HK\$1,278.3 million. The above disposals allowed the Group to realise its investments and free up capital for operation and any potential new investment opportunities that might arise in the future.

The disposal of these properties gave rise to a non-recurring gain of approximately HK\$695 million (2014 — HK\$217 million, mainly from the disposal of the properties at Lippo Plaza in Shanghai). Accordingly, the Group's investment properties decreased to approximately HK\$1.2 billion as at 31st March, 2015 (31st March, 2014 — HK\$2.2 billion).

As a result of the series of disposals completed during the Year and the absence of contribution from the properties at Lippo Plaza in Shanghai which were disposed of by the Group in January 2014, total segment revenue from the property investment business for the Year decreased to HK\$59 million (2014 — HK\$195 million). On the other hand, coupled with the gain on disposals and the net fair value gain on investment properties for the Year, the segment profit increased to HK\$781 million for the Year (2014 — HK\$429 million).

### **BUSINESS REVIEW** *(continued)*

#### **Results for the Year** *(continued)*

##### *Property development*

The Group primarily focuses on property development projects in mainland China and participated in development projects in Huai An City and Taizhou City, both in Jiangsu Province. Construction work planning for the above two development projects has been completed. 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 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. In view of the poor market conditions in the region, the Group intends to reschedule the development of the above projects. Provision for impairment of properties under development for the Huai An Project of approximately HK\$60 million was made for the Year (2014 — Nil).

The Group disposed of two residential units in Australia at HK\$7 million for the Year and recorded a gain of HK\$2 million. Together with the provision for impairment of properties under development and pre-operating costs incurred during the Year, the segment reported a loss of HK\$64 million for the Year (2014 — HK\$9 million).

##### *Treasury and securities investments*

Treasury and securities investments businesses recorded a revenue of HK\$42 million during the Year (2014 — HK\$52 million), mainly attributable to the 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 Last Year, the Group sold certain available-for-sale financial assets and realised a gain of HK\$132 million. Although market sentiment has improved when compared with Last Year, the investment market continues to be challenging and full of uncertainties, resulting in unrealised fair value gain of HK\$7 million (2014 — loss of HK\$62 million). Hence the profit from treasury and securities investments businesses decreased to HK\$43 million for the Year (2014 — HK\$120 million).

##### *Mineral exploration and extraction*

Asia Now Resources Corp. (“Asia Now”), in which the Group is interested in approximately 52.2 per cent. of its issued share capital, is primarily engaged in the business of exploration of mineral deposits in Yunnan Province, mainland China. It is currently focusing on the exploration of the site at Ma Touwan and Habo in Beiya. Due to the downturn in the junior mining exploration sector and the significant decrease in the current or expected future prices of mineral resources, additional impairment of HK\$95 million (2014 — HK\$4 million) has been made to the exploration sites in Ma Touwan and Habo. The impairment also accounted for the decrease in the segment assets to HK\$38 million as at 31st March, 2015 (31st March, 2014 — HK\$153 million).

### **BUSINESS REVIEW** *(continued)*

#### **Results for the Year** *(continued)*

##### *Mineral exploration and extraction (continued)*

In April 2015, the Group entered into an arrangement agreement with Asia Now (the "Arrangement Agreement") pursuant to which the Group conditionally agreed to, among other things, acquire all of the issued and outstanding common shares of Asia Now not already owned by the Group for a consideration of \$0.02 Canadian dollar ("C\$") per share in accordance with and subject to the terms and conditions of the Arrangement Agreement and the plan of arrangement attached thereto (the "Arrangement"). In connection with the above proposed acquisition, the Group provided a secured credit facility to Asia Now in the amount of up to approximately C\$1.1 million to fund current working capital and the related expenses for the above acquisition. The above credit facility was secured by general security agreements of Asia Now and its subsidiary Asia Now Resources Limited ("ANRL"), as well as a guarantee by ANRL. The special resolution for approving the Arrangement was not approved by the requisite shareholder approval at a special meeting of shareholders of Asia Now held in June 2015. The Group is now considering action to be taken in relation to the above facility and the Arrangement Agreement.

The Group completed a private placement of 19,850,000 new shares at \$0.018 Australian dollar ("A\$") per share in Haranga Resources Limited ("Haranga") for a total consideration of A\$357,300 in December 2014. It also took up 62,478,963 shares in Haranga for an aggregate consideration of approximately A\$1.1 million under the rights issue of Haranga at the same price in January 2015. As a consequence, Haranga becomes an associate of the Group. The Group is now interested in 114,798,963 shares, representing approximately 33.6 per cent. of the issued share capital of Haranga. Haranga is a Mongolian focused iron ore exploration and development company listed on the Australian Securities Exchange. Haranga owns 80 per cent. interest in the Selenge project, a large tenement holding in the heart of Mongolia's premier iron ore province. The Selenge project is strategically located close to rail infrastructure and next to the Eruu Gol mine, the largest iron ore export mine in Mongolia. In June 2015, a subsidiary of Haranga which holds the mineral exploration licenses and pre-mining operations agreement for its Selenge project has been granted a mining license for approximately 3,480 hectares by the Mineral Resources Authority of Mongolia. The mining license is valid for 30 years until 19th June, 2045.

#### **Finance Cost**

The Group has significantly reduced the Group's finance costs during the Year to HK\$21 million (2014 — HK\$108 million) as a result of reduction of the borrowings after the disposal of the subsidiaries.

#### **Financial Position**

The Group's financial position remained healthy. As at 31st March, 2015, its total assets amounted to HK\$6.5 billion (31st March, 2014 — HK\$6.5 billion). Due to a series of disposal of subsidiaries during the Year, property-related assets decreased to HK\$2.0 billion as at 31st March, 2015 (31st March, 2014 — HK\$3.0 billion), representing 31 per cent. (31st March, 2014 — 47 per cent.) of the total assets. Total cash and bank balances as at 31st March, 2015 increased to HK\$2.5 billion (31st March, 2014 — HK\$1.5 billion). Total liabilities amounted to HK\$1.6 billion (31st March, 2014 — HK\$1.6 billion). The Group maintained a strong cash position. Current ratio as at the end of the reporting period increased to 3.7 (31st March, 2014 — 2.1).



### **BUSINESS REVIEW** *(continued)*

#### **Financial Position** *(continued)*

As at 31st March, 2015, bank and other borrowings of the Group decreased to HK\$675 million (31st March, 2014 — HK\$697 million). Bank loans amounted to HK\$672 million as at 31st March, 2015 (31st March, 2014 — HK\$693 million), which comprised secured bank loans of HK\$634 million and unsecured bank loans of HK\$38 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, Malaysian Ringgit and Singapore dollars. The 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 would use 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 fixed assets which amounted to HK\$3 million as at 31st March, 2015 (31st March, 2014 — HK\$4 million). These obligations are secured by the rights to the leased fixed assets. As at 31st March, 2015, approximately 45 per cent. (31st March, 2014 — 99.5 per cent.) of the bank and other borrowings were repayable within one year. As at 31st March, 2015, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 15.1 per cent. (31st March, 2014 — 16.2 per cent.). The net cash position, measured as cash and bank balances less total bank and other borrowings of the Group as at 31st March, 2015 was HK\$1,874 million (31st March, 2014 — HK\$777 million).

The net asset value attributable to equity holders of the Group remained strong and increased to HK\$4.3 billion as at 31st March, 2015 (31st March, 2014 — HK\$4.1 billion). This was equivalent to HK47 cents per share (31st March, 2014 — HK45 cents per share). The increase was mainly attributable to the profit for the Year.

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\$41 million as at 31st March, 2015 (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 neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31st March, 2014 — Nil).

As at 31st March, 2015, the Group's commitment amounted to HK\$155 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.

### **BUSINESS REVIEW** *(continued)*

#### **Other**

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 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.

#### **Staff and Remuneration**

The Group had 2,997 employees as at 31st March, 2015 (31st March, 2014 — 3,154 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Year amounted to HK\$582 million (2014 — HK\$549 million). 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. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

### **PROSPECTS**

Looking ahead, world economic growth is likely to remain uneven and moderate. The outlook of the global economy is clouded with considerable uncertainties. The rise in U.S. interest rate remains contingent on its economic data. Setback to the fragile recovery of the Eurozone, the failing to resolve Greek debt problem and geopolitical tensions in various regions, if intensified, could worsen the international economy. Hopefully, the present low interest rate environment and the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China will provide a positive influence to help maintain investor confidence and create new business opportunities.

The Group will continue to streamline its existing businesses and operation to meet the challenges ahead. Management will continue to take a cautious and prudent approach in managing the Group's assets and assessing new investment opportunities to capture growth opportunities and enhance shareholders' value.

### **BUSINESS STRATEGY**

The business activities of the Group are diversified. The principal activities of the subsidiaries, associates, joint ventures and joint operations are investment holding, property investment, property development, food businesses, property management, mineral exploration, extraction and processing, securities investment, treasury investment and money lending.

The Group is committed to achieve long term sustainable growth of its businesses in preserving and enhancing the shareholders' value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope and has maintained prudent and disciplined financial management to ensure its sustainability.

### **KEY RISKS AND UNCERTAINTIES**

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

#### **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that it may not always be cost effective to do so.

Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The Internal Audit Department will identify and assess key operational exposures and report such risk issues to senior management as early as possible so that appropriate risk response can be taken.

#### **Investment Risk**

Balancing risk and return across investment types and geographic location are key considerations of investment framework. Risk assessment is an important aspect of the investment decision process. An Investment Committee was formed and authority matrix was set up to approve the investments to be made by the Group. Regular updates on the progress of the investments of the Group would be submitted to the Board of Directors of the Company.

#### **Financial Risks**

In the course of business activities, the Group is exposed to a variety of financial risks, including market, liquidity and credit risks. The currency environment, interest rates cycles and mark to market value of investment securities may pose significant risks to the Group's financial condition, results of operations and businesses. In particular, income from treasury investment is dependent upon the capital markets, currency environment, interest rate and global economic conditions.

Market risk is the risk that the Group's earnings and capital or its ability to meet its business objectives will be adversely affected by movement in foreign exchange rates, interest rates and equity prices. 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. The Group monitors its interest-sensitive products and investments 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 in a cost-effective manner. The interest rate risk is managed and monitored regularly by senior management of the Group. Equity price risk arises from fluctuation in market prices of the Group's investment in financial assets. Senior management regularly reviews and monitors the mix of securities in its investment portfolio based on its fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

### **KEY RISKS AND UNCERTAINTIES** *(continued)*

#### **Financial Risks** *(continued)*

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an inability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. It arises from lending, treasury, investment, food businesses and other activities undertaken by the Group. The Group's exposure to credit risk for its food businesses arises primarily from trade and other debtors. 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 its existing customers, especially those with repayment issues. The Group has established guidelines to ensure that all new debt investments are properly made, taking into account factors such as credit rating requirements and maximum exposure limit. 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. The bank balances are deposited with creditworthy banks with no recent history of default.

#### **Strategic Direction Risk**

Taking into consideration the territories that the Group operates in, the Group faces risk in its application of its assets and capital towards suitable investments and seizure of business and investment opportunities when such opportunities arise.

#### **Manpower and Retention Risk**

The competition for talents in the countries that the Group operates has led to the risk that the Group is not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The manpower regulations in the respective jurisdictions which the Group operates increases the risk of the Group obtaining and retaining manpower to meet its operational needs. The Group will provide attractive remuneration package to suitable candidates and personnel.

### **KEY RISKS AND UNCERTAINTIES** *(continued)*

#### **Business Risks**

##### *Property Investment*

The rental rates and the occupancy rates will depend on various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group is able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rates.

##### *Property Development*

Economic conditions, availability of external financing and the performance of property markets in which the Group's property development projects are located may affect the pace of development of the projects. Rising construction costs, labour shortage and the increase in material prices will affect the budget and the timing for completion of the development projects.

##### *Food Businesses*

Taking into consideration the nature of the Group's food businesses, there is risk of third party supplier and customer failing to comply with the Group's food safety/hygiene policies and procedures resulting in the contamination of the food products. In addition, there is risk of third party suppliers failing to supply products of adequate quality standards required and expected by the Group.

Taking into consideration the nature and age of its equipment, and the availability of good external manufacturing capabilities, there is risk of disruption in food production due to adverse external events and the breakdown of such equipment.

##### *Mineral Exploration and Extraction Business*

The Group's mineral exploration and extraction business requires substantial capital investment and may not achieve the intended economic results. There is no assurance that the exploration and extraction activities will result in the discovery of mineable resources. The fluctuation in the market price of the mineral ores and the transportation costs and networks of the mining sites will affect the prospects of the investments.

#### **Joint Venture Partners Risk**

Some of the businesses of the Group are conducted through non-wholly owned subsidiaries, associates, joint ventures and joint operations in which the Group shares control with the joint venture partners. There is no assurance that any of these joint venture partners will continue their relationships with the Group in the future or their goals or strategies are in line with the Group. Such joint venture partners may have business interests or goals which are different from the Group. They may experience financial and other difficulties or may be unable to fulfil their obligations under the joint ventures which may affect the Group's businesses and operations.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Other than financial performance, the Group believes that a high standard of corporate social responsibility is essential for building up a good corporate and social relationship and motivating staff and creating a sustainable return to the Group.

### Workplace Quality

#### *Working conditions*

As at 31st March, 2015, the Group employed a total of 2,997 employees.

The Group provides competitive remuneration package to attract and motivate the employees. It offers competitive remuneration, retirement and medical benefits, insurance and generous paid leave. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group"), a principal subsidiary of the Company, won the Human Resource Leadership Award in Asia's Best Employer Brand Awards, conferred by the Employer Branding Institute and the World HRD Congress. The award recognises organisations which excel in people-focused strategies in the areas of policies, frameworks as well as human capital management and development practices anchored in a progressive culture engrained throughout the organisation.

#### *Training and Development*

Employees of the Group are encouraged to attend training and development courses to have the right knowledge and skills. The relevant divisions and departments would set aside a budget for the employees to attend training and development courses. An Executive Development Program which was designed to groom and develop future leaders and managers was set up by Auric. Over the 12-month course, management trainees of Auric are given opportunities to explore different businesses and functions of the APG Group. Thereafter, they will be deployed to functions which their passion, talents and skills are best applied. The APG Group also administers structured and formalized training programmes, combining practical experience to enhance its competencies and thereby managing its operations more effectively. The Group provides continuous professional development training for the Directors and senior management to develop and refresh their knowledge and skills which includes seminars and workshops, updates on regulatory requirements and development and corporate governance practices.

#### *Equal Opportunity and Diversity*

The Group treats the employees with respect and fairness and encourages a culture of equal opportunity and diversity regardless of age, gender, marital status and race. A Board Diversity Policy, with the aim of enhancing the quality of the Board's performance by diversity, was adopted in August 2013.

#### *Health and Safety*

To provide a safe working environment, risk assessments of workstations for all users are performed at regular intervals. Upgrades and maintenance of tools and equipment are performed to cope with the needs and demands of employees. In order to provide a hygienic working conditions, cleaning of carpets and air conditioning systems are carried out at regular intervals.

### **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT** *(continued)*

#### **Environmental Protection**

Environmental conservation remains a key focus for the Group. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection and comply with environmental legislation and promote awareness towards environmental protection to the employees. The Group adheres to the principle of Recycling and Reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. To conserve the environment, the Company encourages its shareholders to receive corporate communications electronically via the websites of The Stock Exchange of Hong Kong Limited and the Company and an automatic footnote had been appended on all the Group's emails requesting the recipients to consider the environment before printing.

Sunshine Bakeries, a member of the APG Group, which is engaged in manufacturing, sales and distribution of bakery and frozen food products reduces food wastage by recycling the excess bread from manufacturing and retail outlets as animal feed for farms. Adequate drainage and waste disposal systems and facilities are in place to eliminate the risk of contamination and pollution to the environment. Waste Management and Labelling Procedure was established by Sunshine Bakeries in compliance with the Environmental Public Health Act, 2008 of Singapore. Proper disposal of grease from the waste drains are conducted by waste disposal companies frequently. Noise pollution control procedure has also been established by Sunshine Bakeries and Delifrance Singapore Pte Ltd ("Delifrance"), a member of the APG Group, in compliance with the Environmental Protection and Management Act, 2008 of Singapore to provide protection and management of environment and resource conservation and also to create a more conducive environment for the employees.

The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering the 3Rs — Reduce, Recycle and Reuse and enhance environmental sustainability.

#### **Community Involvement**

The Group is committed to invest in the communities where it operates by setting a donation foundation. The Group has made donations to various charitable bodies, educational bodies and cultural societies from time to time.

#### **Operating Practices**

##### *Anti-corruption*

Employees are expected to observe the highest standard of ethical, personal and professional conduct. A whistle-blowing policy was adopted by the Group. The Internal Audit Department has conducted an ongoing review of the effectiveness of the internal control system on a regular basis. As far as the Group is aware, there are no concluded legal cases regarding corrupt practices brought to the Group or its employees during the year under review.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT** *(continued)*

**Operating Practices** *(continued)*

*Food Safety*

The APG Group is committed to food safety and quality assurance for the products it produces. The APG Group aims to provide safe foods at all times from the receipt of raw materials to storage of finished products. It recognises the importance of quality and food safety. To deliver on its trusted brand status, Auric has implemented consistent and comprehensive Quality, Environmental and Food Safety Management Systems across its businesses.

*Quality, Environmental and Food Safety Management Systems*

Auric has a comprehensive in-house Quality Assurance team to implement established quality assurance procedures and to perform control checks to ensure compliance approval. Both Sunshine Bakeries and Delifrance adopt the internationally recognised food safety management system, Hazard Analysis Critical Control Point (“HACCP”) to safeguard the safety and quality of all their products. Similarly, its external warehouse and distribution service provider also fulfills the Codex guidelines for its HACCP system. By adopting HACCP, Auric is creating an environment where there is preventive approach to food safety from biological, chemical and physical hazards in production processes.

The Singapore Productivity and Standard Board accredited Sunshine Bakeries with the ISO 14001 certification in year 2000 for effectively establishing, implementing and maintaining an environmental management system. In year 2001, Sunshine Bakeries received ISO 9002 certification and was awarded HACCP certification. Sunshine Bakeries has been awarded the AVA ‘Silver’ Award for achieving ‘A’ grading in quality management for many years.

Delifrance recognises the importance of food safety and handling. To continuously improve its Food Safety Management System, Delifrance is steering towards achieving ISO 22000 to gain international recognition on food safety management with potential local and global business partners and as well as increase market access. Manufactured products are also submitted for microbiological testing to ensure that they comply with the microbiological standard. Assessments are conducted to ensure that all employees conform to personal hygiene standards and all retail outlets conform to food safety standards, so as to drive consistent best practices at all locations where food handling and processing procedures are carried out.

*Pest Control Program*

The APG Group has a well-established material safety data sheet control procedure and pest control programme to ensure that its food and environments are free from contamination and pests, thereby adhering to the hygiene standards set by the relevant authorities.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.



### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. Its subsidiaries, associates, joint ventures and joint operations are principally engaged in investment holding, property investment, property development, food businesses, property management, mineral exploration, extraction and processing, securities investment, treasury investment and money lending.

The activities and other particulars of the principal subsidiaries, principal associates, principal joint ventures and joint operations are set out in the financial statements on pages 146 to 156, page 157, page 158 and page 159, respectively.

There were no significant changes in the nature of these activities during the Year.

### **SEGMENT INFORMATION**

An analysis of the Group's revenue and results by principal activity and geographical area for the Year is set out in Note 4 to the financial statements.

### **RESULTS AND DIVIDENDS**

The results and details of cash flows of the Group for the Year and the financial position of the Group as at 31st March, 2015 are set out in the financial statements on pages 50 to 159.

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) for the six months ended 30th September, 2014 was paid on 26th January, 2015. The Directors have resolved to recommend the payment of a final dividend of HK0.75 cent per share (2014 — HK0.75 cent per share) amounting to approximately HK\$68.9 million for the Year (2014 — approximately HK\$68.9 million) and a special final dividend of HK0.3 cent per share (2014 — Nil) amounting to approximately HK\$27.6 million for the Year (2014 — Nil). Total dividends for the Year will be HK1.65 cent per share (2014 — HK4.45 cents per share (including a special dividend of HK3.5 cents per share)) amounting to approximately HK\$151.6 million (2014 — approximately HK\$408.8 million).

### **SUMMARY OF GROUP FINANCIAL INFORMATION**

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 164.

### **GOODWILL**

Details of movements in goodwill during the Year are set out in Note 13 to the financial statements.

### **INVESTMENT PROPERTIES**

Details of movements in the investment properties during the Year are set out in Note 16 to the financial statements.

### **BANK LOANS**

Details of bank loans are summarised in Note 27 to the financial statements.

### SHARE CAPITAL

Details of the share capital of the Company are set out in Note 30 to the financial statements.

### EQUITY-LINKED AGREEMENTS/SHARE OPTION SCHEMES

Details of the share option schemes of the Company and its subsidiary are set out in Note 31 to the financial statements.

For mineral exploration activities and general capital purposes, in April 2014, Asia Now Resources Corp. ("Asia Now"), a subsidiary of the Company, issued C\$1,248,000 senior unsecured convertible debenture ("CD") to China Gold Pte. Ltd. ("China Gold"), a wholly-owned subsidiary of the Company, which will be due in April 2016. Together with C\$1,248,000 CD issued by Asia Now to China Gold in December 2013 which will be due in December 2015, China Gold currently holds C\$2,496,000 CDs in Asia Now which can be convertible into shares of Asia Now. The interest rate of the CDs is 12 per cent. per annum. Assuming full conversion of the CDs, China Gold's interest in Asia Now will be increased from approximately 52.2 per cent. to approximately 60.7 per cent.

### DISTRIBUTABLE RESERVES

As at 31st March, 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance (Chapter 622), amounted to HK\$1,515,988,000.

### EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in Note 44 to the financial statements.

### SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 146 to 156.

### DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK\$23,939,000 (2014 — HK\$6,547,000).

### DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

#### Executive Directors

Dr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee, BBS, JP. (*Chief Executive Officer*)

Mr. James Siu Lung Lee (appointed on 1st May, 2015)

#### Non-executive Director

Mr. Leon Nim Leung Chan

#### Independent non-executive Directors

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung

### **DIRECTORS** *(continued)*

In accordance with Article 110 of the Company's Articles of Association (the "Articles"), Mr. James Siu Lung Lee will retire from office and, being eligible, will offer himself for re-election at the forthcoming annual general meeting.

In accordance with Article 120 of the Company's Articles, Messrs. John Luen Wai Lee and Leon Nim Leung Chan will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Dr. Stephen Riady, Messrs. John Luen Wai Lee, James Siu Lung Lee and Edwin Neo are also directors of certain subsidiaries of the Company. A list of directors of the Company's subsidiaries during the Year and up to the date of this report is available on the Company's website ([www.lcr.com.hk](http://www.lcr.com.hk)).

Each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2014. Following the expiry of the term under their respective former letter agreement with the Company, each of Messrs. King Fai Tsui and Victor Ha Kuk Yung entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30th September, 2014. Each of Dr. Stephen Riady and Mr. John Luen Wai Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2015. Mr. James Siu Lung Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st May, 2015. All the above letter agreements will be terminable by either party by giving three months' prior written notice. The term of office of the Directors is also subject to the provisions of the Articles. In accordance with the Articles, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors.

In addition, during the Year, Dr. Stephen Riady entered into an employment agreement for his employment as an Executive President of the Company with effect from 1st January, 2015. Mr. John Luen Wai Lee also entered into an employment agreement for his employment as the Chief Executive Officer of the Company with effect from 1st January, 2015. Mr. James Siu Lung Lee entered into an employment agreement for his appointment as an Executive Vice President — Business Development of the Company with effect from 1st May, 2015. The above employment agreements are terminable by either party by giving three months' prior written notice.

Dr. Stephen Riady also entered into an employment contract with a subsidiary of the Company which is terminable by either party by giving six months' prior written notice.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company considers such Directors to be independent.

### **DIRECTORS** *(continued)*

Under the Company's Articles, every Director or other officer of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. A Directors' and Officers' Liability Insurance is in place to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

### **BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT**

**Dr. Stephen Riady**, aged 55, was appointed a Director of the Company in 1992 and is the Chairman of board of directors of the Company. Dr. Riady is also an executive director and the Chairman of the board of directors of Lippo Limited ("Lippo") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. He was also appointed as the Executive President of each of the Company, Lippo and HKC with effect from 1st January, 2015. Dr. Riady is a director of Lanius Limited, Lippo Capital Limited, First Tower Corporation ("First Tower") and Skyscraper Realty Limited ("Skyscraper"). He is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. Dr. Riady also holds directorship in certain subsidiaries of the Company, Lippo and HKC. He is also the Executive Chairman of OUE Limited and an executive director of Auric Pacific Group Limited ("Auric"), both are public listed companies in Singapore. He serves as a member of the Nomination Committee of Auric. Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master Degree of Business Administration from Golden Gate University, United States of America and an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Dr. Riady is a son of Dr. Mochtar Riady and Madam Lidya Suryawaty. The interests of Dr. Mochtar Riady and Madam Lidya Suryawaty in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below. Dr. Riady is the father-in-law of Dr. Andy Adhiwana, an executive director of Auric.

**Mr. John Luen Wai Lee**, BBS, JP, aged 66, was appointed a Director of the Company in 1992 and is the Chief Executive Officer of the Company. Mr. Lee is the Managing Director and Chief Executive Officer of Lippo. He is an executive director and the Chief Executive Officer of HKC. He is an independent non-executive director of New World Development Company Limited and New World China Land Limited, both are public listed companies in Hong Kong. He is also a director of First Tower and Skyscraper. Mr. Lee is an authorised representative of the Company, Lippo and HKC. In addition, he holds directorship in certain subsidiaries of the Company, Lippo and HKC. Mr. Lee is a Fellow Member of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Pricewaterhouse (now known as PricewaterhouseCooper) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He is active in public service and currently serves as the Chairman of the Board of Trustees of the Hospital Authority Provident Fund Scheme and the Chairman of the Queen Elizabeth Hospital Governing Committee. In addition, he serves as a member of the Appeal Boards Panel (Education). Mr. Lee was awarded the Bronze Bauhinia Star by Government of the Hong Kong Special Administrative Region.

### **BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT** *(continued)*

**Mr. James Siu Lung Lee**, aged 45, was appointed an executive Director of the Company on 1st May, 2015. Mr. Lee has over 15 years of experience in mergers and acquisitions on technology companies. Mr. Lee joined Lippo Securities Limited (“LSL”), a subsidiary of HKC, in 1997 and was the Head of Derivatives Department before he left LSL in late 1999. Mr. Lee was subsequently appointed as an assistant to the then Managing Director of the Company in early 2000 and left the Company in early 2009. He was a director of Systech Century Group from 2009 to 2014. In December 2014, Mr. Lee rejoined the Group and was appointed an Executive Vice President of business development. He also holds directorship in certain subsidiaries of the Company. Mr. Lee holds a Bachelor degree in Manufacturing Engineering with honours from Queen’s University, Belfast, United Kingdom and a Doctor degree in Engineering (major in Hierarchical Operations Management and Control for Automated Systems and Robotics) from The University of Hong Kong. He also holds a Master of Laws (major in International Economic Law) from The Chinese University of Hong Kong.

**Mr. Leon Nim Leung Chan**, aged 59, was appointed an independent non-executive Director of the Company in 1997 and was re-designated as a non-executive Director of the Company in September 2004. He is a practicing lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008 and is currently one of the Panel Chairman of the Appeal Tribunal Panel on appeals against a decision of the Building Authority. He is also a non-executive director of Lippo and HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. He is also a director of a subsidiary of HKC and the chairman of the supervisory board of a subsidiary of HKC. Mr. Chan is an independent non-executive director of Midland Holdings Limited, a public listed company in Hong Kong. He resigned as an independent non-executive director of PanAsialum Holdings Company Limited, a public listed company in Hong Kong, on 4th December, 2014.

**Mr. Edwin Neo**, aged 65, was appointed an independent non-executive Director of the Company in March 2002. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is also an independent non-executive director of Lippo and Auric. Mr. Neo is a member of the Remuneration Committee, Nomination Committee and Audit Committee of each of the Company and Lippo.

### **BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT** *(continued)*

**Mr. King Fai Tsui**, aged 65, was appointed an independent non-executive Director of the Company in September 2004. Mr. Tsui is a director and senior consultant of a registered financial services company in Hong Kong. He is an independent non-executive director of Vinda International Holdings Limited, China Aoyuan Property Group Limited and Newton Resources Ltd, all are public listed companies in Hong Kong. He has over 30 years of extensive experience in accounting, finance and investment management, particularly in investments in mainland China. Mr. Tsui worked for two of the Big Four audit firms in the United States of America and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in Australia and a member of the American Institute of Certified Public Accountants. He graduated from the University of Houston, Texas, the United States of America and holds a Master of Science in Accountancy and a Bachelor of Business Administration with first class honours. Mr. Tsui is an independent non-executive director of Lippo and HKC. He is the Chairman of the Audit Committee of HKC and a member of the Audit Committee of each of the Company and Lippo. He is also the Chairman of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC.

**Mr. Victor Ha Kuk Yung**, aged 61, was appointed an independent non-executive Director of the Company in September 2004. Mr. Yung is a professional accountant with over 30 years of working experience in the financial and accounting fields, and served in management positions in various multinational companies in Asia. Mr. Yung holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University, and is a member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of Lippo and HKC. Mr. Yung is the Chairman of the Audit Committee of each of the Company and Lippo and a member of the Audit Committee of HKC. He is also a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. Mr. Yung is an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a public listed company in Hong Kong. He resigned as an independent non-executive director of Magnum Entertainment Group Holdings Limited, a public listed company in Hong Kong, on 15th May, 2015.

Details of the interests of the Directors in the Company are disclosed in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below.

Save as disclosed herein and in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below, the Directors do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

### **DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS**

Details of the emoluments of the Directors on a named basis and the five highest paid employees in the Group are set out in Notes 7 and 8 to the financial statements, respectively.

The emoluments of the Directors are determined by reference to the market rates, time commitment and their duties and responsibilities as well as employment conditions elsewhere in the Group.

The emoluments of the Directors for the Year have been covered by their respective letter agreements and/or employment agreements/employment contract (as applicable) with the Group and/or paid under the relevant statutory requirement save for those as disclosed hereinbelow:

- (a) the discretionary bonus of Dr. Stephen Riady in an amount of HK\$8,000,000;
- (b) the discretionary bonus of Mr. John Luen Wai Lee in an amount of HK\$2,000,000; and
- (c) the director's fee of Mr. Edwin Neo in an amount of approximately HK\$404,000 for serving as an independent non-executive director of a subsidiary of the Company.

With effect from 1st January, 2015, Dr. Stephen Riady was entitled to receive a director's fee of HK\$204,000 per annum and a monthly salary of HK\$83,000 for his appointment as an Executive President of the Company. Mr. John Luen Wai Lee was also entitled to receive a director's fee of HK\$204,000 per annum and a monthly salary of HK\$48,375 for his appointment as the Chief Executive Officer of the Company with effect from 1st January, 2015. Dr. Stephen Riady and Mr. John Luen Wai Lee are entitled to discretionary bonuses and/or other fringe benefits for the executive role in the Group under their respective employment agreements/employment contract with the Group. Further details of the above Directors' emoluments are disclosed in Note 7 to the financial statements.

**DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS** (continued)

The fee payable to each of the non-executive Directors of the Company was HK\$204,000 for the Year. A non-executive Director will also receive additional fees for duties assigned to and services provided by him as Chairmen and/or members of various board committees of the Company. The fees payable to the non-executive Directors for serving as Chairmen and/or members of various board committees of the Company for the Year were as follows:

	HK\$
<b>Audit Committee</b>	
Chairman	60,000
Member	36,000
<b>Other Committees</b>	
Chairman	36,000
Member	36,000

With effect from 1st April, 2015, the fees payable to the non-executive Directors per annum for serving as Chairmen and/or members of various board committees of the Company were adjusted as follows:

	HK\$
<b>Audit Committee</b>	
Chairman	72,000
Member	48,000
<b>Other Committees</b>	
Chairman	48,000
Member	48,000

With effect from 1st April, 2015, the fee payable to each of the Directors was adjusted from HK\$204,000 per annum to HK\$216,000 per annum.



**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS**

As at 31st March, 2015, 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
<b>Number of ordinary shares in the Company</b>					
Stephen Riady	–	–	6,544,696,389 <i>Notes (i) and (ii)</i>	6,544,696,389	71.24
James Siu Lung Lee	2,000	–	–	2,000	0.00
<b>Number of ordinary shares in Lippo Limited ("Lippo")</b>					
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
<b>Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")</b>					
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

Note:

- (i) As at 31st March, 2015, 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 31st March, 2015, 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 31st March, 2015, 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.

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS (continued)**

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
Auric Pacific Group Limited	Ordinary shares	61,927,335	49.28
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
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

**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)***

As at 31st March, 2015, 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.

As at 31st March, 2015, 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 31st March, 2015, 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 31st March, 2015, 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).

**ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the Year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable a Director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31st March, 2015, 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:*

- 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.
- 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.
- 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 31st March, 2015, 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.

#### **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31st March, 2015, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

Other than the independent non-executive Directors, Dr. Stephen Riady and Messrs. John Luen Wai Lee and Leon Nim Leung Chan are also directors of Lippo Limited ("Lippo"), an intermediate holding company of the Company, and Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company. Further details of the Directors' interests in Lippo and HKC 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". Subsidiaries of Lippo and HKC are also engaged in property investment and property development.

The Directors of the Company are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and its Directors would comply with the relevant requirements of the Company's Articles of Association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") whenever a Director has any conflict of interest in the transaction(s) with the Company.

Save as disclosed herein, during the Year and up to the date of this report, none of the Directors are considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group required to be disclosed under the Listing Rules.

### CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions disclosed in accordance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") are as follows:

- (A) On 7th September, 2012, a tenancy agreement was entered into between Porbandar Limited ("Porbandar"), a wholly-owned subsidiary of the Company, and Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company, pursuant to which HKC agreed to lease from Porbandar Room 4301, 43rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong ("Lippo Centre"), with a gross floor area of approximately 4,686 square feet, for a term of two years from 16th September, 2012 to 15th September, 2014, both days inclusive, at a monthly rental of HK\$223,050 (equivalent to HK\$2,676,600 per annum), exclusive of rates, service charges and all other outgoings or HK\$248,405 (equivalent to HK\$2,980,860 per annum), inclusive of monthly service charge of HK\$25,355, for office use. The service charge of HK\$25,355 per calendar month (subject to adjustment) payable by HKC to Porbandar was applied by Porbandar in payment of applicable service charges of the manager of the building relating to the above property provided that such service charge did not exceed HK\$35,000 per calendar month unless agreed by both parties in writing (the "HKC Maximum Service Charge"). The maximum aggregate rental, inclusive of the HKC Maximum Service Charge, was HK\$1,419,275 for the Year. The rental was determined by reference to the then prevailing open market rentals. Further details of the above tenancy are disclosed in Note 40(a) to the financial statements.
- (B) On 20th December, 2012, a tenancy agreement was entered into between Superform Investment Limited ("Superform"), a wholly-owned subsidiary of the Company, and Lippo Limited ("Lippo"), an intermediate holding company of the Company, pursuant to which Lippo agreed to lease from Superform a portion of 24th Floor, Tower One, Lippo Centre, with a gross floor area of approximately 11,028 square feet, for a term of two years from 1st January, 2013 to 31st December, 2014, both days inclusive, at a monthly rental of HK\$498,000 (equivalent to HK\$5,976,000 per annum), exclusive of rates, service charges and all other outgoings or HK\$551,390 (equivalent to HK\$6,616,680 per annum), inclusive of monthly service charge of HK\$53,390, for office use. The service charge of HK\$53,390 per calendar month (subject to adjustment) payable by Lippo to Superform was applied by Superform in payment of applicable service charges of the manager of the building relating to the above property provided that such service charge did not exceed HK\$70,000 per calendar month unless agreed by both parties in writing (the "Lippo Maximum Service Charge"). The maximum aggregate rental, inclusive of the Lippo Maximum Service Charge, was HK\$5,112,000 for the Year. The rental was determined by reference to the then prevailing open market rentals. Further details of the above tenancy are disclosed in Note 40(c) to the financial statements.

**CONTINUING CONNECTED TRANSACTIONS** *(continued)*

- (C) (i) A tenancy agreement dated 1st April, 2013 was entered into between West Tower Holding Limited (“West Tower”), a wholly-owned subsidiary of the Company, and LCR Catering Services Limited (“LCR Catering”), a subsidiary of Food Junction Holdings Limited (“Food Junction”) which in turn is a subsidiary of Auric Pacific Group Limited (“Auric”), a subsidiary of the Company, pursuant to which LCR Catering agreed to lease from West Tower Unit 4, Ground Floor, Lippo Centre for a term of three years from 1st April, 2013 to 31st March, 2016, both days inclusive, at a monthly rental of HK\$364,550, exclusive of rates, service charge and all other outgoings, for use as a restaurant. The service charge of HK\$65,040 per month (subject to adjustment) was paid by LCR Catering to West Tower and such service charge did not exceed HK\$78,000 per month (the “LCR Catering First Maximum Service Charge”).

A licence agreement dated 1st April, 2013 was entered into between West Tower, as licensor, and LCR Catering, as licensee, in respect of four night car parking spaces in the first basement of Lippo Centre. A licence fee of HK\$5,300 per month (subject to increase) shall be payable by LCR Catering to West Tower. The term of the licence agreement shall be three years from 1st April, 2013 to 31st March, 2016, both days inclusive.

The maximum aggregate value, that is, the annual cap for the above tenancy agreement and licence agreement, which is equivalent to the annual rental, the annual LCR Catering First Maximum Service Charge and the annual licence fee, for the Year was HK\$5,375,000.

The Company is interested in approximately 49.3 per cent. of the issued shares of Auric. As a result of the adoption of Hong Kong Financial Reporting Standard 10 entitled “Consolidated Financial Statements” for annual periods beginning on or after 1st April, 2013, Auric and its subsidiaries have been classified as subsidiaries of the Company. Dr. Stephen Riady, through companies controlled by him, was indirectly interested as to approximately 21.9 per cent. of the total issued shares of Auric. Such interest was subsequently transferred to his son-in-law.

- (ii) Due to an internal group reorganization, the ownership of certain premises at Lippo Centre were transferred from West Tower to Serene Yield Limited (“Serene Yield”), a wholly-owned subsidiary of the Company. Upon completion of such transfer, Serene Yield entered into a tenancy agreement dated 22nd August, 2014 with LCR Catering, pursuant to which LCR Catering agreed to lease from Serene Yield Unit 4, Ground Floor, Lippo Centre for a term of three years from 22nd August, 2014 to 21st August, 2017, both days inclusive, at a monthly rental of HK\$398,200, exclusive of rates, service charge and all other outgoings, for use as a restaurant with an option to renew for a further three years upon current lease expiry (the “Additional Term”) at the then open market rent for prime retail/restaurant accommodation in the Admiralty District of Hong Kong, provided that LCR Catering is not in breach of the existing tenancy agreement and that the rent for the Additional Term shall not be more than 20 per cent. higher than the rent payable during the last year of the initial term. The service charge of HK\$65,040 per month (subject to adjustment) shall be payable by LCR Catering to Serene Yield and such service charge shall not exceed HK\$90,000 per month (the “LCR Catering Second Maximum Service Charge”). The above tenancy agreement dated 1st April, 2013 was terminated by mutual agreement.

**CONTINUING CONNECTED TRANSACTIONS** *(continued)*

(C) (ii) *(continued)*

The maximum aggregate value, that is, the annual cap for the above tenancy agreement dated 22nd August, 2014, which is equivalent to the annual rental and the annual LCR Catering Second Maximum Service Charge, for the Year was HK\$3,581,000.

(D) (i) A tenancy agreement dated 15th March, 2013 was entered into between West Tower and Delifrance (HK) Limited (“Delifrance”), a wholly-owned subsidiary of Auric, pursuant to which Delifrance agreed to lease from West Tower Shop 1B-1E, Ground Floor, Lippo Centre for a term of three years from 16th March, 2013 to 15th March, 2016, both days inclusive, at a monthly rental of HK\$23,000 (for the period from 16th March, 2013 to 31st May, 2014) and HK\$25,500 (for the period from 1st June, 2014 to 15th March, 2016), exclusive of rates, service charge and all other outgoings, for use as a high class shop providing sandwiches and light meals under the trade name or style of “Delifrance” or a kitchen support to other Delifrance stores. The service charge of HK\$8,065 per month (subject to adjustment) was paid by Delifrance to West Tower and such service charge did not exceed HK\$10,000 per month (the “Maximum Service Charge”).

(ii) A tenancy agreement dated 15th March, 2013 was entered into between West Tower and Delifrance, pursuant to which Delifrance agreed to lease from West Tower Shop 1A-1B, First Floor, Lippo Centre for a term of two years and eight months and ten days from 16th March, 2013 to 25th November, 2015, both days inclusive, at a monthly rental of HK\$71,500 (for the period from 16th March, 2013 to 25th November, 2013) and HK\$78,875 (for the period from 26th November, 2013 to 25th November, 2015), exclusive of rates, service charge and all other outgoings, for use as a bakery café and a western style restaurant under the trade name and/or trademark of “Delifrance” and/or any other trade name as approved by the landlord from time to time. The service charge of HK\$2,505 per month (subject to adjustment) was paid by Delifrance to West Tower and such service charge did not exceed HK\$3,000 per month (together with Maximum Service Charge, the “Delifrance Maximum Service Charges”).

The maximum aggregate value, that is, the annual cap for the above tenancy agreements, which was equivalent to the annual rentals and annual Delifrance Maximum Service Charges, for the Year was HK\$1,404,000.

Due to an internal group reorganization, the ownership of certain premises at Lippo Centre were transferred from West Tower to Serene Yield. Upon completion of such transfer on 22nd August, 2014, Serene Yield entered into two separate tenancy agreements with Delifrance in respect of the leasing of Shop 1B-1E, Ground Floor and Shop 1A-1B, First Floor of Lippo Centre and such new tenancy agreements are fully exempt from the shareholders’ approval, annual review and all disclosure requirements under Rule 14A.76(1)(c) of the Listing Rules. The above tenancy agreements dated 15th March, 2013 entered into between West Tower with Delifrance were terminated by mutual agreement.



**CONTINUING CONNECTED TRANSACTIONS** *(continued)*

- (E) Lippo Select HK & Mainland Property ETF 力寶專選中港地產ETF (stock code: 2824, an exchange traded fund) (the "Property ETF"), a sub-fund of the Lippo Fund Series and a subsidiary of the Company, receives management services from Lippo Investments Management Limited (the "Manager"), being the manager of Lippo Fund Series and a wholly-owned subsidiary of Lippo, and pays management fee to the Manager under the trust deed dated 11th June, 2012 entered into between Cititrust Limited as trustee and the Manager, as amended and/or supplemented from time to time (the "Trust Deed"). Pursuant to the Trust Deed and the prospectus dated 10th September, 2012 issued by the Manager in relation to the Property ETF, as amended, supplemented and updated from time to time, the Property ETF pays a management fee, currently charged at a rate of 0.68 per cent. per annum of the net asset value of the Property ETF (the "NAV"), out of its fund assets, to the Manager for its own account. The management fee is accrued daily and paid as soon as practicable after the last dealing day in each month in each year. The Manager is entitled to receive a management fee of up to 2 per cent. per annum of the NAV. The management fee is a single flat fee paid to the Manager to cover the fees, costs and expenses of the Property ETF. The management fee is paid out of the Property ETF.

The Manager is responsible for devising the index methodology for the Lippo Select HK & Mainland Property Index (the "Underlying Index"), semi-annual review and selection of the fundamental factors based on aggregate fundamental factor values supplied independently by the Hang Seng Indexes Company Limited, being the index provider who is responsible for compiling, maintaining and publishing the Underlying Index. Whilst the Manager does not have any equity interest in the Lippo Fund Series or any of its sub-funds (including the Property ETF), it has general management power in respect of the Lippo Fund Series (including the Property ETF). There is no fixed term of appointment of the Manager under the Trust Deed. The Manager will remain as the Manager of the Property ETF until it is being removed by the trustee or the Manager retires by written notices to the trustee. An independent financial adviser (the "IFA") was appointed by the Company to advise the Company on the duration of the provision of management services under the Trust Deed under the Listing Rules as well as to explain why a period longer than three years is required and to confirm whether this is normal business practice. The IFA was of the opinion that (i) the appointment of the Manager under the Trust Deed for a duration longer than three years is required in order to ensure continued management services provided by the Manager to the Property ETF; and (ii) it is a normal business practice among exchange traded funds in Hong Kong of the nature similar with that of the Property ETF to appoint manager with no fixed term of appointment, the respective manager shall therefore be appointed to provide management services for the whole term of the relevant trust deed unless it is being removed by the trustee and/or the unitholders of the trust or it retires.

Previously, the provision of management services by the Manager to the Property ETF and the payment of the management fee by the Property ETF to the Manager under the Trust Deed had constituted a de minimis transaction on normal commercial terms. In view of the management's expectations on the performance of the Property ETF with reference to its past performance, estimated growth in size of the NAV and the expected appreciation in the NAV, the aggregate annual management fee payable by the Property ETF to the Manager is expected to exceed HK\$1,000,000. The Company estimated that the annual cap of the management fee for the Year to be HK\$2,000,000. Further details of the above management fee are disclosed in Note 40(k) to the financial statements.

**CONTINUING CONNECTED TRANSACTIONS** *(continued)*

(E) *(continued)*

The Directors consider the terms of the Trust Deed have been negotiated and arrived at on arms length basis and in the ordinary and usual course of business of the Company and on normal commercial terms in line with, and with reference to, the industry practice for establishment of collective investment schemes. The Directors consider the terms under the Trust Deed in respect of the provision of the management services by the Manager to the Property ETF and the payment of management fee by the Property ETF to the Manager are fair and reasonable and in the interests of the shareholders as a whole.

- (F) A service agreement dated 30th August, 2013 was entered into between Lippo Securities Holdings Limited (“Lippo Securities”), a wholly-owned subsidiary of HKC, and the Company for itself and its subsidiaries, pursuant to which Lippo Securities agreed to provide securities and futures broking and trading services, corporate finance, securities investment, treasury investment and other incidental financial services (the “Services”) to the Company and its subsidiaries in making securities and futures investments through their respective trading accounts opened and/or maintained with Lippo Securities Limited (“LSL”) and Lippo Futures Limited (“Lippo Futures”), both of which are wholly-owned subsidiaries of Lippo Securities. The term of service agreement commenced from 1st April, 2013 to 31st March, 2016 with trading commissions, brokerage service fees, collection fees and/or other incidental fees (the “Fees”) paid and payable to Lippo Securities and its subsidiaries, including, inter alia, LSL and/or Lippo Futures (“Lippo Securities Group”) in respect of the Services provided by LSL and/or Lippo Futures (as the case may be), based on the fees received from relevant market customers of comparable standing and in the ordinary course of business of Lippo Securities Group. The rate of commissions and/or brokerage services fees payable to Lippo Securities Group for each securities or futures transaction (as the case may be) is charged based on the size of each trade, whilst that for each futures transaction is fixed at a specified rate, both on terms no more favourable to the relevant connected persons than those offered to or available from independent third parties. Such rates of Fees are charged at market rates comparable to that of other securities service providers in Hong Kong.

The Company anticipated that the aggregate Fees received by Lippo Securities Group under the above service agreement for the Year to be not more than HK\$4,000,000. Further details of the above Fees are disclosed in Note 40(e) to the financial statements.

- (G) A tenancy agreement dated 22nd March, 2013 was entered into between 力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited (“LRSL”), an indirect wholly-owned subsidiary of OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) which in turn is a joint venture of HKC, and 上海德利法蘭新食品有限公司 (Shanghai Delifrance Foodstuff Co., Ltd.) (“Delifrance Shanghai”), a wholly-owned subsidiary of Auric, pursuant to which Delifrance Shanghai agreed to lease from LRSL Shop 303A, Third Floor, Lippo Plaza, No. 222 Huaihai Zhong Road, Shanghai, the People’s Republic of China for a term of three years from 18th March, 2013 to 17th March, 2016, both days inclusive, at a monthly rental of RMB66,065 or a turnover rent of 12 per cent. calculated by reference to the turnover generated at the above premises, whichever is higher, for use as “Delifrance” shop. The annual cap for the above tenancy agreement based on the annual rental for the Year was HK\$1,200,000 (approximately RMB880,000). Further details of the above tenancy are disclosed in Note 40(g) to the financial statements.

**CONTINUING CONNECTED TRANSACTIONS** *(continued)*

- (H) A lease agreement dated 10th October, 2013 (the "Clifford Lease Agreement") was entered into between Clifford Development Pte. Ltd. ("Clifford"), a wholly-owned subsidiary of OUE Limited ("OUE"), a subsidiary of a joint venture of HKC, and Auric pursuant to which Auric agreed to lease from Clifford Unit #06-03, 50 Collyer Quay, Singapore (the "Premises"), with a floor area of approximately 4,187 square feet, for a term of three years from 15th July, 2013 to 14th July, 2016, both days inclusive, with option to renew for a term of two years, at monthly rental of S\$40,613.90 plus the Goods and Services Tax (the "GST") thereon at the prevailing GST rate in Singapore for the period from 15th July, 2013 to 31st December, 2013 and a monthly rental of S\$46,057.00 plus the GST thereon for the period from 1st January, 2014 to 14th July, 2016, for office use. The service charge to be paid by Auric under the Clifford Lease Agreement shall be S\$5,443.10 per month plus GST thereon. On 27th January, 2014, the Clifford Lease Agreement was novated to DBS Trustee Limited, the trustee of OUE C-REIT (the "Trustee"). The Trustee became the new landlord of the Clifford Lease Agreement. The Company anticipated that the maximum aggregate annual rental and service charge to be paid by Auric under the Clifford Lease Agreement for the Year to be HK\$4,400,000 (approximately S\$668,000). Further details of the above lease are disclosed in Note 40(f) to the financial statements.
- (I) (i) A restaurant management agreement dated 10th October, 2013 was entered into between Zutis Pte. Ltd. ("Zutis"), a wholly-owned subsidiary of Food Junction, and OUE Restaurants Pte. Ltd. ("OUE Restaurants"), a wholly-owned subsidiary of OUE, pursuant to which Zutis was appointed as the manager to manage the business and operations of a high-end restaurant of OUE Restaurants at 50 Collyer Quay, #18-03 OUE Bayfront, Singapore 049321 serving French, Japanese and Chinese cuisine (the "Restaurant"). The term of the restaurant management agreement was three years from 1st April, 2013 to 31st March, 2016.
- (ii) A French restaurant operator agreement dated 10th October, 2013 was entered into between LP+Tetsu Pte. Ltd. ("LP+Tetsu"), a wholly-owned subsidiary of Food Junction, and OUE Restaurants, pursuant to which LP+Tetsu was appointed as the operator to operate the French cuisine segment in the Restaurant. The term of the French restaurant operator agreement was three years from 1st April, 2013 to 31st March, 2016.
- (iii) A Japanese restaurant operator agreement dated 10th October, 2013 was entered into between LP+Tetsu and OUE Restaurants, pursuant to which LP+Tetsu was appointed as the operator to operate the Japanese cuisine segment in the Restaurant. The term of the Japanese restaurant operator agreement was three years from 1st April, 2013 to 31st March, 2016.

The service fees charged to OUE Restaurants under the above restaurant management agreement, French restaurant operator agreement and Japanese restaurant operator agreement (together, the "Restaurant Agreements") were at market rates comparable to that of other service providers in Singapore.

**CONTINUING CONNECTED TRANSACTIONS** *(continued)*

(I) *(continued)*

The Company anticipated that the maximum aggregate fees received by Food Junction and its subsidiaries under the Restaurant Agreements for the Year to be HK\$19,200,000 (approximately S\$3,000,000). Further details of the above fees are disclosed in Note 40(j) to the financial statements.

On 21st May, 2014, Zutis, LP+Tetsu and OUE Restaurants had mutually agreed to terminate the Restaurant Agreements respectively. None of Zutis, LP+Tetsu or OUE Restaurants has to pay the other party any penalty and/or compensation as a result of the above termination.

- (J) A supply agreement dated 31st October, 2013 was entered into between Auric Pacific Marketing Pte. Ltd. ("APM"), a wholly-owned subsidiary of Auric, and OUE, in respect of the sale and supply of food and beverage products by APM to OUE. The term of the supply agreement shall be three years from 31st October, 2013 to 30th October, 2016. The prices of the food and beverage products sold by APM shall be at such prices and terms of sales as set out in the price book of APM, exclusive of GST. Payment of the price and other amount payable by OUE to APM shall be effected within 30 days from the date of such invoice issued by APM, the payment term of which is no less favourable than those given to other customers of APM who are independent third parties.

Based on the estimates on the sales volume, the prevailing and anticipated unit price of the food and beverage products to be transacted and the expected appreciation of Singapore Dollars in the relevant period in respect of the revenues to be receivable under the above supply agreement, the Company estimated that the maximum aggregate revenues receivable by APM under the above supply agreement for the Year to be HK\$6,400,000 (approximately S\$1,000,000). Further details of the above supply of food and beverage products are disclosed in Note 40(h) to the financial statements.

- (K) On 31st December, 2014, a sub-tenancy agreement was entered into between LCR Management Limited ("LCR Management"), as lessor, a wholly-owned subsidiary of the Company, and Lippo, as lessee, pursuant to which Lippo agreed to lease from LCR Management portion of 24th Floor, Tower One, Lippo Centre, with a gross floor area of approximately 11,028 square feet, for a term of three years from 1st January, 2015 to 31st December, 2017, both days inclusive, at a monthly rental of HK\$490,650 (equivalent to HK\$5,887,800 per annum), exclusive of rates, service charges and all other outgoings, for office use. The service charge of HK\$53,390 per calendar month (subject to adjustment) payable by Lippo to LCR Management shall be applied by LCR Management in respect of charges for the maintenance and management of the above property provided that such service charge may not exceed HK\$70,000 per calendar month unless agreed by both parties in writing (the "LCRM Maximum Service Charge"). The maximum aggregate rental, inclusive of the LCRM Maximum Service Charge, was HK\$1,681,950 for the Year. The rental was determined by reference to the then prevailing open market rentals. Further details of the above tenancy are disclosed in Note 40(d) to the financial statements.

The Directors of the Company are of the view that the terms of each of the above agreements are determined on fair and reasonable basis and in accordance with normal commercial terms and that such transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

### **CONTINUING CONNECTED TRANSACTIONS** *(continued)*

The independent non-executive Directors have confirmed that the above agreements had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the above agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Messrs. Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Messrs. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Company in accordance with Rule 14A.56 of the Listing Rules. A copy of the above auditors' letter has been provided by the Company to the Stock Exchange.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions disclosed herein.

### **DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS**

Save as disclosed above and in Note 40 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

During the Year, no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries has been made.

### **DIRECTORS' SERVICE CONTRACTS**

No Director of the Company proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation (other than statutory compensation).

### **MANAGEMENT CONTRACTS**

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the Year, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

### **MAJOR SUPPLIERS AND CUSTOMERS**

During the Year, the percentage of purchases attributable to the Group's five largest suppliers combined and that of sales attributable to the Group's five largest customers combined were less than 30 per cent. of the Group's aggregate purchases and sales, respectively.

None of the Directors of the Company, their close associates or any shareholder (which to the best knowledge and belief of the Directors own more than 5 per cent. of the Company's issued shares) had any beneficial interest in the Group's five largest suppliers and customers.

### **RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS**

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its brand competitiveness and dominant status, the Group aims at delivering constantly high standards of quality in the products and service to its customers. During the Year, there was no material and significant dispute between the Group and its suppliers and/or customers.

### **RETIREMENT BENEFITS SCHEMES**

Details of the retirement benefits schemes of the Group and the employer's retirement benefits costs charged to the consolidated statement of profit or loss for the Year are set out in Notes 2.4 (aa) and 6 to the financial statements, respectively.

### **CORPORATE GOVERNANCE**

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 38 to 47.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **AUDITORS**

The financial statements for the Year were audited by Messrs. Ernst & Young who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment.

On behalf of the Board

**John Luen Wai Lee**

*Chief Executive Officer*

Hong Kong, 29th June, 2015

# Corporate Governance Report

## **CORPORATE GOVERNANCE PRACTICES**

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.

During the year ended 31st March, 2015 (the "Year"), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the CG Code for the Year.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as the code for securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have fully complied with the required standard set out in the Model Code throughout the Year.

To enhance corporate governance, the Company has also established written guidelines no less exacting than the Model Code for the relevant employees of the Group in respect of their dealings in the Company's securities.

## **BOARD OF DIRECTORS**

The Board currently comprises seven members (the composition of the Board is shown on page 17), including three executive Directors and four non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 19 to 21). A list containing the names of the Directors and their roles and functions can also be found on the Company's website ([www.lcr.com.hk](http://www.lcr.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). To the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Company has three independent non-executive Directors, representing more than one-third of the Board. Two independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. All the independent non-executive Directors have signed the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules to confirm their independence. The Company considers that all independent non-executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

### **BOARD OF DIRECTORS** *(continued)*

Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung have served as independent non-executive Directors of the Company for more than nine years. In addition to their confirmation of independence in accordance with Rule 3.13 of the Listing Rules, each of Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice and there is no evidence that their tenure has had any impact on their independence. The Directors are of the opinion that each of Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung remains independent notwithstanding the length of their service and they believe that their valuable knowledge and experience in the Group's business and their external experience continue to generate significant contribution to the Company and its shareholders as a whole.

Under the Company's Articles of Association (the "Articles"), one-third of the Directors must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors. Under the Listing Rules, if an independent non-executive Director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. All the Directors have entered into letter agreements with the Company setting out the key terms and conditions of their respective appointment as Directors of the Company.

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. The Board has delegated certain functions to the relevant Board committees, details of which are disclosed below. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the executive Directors. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are those affecting the Group's overall strategic policies, dividend policy, material policies and decisions, significant changes in accounting policies, material contracts, major investments and approval of interim reports, annual reports and announcements of interim and annual results. Management provides the Directors with management updates of the Group's operation, performance and position. All Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner. Legal and regulatory updates are provided to the Directors from time to time for their information so as to keep them abreast of the latest rule requirements and assist them in fulfilling their responsibilities. The Company Secretary may advise the Directors on queries raised or issues which arise in performance of their duties as directors. The Board members have access to appropriate business documents and information about the Group on a timely basis. All Directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request.

Three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, have been established to oversee particular aspects of the Group's affairs.

The Board meets regularly to review the financial and operating performance of the Group and other business units, and formulate future strategy. Six Board meetings were held during the Year.



## BOARD OF DIRECTORS *(continued)*

During the Year, the Chairman held a meeting with the non-executive Directors (including independent non-executive Directors) without the executive Director present.

Individual attendance of each Director at the Board meetings and general meeting and each committee member at meetings of the Audit Committee, the Remuneration Committee and the Nomination Committee during the Year are set out below:

Directors	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
<b>Executive Directors</b>					
Dr. Stephen Riady ( <i>Chairman</i> )	5/6	N/A	0/2	0/1	1/1
Mr. John Luen Wai Lee ( <i>Chief Executive Officer</i> )	6/6	N/A	N/A	N/A	1/1
<b>Non-executive Director</b>					
Mr. Leon Nim Leung Chan	6/6	3/3	2/2	1/1	1/1
<b>Independent Non-executive Directors</b>					
Mr. Victor Ha Kuk Yung ( <i>Chairman of the Audit Committee</i> )	6/6	3/3	2/2	1/1	1/1
Mr. King Fai Tsui ( <i>Chairman of the Remuneration Committee and Nomination Committee</i> )	6/6	3/3	2/2	1/1	1/1
Mr. Edwin Neo	6/6	3/3	2/2	1/1	1/1

\* the only general meeting of the Company held during the Year was the annual general meeting held on 11th September, 2014 (the "2014 AGM").

Note: Mr. James Siu Lung Lee was appointed an Executive Director of the Company on 1st May, 2015.

## CHAIRMAN AND EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer of the Company are segregated. Dr. Stephen Riady is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. Mr. John Luen Wai Lee is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing which were approved by the Board.

## NON-EXECUTIVE DIRECTORS

There are currently four non-executive Directors of whom three are independent. Under the Company's Articles, every Director, including the non-executive Directors, shall be subject to retirement by rotation at least once every three years. All the non-executive Directors have a fixed term of contract of two years with the Company.

### REMUNERATION OF DIRECTORS

A Remuneration Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website ([www.lcr.com.hk](http://www.lcr.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Committee has been delegated with the authority and responsibility to determine the remuneration packages of individual Directors and senior management. Senior management of the Company comprises Directors of the Company only.

The principal role of the Committee is to exercise the powers of the Board to review and determine or make recommendations to the Board on the remuneration packages of individual Directors and senior staff, including salaries, bonuses, share options and benefits in kind. Salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group have been considered in determining the remuneration packages so as to align management incentives with shareholders' interests. During the Year, the Remuneration Committee reviewed and determined, with delegated responsibility, inter alia, (i) the remuneration packages of the Directors and senior staff; and (ii) service contracts of certain Directors.

Majority of the Committee members are non-executive Directors and three of them are independent. The Remuneration Committee currently comprises five members including three independent non-executive Directors, namely Messrs. King Fai Tsui (being the Chairman of the Remuneration Committee), Edwin Neo and Victor Ha Kuk Yung, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. Two meetings were held during the Year and the individual attendance of each member is set out above.

Details of Directors' emoluments and retirement benefits are disclosed in Notes 7 and 2.4(aa) to the financial statements, respectively.

### NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Company's Articles. No new Director was appointed during the Year. Subsequent to the end of the Year, Mr. James Siu Lung Lee was appointed an Executive Director of the Company on 1st May, 2015. Mr. Lee will retire from office and, being eligible, will offer himself for re-election at the forthcoming 2015 annual general meeting of the Company (the "2015 AGM").

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website ([www.lcr.com.hk](http://www.lcr.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The principal role of the Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2014 AGM and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition, diversity and efficiency of the Board.

### **NOMINATION OF DIRECTORS** *(continued)*

The Board considers its diversity is essential to the sustainable success of the Company and has adopted a board diversity policy (the "Diversity Policy"). The Nomination Committee undertakes the function to review the Diversity Policy and make recommendations on any required changes to the Board. The Diversity Policy sets out the approach to achieve diversity on the Board which will include and make good use of the difference in skills, professional experience, educational background, gender, knowledge, length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and all board appointments will be based on merit and contribution, having due regard to the overall effective function of the Board as a whole. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee monitors the implementation of the Diversity Policy and will at appropriate time set measurable objectives for achieving diversity under the Diversity Policy. The Nomination Committee will review the Diversity Policy from time to time to ensure its continued effectiveness. A copy of the Diversity Policy can be found on the Company's website ([www.lcr.com.hk](http://www.lcr.com.hk)). The Company believes that diversity can strengthen the performance of the Board, and promote effective decision-making and better corporate governance and monitoring.

Majority of the Committee members are non-executive Directors and three of them are independent. The Nomination Committee currently comprises five members including three independent non-executive Directors, namely Messrs. King Fai Tsui (being the Chairman of the Nomination Committee), Edwin Neo and Victor Ha Kuk Yung, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. A meeting was held during the Year and the individual attendance of each member is set out above.

Shareholders may propose a candidate for election as a Director in accordance with the Company's Articles. The procedures for such proposal are published on the Company's website ([www.lcr.com.hk](http://www.lcr.com.hk)).

### **DIRECTORS' TIME COMMITMENT AND TRAINING**

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company for the Year. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the 2015 AGM, all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 19 to 21.

### **DIRECTORS' TIME COMMITMENT AND TRAINING** *(continued)*

Directors are also encouraged to attend seminars and conferences to enrich their knowledge in discharging their duties as a director. The Company has arranged from time to time at its cost seminars and/or conferences conducted by professional bodies for the Directors relating to, inter alia, director's duties, corporate governance and regulatory updates. Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

- (1) participation in continuous professional training seminars and/or conferences and/or courses and/or workshops on subjects relating to, inter alia, corporate governance, directors' duties and legal and regulatory changes organised and/or arranged by the Company and/or professional bodies and/or lawyers;
- (2) reading materials provided from time to time by the Company to Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and
- (3) reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

According to the training records provided by the Directors to the Company, all Directors participated in continuous professional development during the Year through the above means (1), (2) and (3). Records of the Directors' training during the Year are as follows:

<b>Directors</b>	<b>Training received</b>
<b>Executive Directors</b>	
Dr. Stephen Riady ( <i>Chairman</i> )	(1), (2) and (3)
Mr. John Luen Wai Lee ( <i>Chief Executive Officer</i> )	(1), (2) and (3)
<b>Non-executive Director</b>	
Mr. Leon Nim Leung Chan	(1), (2) and (3)
<b>Independent Non-executive Directors</b>	
Mr. Edwin Neo	(1), (2) and (3)
Mr. King Fai Tsui	(1), (2) and (3)
Mr. Victor Ha Kuk Yung	(1), (2) and (3)

*Note:* Mr. James Siu Lung Lee was appointed an Executive Director of the Company on 1st May, 2015.

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Company has arranged directors' and officers' liability insurance for years to indemnify the directors and officers of the Group against any potential liability arising from the Group's activities which such directors and officers may be held liable.

### **AUDITORS' REMUNERATION**

Messrs. Ernst & Young has been appointed by the shareholders annually as the Company's auditors. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Messrs. Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditors nationally and internationally) amounted to approximately HK\$7.3 million (2014 — HK\$5.5 million) and approximately HK\$2.1 million (2014 — HK\$1.3 million), respectively. The non-statutory audit services provided during the Year consisted of the review of the Group's continuing connected transactions and other reporting services.

### **AUDIT COMMITTEE**

The Board established an Audit Committee in December 1998. The Audit Committee has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website ([www.lcr.com.hk](http://www.lcr.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Audit Committee assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. The Audit Committee is also responsible for the Company's corporate governance functions. All Committee members are non-executive Directors and three of them including the Chairman are independent. The Audit Committee comprises four members including three independent non-executive Directors, namely Messrs. Victor Ha Kuk Yung (being the Chairman of the Audit Committee), Edwin Neo and King Fai Tsui and a non-executive Director, namely Mr. Leon Nim Leung Chan. Three meetings were held during the Year and the individual attendance of each member is set out above.

The Committee members possess diversified industry experience and the Chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters. Under its current terms of reference, the Committee will meet at least twice each year. Management and auditors shall normally attend the meetings.

During the Year, the Audit Committee discharged its duties by reviewing financial, audit and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report and internal audit reports and discussing with executive Directors, management, external auditors and internal audit department (the "IA Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board on financial-related matters. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2015 AGM, Messrs. Ernst & Young be re-appointed as the Company's external auditors for the ensuing year; and reviewed the fees charged by the Company's external auditors.

### **INTERNAL CONTROLS**

The Board recognises its responsibility for maintaining an adequate system of internal control and prompt and transparent reporting of the Company's activities to the shareholders and to the public.

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations.

During the Year, a review of the effectiveness of the Group's internal control system covering all material controls and risk management functions was conducted and such review will be conducted on an annual basis.

An Inside Information Policy was adopted by the Company which sets out guidelines to the Directors, officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) (the "Inside Information") of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations. The Company also established Group Internal Notification Policies and Procedures for setting out guidelines for identification and notification of Inside Information and notifiable transactions (as defined in the Listing Rules). A whistleblowing policy was also adopted by the Group.

During the Year, the Board reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The review will be conducted annually in accordance with the requirements of the CG Code.

### **INTERNAL AUDIT**

The IA Department was set up in 2007 to perform internal audit and to review the internal control system of the Group.

The principal roles of the internal audit are to ensure the effectiveness of internal control procedures and strict compliance with different standards and policies across different businesses and operations of the Group. The IA Department audits and evaluates the Group's internal control operation and management activities so as to establish that there are no significant misrepresentations of risks and faults in the Group. The Board and the Audit Committee will actively take actions based on the findings from the IA Department. The IA Department is also responsible for providing improvement procedures to different operation teams and departments so as to minimise the risk exposure in the future. Ongoing enhancement and revision on the internal control system will have to be made from time to time so as to cope with the growth of the Group.

### **COMPANY SECRETARY**

The Company Secretary is an employee of the Company. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. During the Year, the Company Secretary had taken the necessary professional training.

### COMMUNICATION WITH SHAREHOLDERS

The Company has established a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees and Board committee members, and the Company's external auditors attended the 2014 AGM and were available to answer questions from shareholders.

Under the Listing Rules, all resolutions proposed at shareholders' meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow resolutions to be voted on by the shareholders on a show of hands. Details of the poll procedures will be explained during the proceedings of shareholders' meetings. The poll voting results will be released and posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.lcr.com.hk](http://www.lcr.com.hk)).

To provide effective communication, the Company maintains a website at [www.lcr.com.hk](http://www.lcr.com.hk). All the financial information and other disclosures including, inter alia, annual reports, interim reports, announcements, circulars, notices and the Articles are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or contact the Customer Service Hotline of the Company's Registrar at (852) 2980 1333. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the registered office of the Company at Rooms 2302 and 2303, 23rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

### SHAREHOLDERS' RIGHTS

Under Section 566 of the Hong Kong Companies Ordinance (Chapter 622) (the "Companies Ordinance"), shareholders representing at least 5 per cent. of the total voting rights of all the shareholders having a right to vote at the general meetings are entitled to send a request to the Company to convene a general meeting. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the Company in hard copy form or in electronic form and must be authenticated by the shareholder(s) making it and deposited at the registered office of the Company or sent to the Company's email address at [lcr.ir@lippo-hongkong.com](mailto:lcr.ir@lippo-hongkong.com). Besides, in relation to an annual general meeting which a company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that shareholders representing at least 2.5 per cent. of the total voting rights of all shareholders of the company having a right to vote on the resolution at the annual general meeting or at least 50 shareholders having a right to vote on the resolution at the annual general meeting, may request the company to circulate a notice of the resolution for consideration at the annual general meeting, by sending a request, which must be authenticated by the shareholders making it, in a hard copy form or electronic form. Such request must be deposited at the registered office of the Company or sent to the Company's email address at [lcr.ir@lippo-hongkong.com](mailto:lcr.ir@lippo-hongkong.com).

### **FAIR DISCLOSURE AND INVESTOR RELATIONS**

The Company uses its best endeavours to distribute material information about the Group to all interested parties as widely as possible. When announcements are made through the Stock Exchange, the same information will be available to the public on the Company's website. The Company recognises its responsibility to disclose its activities to those with a legitimate interest and to respond to their questions. In all cases, great care has been taken in handling Inside Information of the Group. An Inside Information Policy was adopted by the Company which sets out guidelines to ensure Inside Information of the Group is to be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

Management of the Group maintains regular contacts with the investment community. A shareholders' communication policy was adopted by the Group.

During the Year, no amendments were made to the Company's Articles. An updated and consolidated version of the Company's Articles is available on the Company's website ([www.lcr.com.hk](http://www.lcr.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)).

### **FINANCIAL REPORTING**

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31st March, 2015, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditors are responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

The responsibilities of the auditors with respect to financial reporting are set out in the Independent Auditors' Report on pages 48 and 49.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Group is conscious of its role as a socially responsible group of companies. It cares for and supports the communities where it operates. The Group has made donations for community well-being from time to time.



# Independent Auditors' Report



## **To the members of Lippo China Resources Limited**

*(Incorporated in Hong Kong with limited liability)*

We have audited the consolidated financial statements of Lippo China Resources Limited (the "Company") and its subsidiaries set out on pages 50 to 159, which comprise the consolidated statement of financial position as at 31st March, 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31st March, 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Ernst & Young**

*Certified Public Accountants*  
22/F CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

Hong Kong, 29th June, 2015

# Consolidated Statement of Profit or Loss

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Revenue</b>	5	<b>2,749,696</b>	2,771,409
Cost of sales		<b>(1,520,860)</b>	(1,448,635)
<b>Gross profit</b>		<b>1,228,836</b>	1,322,774
Administrative expenses		<b>(919,243)</b>	(885,668)
Other operating expenses		<b>(414,053)</b>	(436,381)
Gain on disposal of subsidiaries	34	<b>707,002</b>	216,695
Gain/(loss) on disposal of available-for-sale financial assets		<b>(7)</b>	131,599
Net fair value gain on investment properties		<b>49,084</b>	64,264
Net fair value gain/(loss) on financial instruments at fair value through profit or loss		<b>4,914</b>	(66,378)
Provisions for impairment losses on:			
Intangible assets		<b>(2,792)</b>	(61,667)
Exploration and evaluation assets		<b>(95,410)</b>	(3,879)
Fixed assets		–	(27,288)
Associates		<b>(7,988)</b>	(27,811)
Available-for-sale financial assets		<b>(28,460)</b>	(14,290)
Properties under development		<b>(59,968)</b>	–
Finance costs	9	<b>(20,651)</b>	(108,437)
Share of results of associates		<b>377</b>	(3,259)
Share of results of joint ventures		<b>5,489</b>	4,868
<b>Profit before tax</b>	6	<b>447,130</b>	105,142
Income tax	10	<b>(111,641)</b>	(71,455)
<b>Profit for the year</b>		<b>335,489</b>	33,687
<b>Attributable to:</b>			
Equity holders of the Company		<b>399,176</b>	124,389
Non-controlling interests		<b>(63,687)</b>	(90,702)
		<b>335,489</b>	33,687
		<b>HK cents</b>	HK cents
<b>Earnings per share attributable to equity holders of the Company</b>	11		
Basic		<b>4.35</b>	1.35
Diluted		<b>N/A</b>	N/A

# Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Profit for the year</b>		<b>335,489</b>	33,687
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Changes in fair value		<b>1,447</b>	(639)
Adjustments for disposal		–	(118,914)
		<b>1,447</b>	(119,553)
Share of exchange differences on translation of a foreign associate		<b>224</b>	–
Exchange differences on translation of foreign operations		<b>(118,004)</b>	15,798
Adjustments relating to disposal of foreign subsidiaries	34	<b>(78,620)</b>	(259,158)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the year, net of tax		<b>(194,953)</b>	(362,913)
<b>Total comprehensive income/(loss) for the year</b>		<b>140,536</b>	(329,226)
<b>Attributable to:</b>			
Equity holders of the Company		<b>285,320</b>	(213,693)
Non-controlling interests		<b>(144,784)</b>	(115,533)
		<b>140,536</b>	(329,226)

# Consolidated Statement of Financial Position

As at 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>			
Intangible assets	13	427,303	488,225
Exploration and evaluation assets	14	1,040	95,295
Fixed assets	15	343,368	324,636
Investment properties	16	1,238,691	2,248,541
Interests in associates	17	56,954	53,645
Interests in joint ventures	18	16,833	17,955
Available-for-sale financial assets	19	115,544	117,082
Loans and advances	20	1,582	–
Debtors, prepayments and deposits	21	67,487	65,006
Deferred tax assets	29	6,812	6,708
		<b>2,275,614</b>	3,417,093
<b>Current assets</b>			
Properties held for sale		5,639	12,503
Properties under development	22	598,352	552,919
Inventories	23	274,628	280,884
Loans and advances	20	8,082	–
Debtors, prepayments and deposits	21	451,616	494,302
Financial assets at fair value through profit or loss	24	314,467	224,414
Other financial assets	25	169	–
Tax recoverable		12,395	8,853
Restricted cash	26	22,700	23,809
Cash and bank balances		2,548,139	1,474,165
		<b>4,236,187</b>	3,071,849
<b>Current liabilities</b>			
Bank and other borrowings	27	302,280	693,910
Creditors, accruals and deposits received	28	575,157	564,664
Other financial liabilities	25	4,522	15,998
Tax payable		265,751	169,241
		<b>1,147,710</b>	1,443,813
<b>Net current assets</b>		<b>3,088,477</b>	1,628,036
<b>Total assets less current liabilities</b>		<b>5,364,091</b>	5,045,129

## Consolidated Statement of Financial Position *(continued)*

As at 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Non-current liabilities</b>			
Bank and other borrowings	27	<b>372,220</b>	3,237
Creditors, accruals and deposits received	28	<b>30,724</b>	29,068
Deferred tax liabilities	29	<b>53,854</b>	114,484
		<b>456,798</b>	146,789
<b>Net assets</b>			
		<b>4,907,293</b>	4,898,340
<b>Equity</b>			
Equity attributable to equity holders of the Company			
Share capital	30	<b>1,705,907</b>	1,705,907
Reserves	32	<b>2,597,578</b>	2,435,773
		<b>4,303,485</b>	4,141,680
Non-controlling interests		<b>603,808</b>	756,660
		<b>4,907,293</b>	4,898,340

**John Luen Wai Lee**  
*Director*

**Stephen Riady**  
*Director*

# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2015

	Attributable to equity holders of the Company										
	Share 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 year	-	-	-	-	-	-	-	399,176	399,176	(63,687)	335,489
Other comprehensive income/(loss) for the year:											
Available-for-sale financial assets:											
Changes in fair value	-	-	-	-	1,447	-	-	-	1,447	-	1,447
Share of exchange differences on translation of a foreign associate	-	-	-	-	-	-	224	-	224	-	224
Exchange differences on translation of foreign operations	-	-	(194)	-	-	-	(38,085)	-	(38,279)	(79,725)	(118,004)
Adjustments relating to disposal of foreign subsidiaries	-	-	-	-	-	-	(77,248)	-	(77,248)	(1,372)	(78,620)
Total comprehensive income/(loss) for the year	-	-	(194)	-	1,447	-	(115,109)	399,176	285,320	(144,784)	140,536
Change in non-controlling interests without change in control	-	-	-	-	-	-	-	509	509	(875)	(366)
Transfer of other asset revaluation reserve upon disposal	-	-	-	-	-	(27,039)	-	27,039	-	-	-
2013/2014 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	-	(68,902)	(68,902)	-	(68,902)
2014/2015 interim dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	-	(18,374)	(18,374)	-	(18,374)
2014/2015 special interim dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	-	(36,748)	(36,748)	-	(36,748)
Dividend declared and paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(7,193)	(7,193)
<b>At 31st March, 2015</b>	<b>1,705,907</b>	<b>-</b>	<b>1,324</b>	<b>-</b>	<b>428</b>	<b>-</b>	<b>103,461</b>	<b>2,492,365</b>	<b>4,303,485</b>	<b>603,808</b>	<b>4,907,293</b>
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 year	-	-	-	-	-	-	-	124,389	124,389	(90,702)	33,687
Other comprehensive income/(loss) for the year:											
Available-for-sale financial assets:											
Changes in fair value	-	-	-	-	(639)	-	-	-	(639)	-	(639)
Adjustments for disposal	-	-	-	-	(118,914)	-	-	-	(118,914)	-	(118,914)
Exchange differences on translation of foreign operations	-	-	(129)	-	-	-	40,758	-	40,629	(24,831)	15,798
Adjustments relating to disposal of foreign subsidiaries	-	-	-	-	-	-	(259,158)	-	(259,158)	-	(259,158)
Total comprehensive income/(loss) for the year	-	-	(129)	-	(119,553)	-	(218,400)	124,389	(213,693)	(115,533)	(329,226)
Transfer to share capital (Note 30)	787,216	(785,568)	-	(1,648)	-	-	-	-	-	-	-
Change in non-controlling interests without change in control (Note 35)	-	-	-	-	-	-	-	9,871	9,871	(80,151)	(70,280)
2012/2013 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	-	(68,902)	(68,902)	-	(68,902)
2013/2014 interim dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	-	(18,374)	(18,374)	-	(18,374)
2013/2014 special dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	-	(321,542)	(321,542)	-	(321,542)
Dividend declared and paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	(11,809)	(11,809)
At 31st March, 2014	1,705,907	-	1,518	-	(1,019)	27,039	218,570	2,189,665	4,141,680	756,660	4,898,340

# Consolidated Statement of Cash Flows

For the year ended 31st March, 2015

	Note	2015 HK\$'000	2014 HK\$'000
<b>Cash flows from operating activities</b>			
Cash used in operations	36	(259,863)	(243,705)
Interest received		32,567	28,097
Dividends received from:			
An associate		2,738	–
A joint venture		5,035	3,941
Investments		5,610	7,015
Taxes paid:			
Hong Kong		(2,694)	(7,674)
Overseas		(11,860)	(26,466)
Net cash flows used in operating activities		(228,467)	(238,792)
<b>Cash flows from investing activities</b>			
Proceeds from disposals of:			
Fixed assets		944	1,173
Available-for-sale financial assets		5,506	168,582
Redeemable preference shares		–	129,951
Payments to acquire:			
Fixed assets		(94,791)	(81,767)
Exploration and evaluation assets		(3,316)	(10,056)
Available-for-sale financial assets		(31,099)	–
Associates		(11,611)	–
Additions to investment properties		(287)	(70,239)
Advance to associates		(212)	(116)
Repayment from an associate		–	778
Disposal of subsidiaries, net of cash and cash equivalents disposed of	34	1,638,816	751,591
Net cash flows from investing activities		1,503,950	889,897



## Consolidated Statement of Cash Flows *(continued)*

For the year ended 31st March, 2015

	2015 HK\$'000	2014 HK\$'000
<b>Cash flows from financing activities</b>		
Interest paid	<b>(20,586)</b>	(81,495)
Drawdown of bank loans	<b>972,280</b>	274,179
Repayment of bank loans	<b>(989,237)</b>	(498,833)
Repayment of financing for redeemable preference shares	–	(12,124)
Repayment of obligations under finance leases	<b>(2,261)</b>	(358)
Acquisition of non-controlling interests	<b>(366)</b>	(70,280)
Dividends paid to shareholders of the Company	<b>(124,024)</b>	(408,818)
Dividends paid to non-controlling shareholders of subsidiaries	<b>(7,193)</b>	(11,809)
Decrease/(increase) in restricted cash	<b>(941)</b>	25,570
Net cash flows used in financing activities	<b>(172,328)</b>	(783,968)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,103,155</b>	(132,863)
<b>Cash and cash equivalents at beginning of year</b>	<b>1,474,165</b>	1,611,315
Exchange realignments	<b>(29,181)</b>	(4,287)
<b>Cash and cash equivalents at end of year</b>	<b>2,548,139</b>	1,474,165
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash and bank balances	<b>2,548,139</b>	1,474,165

# Notes to the Financial Statements

## 1. CORPORATE AND GROUP INFORMATION

Lippo China Resources Limited is a limited liability company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China. The registered office of the Company is located at Rooms 2302-3, 23rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The principal activity of the Company is investment holding. Its subsidiaries, associates, joint ventures and joint operations are principally engaged in investment holding, property investment, property development, food businesses, property management, mineral exploration, extraction and processing, securities investment, treasury investment and money lending.

The immediate holding company of the Company is Skyscraper Realty Limited, a company incorporated in the British Virgin Islands. In the opinion of the Directors, the ultimate holding company of the Company is Lippo Capital Limited ("Lippo Capital"), a company incorporated in the Cayman Islands.

Details of the principal subsidiaries are set out on pages 146 to 156.

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated.

### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st March, 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

### 2.1 BASIS OF PREPARATION *(continued)*

#### Basis of consolidation *(continued)*

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition</i> <sup>1</sup>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination</i> <sup>1</sup>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

<sup>1</sup> Effective from 1st July, 2014

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 9	<i>Financial Instruments</i> <sup>4</sup>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> <sup>2</sup>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> <sup>2</sup>
HKFRS 14	<i>Regulatory Deferral Accounts</i> <sup>5</sup>
HKFRS 15	<i>Revenue from Contracts with Customers</i> <sup>3</sup>
Amendments to HKAS 1	<i>Disclosure Initiative</i> <sup>2</sup>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> <sup>2</sup>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> <sup>1</sup>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> <sup>2</sup>
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs <sup>1</sup>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2014

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2016

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2017

<sup>4</sup> Effective for annual periods beginning on or after 1st January, 2018

<sup>5</sup> Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1st January, 2016 and therefore is not applicable to the Group

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1st April, 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

### **2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)***

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1st April, 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing the joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st April, 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1st April, 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1st April, 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate fixed assets and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st April, 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

### **2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)***

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in Note 2.2, the Group expects to adopt the amendments from 1st April, 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments* clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

### **2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Interests in associates and joint ventures**

An associate is an entity in which the Group has a long term interest of generally not less than 20 per cent. of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's interests in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's interests in associates or joint ventures.

If an interest in an associate becomes an interest in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (b) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

- (i) its assets, including its share of any assets held jointly;
- (ii) its liabilities, including its share of any liabilities incurred jointly;
- (iii) its revenue from the sale of its share of the output arising from the joint operation;
- (iv) its share of the revenue from the sale of the output by the joint operation; and
- (v) its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

### (c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (c) Business combinations and goodwill *(continued)*

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGU, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGU) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGU) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the CGU retained.

#### (d) Fair value measurement

The Group measures its investment properties and certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (d) Fair value measurement *(continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### (e) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, inventories, investment properties, properties under development, properties held for sale and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (e) Impairment of non-financial assets *(continued)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

#### (f) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (g) Fixed assets and depreciation

Fixed assets, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of fixed assets is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of fixed assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of fixed assets are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land under finance leases and buildings	Over the remaining lease terms
Leasehold improvements	Over the unexpired terms of the leases or useful life, whichever is shorter
Furniture, fixtures, plant and equipment	10 per cent. to 100 per cent.
Motor vehicles	12 per cent. to 33 $\frac{1}{3}$ per cent.

Where parts of an item of fixed assets have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of fixed assets including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is not depreciated as the asset is not available for use. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (h) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. When fair value is not reliably determinable for the properties under development, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of investment properties are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Fixed assets and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with as movements in the other asset revaluation reserve. On disposal of the asset, the relevant portion of the other asset revaluation reserve realised in respect of previous valuations is transferred to the retained profits as a movement in reserves.

#### (i) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (i) Intangible assets (other than goodwill) *(continued)*

Intangible assets relating to unpatented technology, customer relationships, management service agreement, and order backlog acquired in a business combination have finite useful lives and are measured at cost less accumulated amortisation and impairment losses. These intangible assets are amortised in the statement of profit or loss on a straight-line basis over their estimated useful lives as follows:

Unpatented technology	10 per cent.
Customer relationships	10 per cent.
Management service agreement	33 $\frac{1}{3}$ per cent.
Order backlog	100 per cent.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### *Trademarks*

Trademarks were acquired in business combinations. The useful life of the “Food Junction” trademark is estimated to be indefinite given that no legal, regulatory, contractual, competitive, economic or any other factors limit the life of the trademarks. The useful life of the “Malone’s” trademark is estimated to be indefinite because it is expected to contribute to net cash inflows indefinitely. As a result, trademarks would not be amortised until the useful life is determined to be finite. Trademarks would be tested for impairment in accordance with HKFRS 36 annually and whenever there is an indication that it may be impaired.

#### *Trademark licence agreement*

Trademark licence agreement (the “Agreement”) was acquired in a business combination. The Agreement relates to the right to use a trademark, and allows for automatic renewal without significant cost. As a result, management believes there is no foreseeable limit to the period over which the Agreement is expected to generate net cash inflows to the Group, and the useful life of the Agreement is estimated to be indefinite (Note 3(a)).

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (j) Exploration and evaluation assets

The Group, through its interests in joint arrangements, has investment in mineral properties, which is in the exploration stage. Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognised and capitalised on a property by property basis. Such costs include, but are not exclusive to, costs of geological and geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral properties are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted had no impairment been recognised.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Group recognises in the statement of profit or loss costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the statement of profit or loss. Exploration areas where reserves have been discovered but require major capital expenditure before production can begin are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

#### (k) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, are included in fixed assets, and depreciated over the shorter of the lease terms and the estimated useful life of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease term.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (k) Leases *(continued)*

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in fixed assets.

#### (l) Investments and other financial assets

##### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

The Group's financial assets at fair value through profit or loss which are under regular way of purchases or sales are recognised on the trade date, that is, the date the Group commits to purchase or sell the asset. All regular way purchases or sales of loans and receivables and available-for-sale financial assets are recognised on the settlement date, that is, the date the asset is received or delivered by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value recognised in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (I) Investments and other financial assets *(continued)*

##### *Subsequent measurement (continued)*

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities, debt securities and investment funds. Equity investments and investment funds classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the investment revaluation reserve until the financial assets are derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss, or until the financial assets are determined to be impaired, when the cumulative gain or loss is reclassified from the investment revaluation reserve to the statement of profit or loss. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as revenue in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities, debt securities and investment funds cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that financial asset, or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities and funds are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit and loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit and loss.



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (m) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- (i) the rights to receive cash flows from the asset have expired; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### (n) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (n) Impairment of financial assets *(continued)*

##### *Financial assets carried at amortised cost (continued)*

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

##### *Assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

##### *Available-for-sale financial assets*

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**(n) Impairment of financial assets** *(continued)*

*Available-for-sale financial assets (continued)*

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

**(o) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group’s financial liabilities include creditors, accruals and deposits received, bank and other borrowings and derivative financial instruments.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (o) Financial liabilities *(continued)*

##### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

#### (p) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

#### (q) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (r) Derivative financial instruments

#### *Initial recognition and subsequent measurement*

When appropriate, the Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

#### *Current versus non-current classification*

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows). Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond twelve months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

### (s) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value which is determined by reference to prevailing market prices, on an individual property basis.

### (t) Properties under development

Properties under development intended for sale are classified as current assets and stated at the lower of cost and net realisable value. Properties being constructed or developed as investment properties are classified as investment properties and accounted for in accordance with the policy stated under "Investment properties". Other properties under development are stated at cost less any impairment losses. Costs comprise the cost of land, development expenditure, other attributable costs and borrowing costs capitalised. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

### (u) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- (i) raw materials and stores, purchase costs on a weighted-average basis; and
- (ii) finished goods and goods for sale, costs of direct materials, labour and production overheads based on the level of normal activity, assigned on a weighted-average basis.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (u) Inventories *(continued)*

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### (v) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks, demand deposits, treasury bills, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand, cash at banks and demand deposits which are not restricted as to use.

#### (w) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

#### (x) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

**(x) Income tax** *(continued)*

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (y) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

#### (z) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably, on the following bases:

- (i) rental income, on a straight-line basis over the lease terms. Contingent rent, which is determined based on a factor other than just the passage of time, is recognised when the Group's entitlement to receive payment has been established in accordance with the terms of the agreements;
- (ii) income from the sale of properties, on the exchange of legally binding unconditional sales contracts or when the relevant completion certificates are issued by the respective government authorities, whichever is later;
- (iii) dealings in securities and sale of investments, on the transaction dates when the relevant contract notes are exchanged or the settlement dates when the securities are delivered;
- (iv) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instruments to the net carrying amount of the financial assets;
- (v) dividend income, when the shareholders' right to receive payment has been established;
- (vi) management and service fee income, when the services have been rendered;
- (vii) revenue from sale of goods, upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods;
- (viii) revenue from sale of food and beverage, upon the delivery to and acceptance by customers, net of sales discounts; and
- (ix) royalty and franchise income, on percentage of sales to the franchisees. Franchise income under the "Delifrance" trademark is recognised in accordance with the underlying agreements.



## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (aa) Employee benefits

#### *Paid leave entitlement*

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward at the end of each reporting period.

#### *Retirement benefits*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In Hong Kong, the Group operates defined contribution Mandatory Provident Fund retirement benefit schemes (the "MPF Schemes") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Schemes. Contributions are made based on a percentage of the employees' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Schemes. The assets of the MPF Schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Schemes except for the Group's employer voluntary contributions forfeited when the employees leave employment prior to fully vesting in such contributions, which can be used to reduce the amount of future employer contributions or to offset against future administration expenses or to refund to the Group, in accordance with the rules of the MPF Schemes.

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made to the central pension scheme based on a percentage of the employees' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Singapore companies in the Group make contributions to the Central Provident Fund Scheme ("CPF") in Singapore, a defined contribution pension scheme. Contributions to the CPF are recognised as an expense in the statement of profit or loss in the period in which the related service is performed.

#### *Share-based payments*

The Company and a subsidiary operate share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an adjusted Black-Scholes model.

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### (aa) Employee benefits *(continued)*

##### *Share-based payments (continued)*

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

#### (ab) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### (ac) Dividends and distributions

Final dividends and distributions proposed by the Directors after the end of the reporting period are not recognised as a liability at the end of the reporting period. When these dividends and distributions have been approved by the shareholders and declared in a general meeting, they are recognised as a liability.

Interim dividends and distributions are simultaneously proposed and declared because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends and distributions. Consequently, interim dividends and distributions are recognised immediately as a liability when they are proposed and declared.

### (ad) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or the statement of profit or loss is also recognised in other comprehensive income or the statement of profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange equalisation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows or at an approximation thereto, the weighted average exchange rates for the year. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### (a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### *Operating lease commitments — Group as lessor*

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

##### *Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The Group may provide ancillary services to the occupants of properties it holds. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property. The property is an investment property only if the ancillary services are insignificant to the arrangement as a whole.

##### *Useful life of trademark licence agreement*

Trademark licence agreement arose from the Group's acquisition of Edmontor Investments Pte Ltd in 2008, and was related to the right to use the "Delifrance" trademark granted under a licence agreement. Since its acquisition in 2008, management had estimated the useful life of trademark licence agreement to be indefinite, as management believed that there was no foreseeable limit to the period over which the agreement was expected to generate net cash inflows to the Group. Moreover, the agreement allowed for automatic renewal without significant cost.

In September 2011, Grand Moulins De Paris ("GMP") renewed the trademark licence agreement for a period of seven years. The revised agreement shall be further extended for a period of seven years and beyond, subject to the satisfactory compliance with the terms and conditions of the revised agreement. Management believes it would be able to meet the new terms and conditions in the revised agreement and the agreement would be renewed beyond the period of twenty-one years. There is no foreseeable limit to the period over which the revised agreement is expected to generate net cash inflows to the Group.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** *(continued)*

**(a) Judgements** *(continued)*

*Consolidation of entities in which the Group holds less than a majority of voting rights*

The Group considers that it controls Auric Pacific Group Limited ("Auric") even though it holds 49.3 per cent. interest in Auric through its wholly-owned subsidiaries and non-wholly owned subsidiaries. This is because the Group has held significantly more voting rights in Auric than any other vote holders and the other shareholdings are widely dispersed.

*Classification of joint arrangements as joint operations*

The Group assesses the existing business structure and terms of contractual arrangement of the joint arrangement agreements and considers the various joint ventures under Asia Now Resources Corp. ("Asia Now") are joint operations. This is because although these joint ventures operate through limited liability companies, they do not issue shares. Each party involved in these companies determines its profit and risk based upon their relative interest in the joint venture under the contractual terms of the joint arrangement agreements. Details of the principal joint operations are set out on page 159.

**(b) Estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

*Estimation of fair value of investment properties*

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (i) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31st March, 2015 was HK\$1,238,691,000 (2014 — HK\$2,248,541,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in Note 16 to the financial statements.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

#### (b) Estimation uncertainty *(continued)*

##### *Impairment of non-financial assets*

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

As disclosed in Note 13 to the financial statements, the recoverable amounts of the CGU to which goodwill, trademarks and trademark licence agreement have been allocated have been determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis are disclosed and further explained in Note 13 to the financial statements. The carrying amount of intangible assets as at 31st March, 2015 was HK\$427,303,000 (2014 — HK\$488,225,000).

##### *Impairment of available-for-sale financial assets*

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assessment about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss. Impairment losses of HK\$28,460,000 (2014 — HK\$14,290,000) were provided for available-for-sale financial assets for the year. The carrying amount of available-for-sale financial assets as at 31st March, 2015 was HK\$115,544,000 (2014 — HK\$117,082,000).

##### *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of the Group's deferred tax assets, and recognised and unrecognised tax losses at the end of the reporting period are disclosed in Note 29 to the financial statements.

#### 4. 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 customer food and non-food products, food manufacturing and retailing, the management of restaurants and food court operations;
- (f) the mineral exploration and extraction segment includes mineral exploration, extraction and processing; and
- (g) the "other" segment comprises principally money lending and the provision of property management 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 unallocated corporate expenses and finance costs are excluded from such measurement.

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

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

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

The mineral exploration and extraction segment is identified as a reportable segment in the current year. Segment data for the prior year presented is restated to conform with current year's presentation.

## Notes to the Financial Statements *(continued)*

### 4. SEGMENT INFORMATION *(continued)*

Year ended 31st March, 2015

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Mineral exploration and extraction HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
<b>Revenue</b>									
External	53,446	7,379	34,736	7,479	2,627,085	-	19,571	-	2,749,696
Inter-segment	5,869	-	-	-	-	-	-	(5,869)	-
<b>Total</b>	<b>59,315</b>	<b>7,379</b>	<b>34,736</b>	<b>7,479</b>	<b>2,627,085</b>	<b>-</b>	<b>19,571</b>	<b>(5,869)</b>	<b>2,749,696</b>
<b>Segment results</b>	<b>780,860</b>	<b>(63,771)</b>	<b>34,736</b>	<b>8,044</b>	<b>(7,699)</b>	<b>(134,283)</b>	<b>15,731</b>	<b>-</b>	<b>633,618</b>
	(Note (a))								
Unallocated corporate expenses									(173,934)
Finance costs									(18,420)
Share of results of associates	-	-	-	-	(24)	(1,028)	1,429	-	377
Share of results of joint ventures	-	1	-	-	5,488	-	-	-	5,489
Profit before tax									447,130
<b>Segment assets</b>	<b>1,370,576</b>	<b>628,712</b>	<b>2,307,229</b>	<b>348,199</b>	<b>1,699,970</b>	<b>37,728</b>	<b>11,429</b>	<b>-</b>	<b>6,403,843</b>
Interests in associates	-	-	-	-	1,538	38,552	16,864	-	56,954
Interests in joint ventures	-	4,421	-	-	12,412	-	-	-	16,833
Unallocated assets									34,171
Total assets									6,511,801
<b>Segment liabilities</b>	<b>607,580</b>	<b>699,245</b>	<b>-</b>	<b>326,980</b>	<b>532,257</b>	<b>395,782</b>	<b>426,921</b>	<b>(1,991,016)</b>	<b>997,749</b>
Unallocated liabilities									606,759
Total liabilities									1,604,508
<b>Other segment information:</b>									
Capital expenditure (Note (b))	19,681	118	-	-	98,830	3,316	16	-	121,961
Depreciation	(2,441)	(683)	-	-	(81,014)	(149)	(468)	-	(84,755)
Amortisation of intangible assets	-	-	-	-	(16,885)	-	-	-	(16,885)
Interest income	-	-	34,736	-	139	-	358	-	35,233
Finance costs	-	-	-	-	(2,231)	-	-	-	(2,231)
Gain/(Loss) on disposal of:									
Subsidiaries	694,550	-	-	-	10,457	-	1,995	-	707,002
Available-for-sale financial assets	-	-	-	(7)	-	-	-	-	(7)
Provisions for impairment losses on:									
Intangible assets	-	-	-	-	(2,792)	-	-	-	(2,792)
Exploration and evaluation assets	-	-	-	-	-	(95,410)	-	-	(95,410)
Associates	-	-	-	-	-	(7,988)	-	-	(7,988)
Available-for-sale financial assets	-	-	-	-	(8,918)	(19,542)	-	-	(28,460)
Properties under development	-	(59,968)	-	-	-	-	-	-	(59,968)
A property held for sale	(1,354)	-	-	-	-	-	-	-	(1,354)
Inventories	-	-	-	-	(12,845)	-	-	-	(12,845)
Bad and doubtful debts	(200)	-	-	-	(4,704)	-	-	-	(4,904)
Write-down of fixed assets	-	-	-	-	(332)	-	-	-	(332)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	6,723	(1,809)	-	-	-	4,914
Net fair value gain on investment properties	49,084	-	-	-	-	-	-	-	49,084
Unallocated:									
Capital expenditure (Note (b))									256
Depreciation									(1,900)
Finance costs									(18,420)



## Notes to the Financial Statements (continued)

### 4. SEGMENT INFORMATION (continued)

Year ended 31st March, 2014

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Mineral exploration and extraction HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
<b>Revenue</b>									
External	185,385	-	17,207	34,754	2,511,649	-	22,414	-	2,771,409
Inter-segment	9,831	-	-	-	-	-	-	(9,831)	-
<b>Total</b>	<b>195,216</b>	<b>-</b>	<b>17,207</b>	<b>34,754</b>	<b>2,511,649</b>	<b>-</b>	<b>22,414</b>	<b>(9,831)</b>	<b>2,771,409</b>
<b>Segment results</b>	<b>429,326</b>	<b>(8,818)</b>	<b>17,207</b>	<b>102,772</b>	<b>(136,826)</b>	<b>(33,360)</b>	<b>(15,197)</b>	<b>-</b>	<b>355,104</b>
	<i>(Note (a))</i>								
Unallocated corporate expenses									(145,551)
Finance costs									(106,020)
Share of results of associates	-	-	-	-	(31)	(99)	(3,129)	-	(3,259)
Share of results of joint ventures	-	3	-	-	4,865	-	-	-	4,868
Profit before tax									105,142
<b>Segment assets</b>	<b>2,410,777</b>	<b>624,169</b>	<b>1,101,790</b>	<b>244,974</b>	<b>1,858,428</b>	<b>153,106</b>	<b>1,081</b>	<b>-</b>	<b>6,394,325</b>
Interests in associates	-	-	-	-	1,708	36,235	15,702	-	53,645
Interests in joint ventures	-	4,836	-	-	13,119	-	-	-	17,955
Unallocated assets									23,017
Total assets									6,488,942
<b>Segment liabilities</b>	<b>624,344</b>	<b>628,534</b>	<b>-</b>	<b>245,440</b>	<b>543,747</b>	<b>283,571</b>	<b>306,557</b>	<b>(2,005,692)</b>	<b>626,501</b>
Unallocated liabilities									964,101
Total liabilities									1,590,602
<b>Other segment information:</b>									
Capital expenditure (Note (b))	70,240	693	-	-	88,251	10,056	34	-	169,274
Depreciation	(1,391)	(731)	-	-	(90,052)	(287)	(376)	-	(92,837)
Amortisation of intangible assets	-	-	-	-	(17,267)	-	-	-	(17,267)
Interest income	-	-	17,207	-	3,627	-	2,883	-	23,717
Finance costs	-	-	-	-	(2,417)	-	-	-	(2,417)
Gain on disposal of:									
Subsidiaries	216,672	-	-	-	-	-	23	-	216,695
Available-for-sale financial assets	-	-	-	131,599	-	-	-	-	131,599
Provisions for impairment losses on:									
Intangible assets	-	-	-	-	(61,667)	-	-	-	(61,667)
Exploration and evaluation assets	-	-	-	-	-	(3,879)	-	-	(3,879)
Fixed assets	-	-	-	-	(27,288)	-	-	-	(27,288)
Associates	-	-	-	-	-	(2,000)	(25,811)	-	(27,811)
Available-for-sale financial assets	-	-	-	-	(290)	(14,000)	-	-	(14,290)
Inventories	-	-	-	-	(13,826)	-	-	-	(13,826)
Bad and doubtful debts	-	-	-	-	(5,254)	-	-	-	(5,254)
Write-down of fixed assets	-	-	-	-	(2,695)	-	-	-	(2,695)
Net fair value loss on financial instruments at fair value through profit or loss	-	-	-	(62,446)	(2,892)	-	-	-	(65,338)
Net fair value gain on investment properties	64,264	-	-	-	-	-	-	-	64,264
Unallocated:									
Capital expenditure (Note (b))									112
Depreciation									(2,128)
Finance costs									(106,020)
Net fair value loss on financial instruments at fair value through profit or loss									(1,040)

Note:

- The amount included net fair value gain on investment properties of HK\$49,084,000 (2014 — HK\$64,264,000) and gain on disposal of subsidiaries of HK\$694,550,000 (2014 — HK\$216,672,000).
- Capital expenditure includes additions to fixed assets, investment properties, intangible assets and exploration and evaluation assets.

**4. SEGMENT INFORMATION** *(continued)***Geographical information****(a) Revenue from external customers**

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Hong Kong	<b>395,062</b>	346,802
Mainland China	<b>39,962</b>	183,089
Republic of Singapore	<b>1,673,002</b>	1,666,725
Malaysia	<b>631,658</b>	565,735
Other	<b>10,012</b>	9,058
	<b>2,749,696</b>	2,771,409

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

**(b) Non-current assets**

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Hong Kong	<b>1,178,089</b>	1,701,153
Mainland China	<b>199,166</b>	789,862
Republic of Singapore	<b>604,844</b>	657,808
Malaysia	<b>47,119</b>	22,754
Other	<b>76,438</b>	77,171
	<b>2,105,656</b>	3,248,748

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

**Information about a major customer**

Revenue of approximately HK\$426,274,000 for the year ended 31st March, 2015 was derived from sales by the food businesses segment to a single customer. No revenue from a single customer accounted for 10 per cent. or more of the total revenue for the year ended 31st March, 2014.

## 5. REVENUE

Revenue 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, fees charged to food court tenants, 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:

	2015 HK\$'000	2014 HK\$'000
Property investment	53,446	185,385
Property development	7,379	–
Treasury investment	34,875	18,669
Securities investment	9,095	40,107
Sales of goods	1,754,966	1,651,713
Sales of food and beverage	708,795	706,414
Fees charged to food court tenants	137,080	130,198
Other	44,060	38,923
	<b>2,749,696</b>	2,771,409

## 6. PROFIT BEFORE TAX

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

	2015 HK\$'000	2014 HK\$'000
Employee benefit expense (Note (a)):		
Wages and salaries	(539,073)	(504,337)
Retirement benefit costs (Note (b))	(43,250)	(44,400)
Total staff costs	<b>(582,323)</b>	(548,737)

## Notes to the Financial Statements *(continued)*

### 6. PROFIT BEFORE TAX *(continued)*

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

	2015 HK\$'000	2014 HK\$'000
Interest income:		
Financial assets at fair value through profit or loss designated as such upon initial recognition	–	2,165
Loans and advances	358	2,883
Other	34,875	18,669
Dividend income	5,656	7,009
Gain/(Loss) on disposal of:		
Financial assets at fair value through profit or loss	3,439	30,745
Derivative financial instruments	(5,150)	188
Fixed assets	233	(139)
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss	6,604	(58,495)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	(1,345)	691
Derivative financial instruments	(345)	(8,574)
Provisions for impairment losses on <i>(Note (c))</i> :		
A property held for sale	(1,354)	–
Inventories	(12,845)	(13,826)
Bad and doubtful debts	(4,904)	(5,254)
Write-down of fixed assets	(332)	(2,695)
Depreciation	(86,655)	(94,965)
Amortisation of intangible assets <i>(Note (d))</i>	(16,885)	(17,267)
Foreign exchange gains/(losses) — net	(3,483)	5,577
Auditors' remuneration	(8,019)	(7,756)
Operating lease rentals:		
Minimum lease payments	(249,371)	(231,599)
Contingent rents	(15,713)	(20,893)
Direct operating expenses arising on rental-earning investment properties	(3,759)	(17,843)
Cost of inventories sold:		
Properties	(5,219)	–
Others	(1,364,365)	(1,309,236)

Note:

- (a) The amounts include Directors' emoluments disclosed in Note 7 to the financial statements.
- (b) The amounts of forfeited voluntary contributions available to offset future employer contributions against the pension schemes were not material at the year end.
- (c) The amounts are included in the "Other operating expenses" in the consolidated statement of profit or loss.
- (d) The amounts are included in the "Administrative expenses" in the consolidated statement of profit or loss.

## 7. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and section 383 (1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance, are as follows:

	2015 HK\$'000	2014 HK\$'000
Directors' fees	1,778	1,425
Basic salaries, allowances and benefits in kind	5,684	5,130
Discretionary bonuses paid and payable	10,000	10,000
Retirement benefit costs	68	46
	<b>17,530</b>	16,601

The emoluments paid to each of the directors during the year ended 31st March, 2015 are as follows:

2015	Directors' fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses paid and payable HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive directors:					
Stephen Riady	51	4,661	8,000	50	12,762
John Luen Wai Lee	51	1,023	2,000	18	3,092
	<b>102</b>	<b>5,684</b>	<b>10,000</b>	<b>68</b>	<b>15,854</b>
Non-executive director:					
Leon Nim Leung Chan	312	-	-	-	312
Independent non-executive directors:					
Edwin Neo	716	-	-	-	716
King Fai Tsui	312	-	-	-	312
Victor Ha Kuk Yung	336	-	-	-	336
	<b>1,364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,364</b>
	<b>1,778</b>	<b>5,684</b>	<b>10,000</b>	<b>68</b>	<b>17,530</b>

**7. DIRECTORS' EMOLUMENTS** (continued)

The emoluments paid to each of the directors during the year ended 31st March, 2014 are as follows:

2014	Directors' fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses paid and payable HK\$'000	Retirement benefits costs HK\$'000	Total HK\$'000
Executive directors:					
Stephen Riady	–	4,039	8,000	31	12,070
John Luen Wai Lee	–	1,091	2,000	15	3,106
	–	5,130	10,000	46	15,176
Non-executive director:					
Leon Nim Leung Chan	264	–	–	–	264
Independent non-executive directors:					
Edwin Neo	609	–	–	–	609
King Fai Tsui	264	–	–	–	264
Victor Ha Kuk Yung	288	–	–	–	288
	1,161	–	–	–	1,161
	1,425	5,130	10,000	46	16,601

There were no arrangements under which a Director waived or agreed to waive any emoluments during the year.

During the year, no share options were granted to the Directors.

#### 8. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year included one Director (2014 — one Director), details of whose emoluments are set out in Note 7 to the financial statements. Details of the emoluments of the remaining four (2014 — four) non-director, highest paid employees for the year are as follows:

	2015 HK\$'000	2014 HK\$'000
Basic salaries, allowances and benefits in kind	11,891	10,762
Discretionary bonuses paid and payable	50,316	26,453
Retirement benefit costs	35	87
	<b>62,242</b>	37,302

The number of non-director, highest paid employees whose emoluments fell within the following bands is as follows:

Emoluments bands (HK\$):	2015 Number of employees	2014 Number of employees
3,000,001 — 3,500,000	–	2
3,500,001 — 4,000,000	1	–
5,000,001 — 5,500,000	2	–
8,000,001 — 8,500,000	–	1
22,000,001 — 22,500,000	–	1
48,000,001 — 48,500,000	1	–
	<b>4</b>	4

#### 9. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest on bank and other borrowings	20,744	108,367
Interest on finance leases	133	70
Total interest	20,877	108,437
Less: Interest capitalised	(226)	–
	<b>20,651</b>	108,437

**10. INCOME TAX**

	2015 HK\$'000	2014 HK\$'000
Hong Kong:		
Charge for the year	7,821	4,419
Overprovision in prior years	(10)	(6,204)
Deferred (Note 29)	(512)	253
	<b>7,299</b>	(1,532)
Overseas:		
Charge for the year	107,363	164,082
Overprovision in prior years	(7,268)	(12,580)
Deferred (Note 29)	4,247	(78,515)
	<b>104,342</b>	72,987
Total charge for the year	<b>111,641</b>	71,455

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2014 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

A reconciliation of the tax charge applicable to profit before tax at the statutory rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	2015 HK\$'000	2014 HK\$'000
Profit before tax	447,130	105,142
Tax at the statutory tax rate of 16.5 per cent. (2014 — 16.5 per cent.)	73,776	17,348
Effect of different tax rates in other jurisdictions	(52,328)	20,302
Adjustments in respect of current tax of previous years	(7,278)	(18,784)
Profits and losses attributable to joint ventures and associates	(968)	(265)
Income not subject to tax	(28,954)	(81,225)
Expenses not deductible for tax	112,178	112,710
Effect of partial tax exemption and tax relief	(5,480)	(4,736)
Deferred tax on royalty income	(573)	1,184
Benefits from temporary differences previously unrecognised	(1,882)	(3,599)
Benefits from temporary differences not recognised	23,150	28,520
Tax charge at the Group's effective rate	<b>111,641</b>	71,455



**10. INCOME TAX** *(continued)*

For the companies operated in the Republic of Singapore and mainland China, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 17 per cent. and 25 per cent. (2014 — 17 per cent. and 25 per cent.), respectively.

The share of tax charge attributable to associates and joint ventures amounting to HK\$456,000 (2014 — HK\$80,000) and HK\$770,000 (2014 — HK\$919,000), respectively, is included in “Share of results of associates” and “Share of results of joint ventures” on the face of the consolidated statement of profit or loss.

**11. 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 year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 9,186,913,000 ordinary shares (2014 — approximately 9,186,913,000 ordinary shares) in issue during the year.

**(b) Diluted earnings per share**

The Group had no potentially dilutive ordinary shares in issue during the years ended 31st March, 2015 and 2014.

**12. DIVIDENDS**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Interim dividend, declared, of HK0.2 cent (2014 — HK0.2 cent) per ordinary share	<b>18,374</b>	18,374
Special interim dividend, declared, of HK0.4 cent (2014 — Nil) per ordinary share	<b>36,748</b>	–
2014 special dividend, declared, of HK3.5 cents per ordinary share	–	321,542
Final dividend, proposed, of HK0.75 cent (2014 — HK0.75 cent) per ordinary share	<b>68,902</b>	68,902
Special final dividend, proposed, of HK0.3 cent (2014 — Nil) per ordinary share	<b>27,561</b>	–
	<b>151,585</b>	408,818

The proposed final and special final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 13. INTANGIBLE ASSETS

	Goodwill HK\$'000	Trademarks and trademark licence agreement HK\$'000	Other intangible assets HK\$'000	Total HK\$'000
<b>2015</b>				
Cost:				
At 1st April, 2014	229,905	327,565	180,974	738,444
Exchange adjustments	(20,290)	(28,203)	(15,582)	(64,075)
<b>At 31st March, 2015</b>	<b>209,615</b>	<b>299,362</b>	<b>165,392</b>	<b>674,369</b>
Accumulated amortisation and impairment losses:				
At 1st April, 2014	118,331	21,665	110,223	250,219
Amortisation provided for the year	–	–	16,885	16,885
Impairment during the year	–	2,792	–	2,792
Exchange adjustments	(10,188)	(2,049)	(10,593)	(22,830)
<b>At 31st March, 2015</b>	<b>108,143</b>	<b>22,408</b>	<b>116,515</b>	<b>247,066</b>
Net book value:				
<b>At 31st March, 2015</b>	<b>101,472</b>	<b>276,954</b>	<b>48,877</b>	<b>427,303</b>
<b>2014</b>				
Cost:				
At 1st April, 2013	257,331	332,060	183,457	772,848
Disposal of subsidiaries	(23,371)	–	–	(23,371)
Exchange adjustments	(4,055)	(4,495)	(2,483)	(11,033)
At 31st March, 2014	229,905	327,565	180,974	738,444
Accumulated amortisation and impairment losses:				
At 1st April, 2013	80,830	21,962	94,243	197,035
Amortisation provided for the year	–	–	17,267	17,267
Impairment during the year	61,667	–	–	61,667
Disposal of subsidiaries	(23,371)	–	–	(23,371)
Exchange adjustments	(795)	(297)	(1,287)	(2,379)
At 31st March, 2014	118,331	21,665	110,223	250,219
Net book value:				
At 31st March, 2014	111,574	305,900	70,751	488,225

**13. INTANGIBLE ASSETS (continued)**

Trademarks relate to the “Food Junction” trademarks. Trademark licence agreement relates to the right to use the “Delifrance” trademark granted under a licence agreement. The useful lives of these trademarks and the trademark licence agreement are estimated to be indefinite.

Other intangible assets include unpatented technology, customer relationships, management service agreement and order backlog.

Unpatented technology relates to Delifrance’s Modified Sons Vide Process for the Group’s food retail business, which allows for the preparation of food to reduce wastage significantly, increases the shelf life of the food items, and reduces the time required to reheat food significantly. The remaining amortisation period of unpatented technology is 3 years (2014 — 4 years).

Customer relationships relate to tenancy agreements between the stallholders and the food court operators in the food court business. The remaining amortisation period is 3 years (2014 — 4 years).

Management service agreement relates to the trademark licence agreement between a subsidiary company of the Group and its licensee for the provision of management services to the licensee.

**Impairment testing of goodwill, trademarks and trademark licence agreement**

Goodwill, trademarks and trademark licence agreement acquired through business combination have been allocated to the Group’s CGUs identified according to each individual business unit for impairment testing.

The carrying amount of goodwill and intangible assets with indefinite lives allocated to each CGU is as follows:

	Goodwill HK\$'000	Trademarks and trademark licence agreement HK\$'000	Compounded revenue growth rate per cent.	Long-term growth rate per cent.	Pre-tax discount rate per annum per cent.
<b>At 31st March, 2015</b>					
Auric Chun Yip Sdn Bhd (Note (a))	15,776	-	10.9	3.0	14.4
Auric Pacific Food Processing Sdn Bhd (Note (a))	975	-	12.9	3.0	17.7
Edmonton Investments Pte Ltd (Note (b))	8,164	183,083	16.3	3.3	18.5
Food Junction Holdings Limited (Note (c))	56,911	93,871	15.7	3.1	18.5
Malones Holdings Pte Ltd (Note (d))	-	-	-	Nil	Nil
All Around Limited (Note (e))	19,646	-	0.9	2.5	12.6
	<b>101,472</b>	<b>276,954</b>			

**13. INTANGIBLE ASSETS (continued)****Impairment testing of goodwill, trademarks and trademark licence agreement (continued)**

	Goodwill HK\$'000	Trademarks and trademark licence agreement HK\$'000	Compounded revenue growth rate per cent.	Long-term growth rate per cent.	Pre-tax discount rate per annum per cent.
At 31st March, 2014					
Auric Chun Yip Sdn Bhd (Note (a))	17,774	–	12.5	3.0	16.0
Auric Pacific Food Processing Sdn Bhd (Note (a))	1,097	–	13.2	3.0	17.7
Edmonton Investments Pte Ltd (Note (b))	8,933	200,332	15.8	2.8	16.9
Food Junction Holdings Limited (Note (c))	62,273	102,709	9.3	2.6	20.2
Malones Holdings Pte Ltd (Note (d))	–	2,859	9.4	2.5	12.2
All Around Limited (Note (e))	21,497	–	9.9	2.5	12.6
	111,574	305,900			

The intangible assets' recoverable amounts have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a period of five years (2014 — five years). Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and the target growth rates.

*Key assumptions used in the value in use calculations*

**Pre-tax discount rates** — Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital.

**Growth rates** — Management determines the growth rates based on past performance and its expectations for market development. The forecasted long-term growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGU.

**Budgeted gross margins** — Gross margins are based on average values achieved in the three years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements.

**13. INTANGIBLE ASSETS (continued)**

**Impairment testing of goodwill, trademarks and trademark licence agreement (continued)**

*Sensitivity to changes in assumptions*

Except for Edmontor Investments Pte Ltd, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the business units to materially exceed their recoverable amounts.

For Edmontor Investments Pte Ltd, its recoverable amount exceeds its carrying amount by HK\$73,115,000. The implication of the key assumptions for recoverable amount is discussed below:

Assumptions	Change	Decrease of recoverable amount HK\$'000
Discount rate	1 per cent. increase	31,213
Long-term growth rate	1 per cent. decrease	21,438
Compounded annual growth rate	0.4 per cent. decrease	73,115

For the year ended 31st March, 2014, the carrying amount of Edmontor Investments Pte Ltd after recognising the impairment loss approximated its recoverable amount. Consequently, any adverse change in the following key assumptions would result in a further impairment loss:

Assumptions	Change	Additional impairment loss HK\$'000
Discount rate	1 per cent. increase	32,067
Long-term growth rate	1 per cent. decrease	22,200
Revenue growth rate	1 per cent. decrease	35,150

Note:

- (a) For the years ended 31st March, 2015 and 2014, it was assessed that there was no impairment of the goodwill acquired for Auric Chun Yip Sdn Bhd and Auric Pacific Food Processing Sdn Bhd as their recoverable amounts were in excess of their carrying values.
- (b) For the year ended 31st March, 2015, an impairment assessment had been performed for the goodwill and trademark licence agreement acquired for Edmontor Investments Pte Ltd and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value. For the year ended 31st March, 2014, an impairment loss of HK\$61,667,000 was recognised as the recoverable amount was below the carrying value.
- (c) For the years ended 31st March, 2015 and 2014, impairment assessment had been performed for the goodwill acquired for Food Junction Holdings Limited and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.
- (d) For the year ended 31st March, 2015, impairment assessment had been performed for the trademark of Malones Holdings Pte Ltd and an impairment loss of HK\$2,792,000 (2014 — Nil) was recognised as the Group intends to discontinue the restaurant in mainland China.
- (e) For the years ended 31st March, 2015 and 2014, impairment assessment review had been performed for the goodwill and trademark acquired by Food Junction Holdings Limited in All Around Ltd and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.

**14. EXPLORATION AND EVALUATION ASSETS**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Cost:		
Balance at beginning of year	<b>123,739</b>	124,296
Additions during the year	<b>3,316</b>	10,056
Exchange adjustments	<b>(15,799)</b>	(10,613)
Balance at end of year	<b>111,256</b>	123,739
Accumulated impairment losses:		
Balance at beginning of year	<b>28,444</b>	26,951
Impairment during the year	<b>95,410</b>	3,879
Exchange adjustments	<b>(13,638)</b>	(2,386)
Balance at end of year	<b>110,216</b>	28,444
Net book value	<b>1,040</b>	95,295

During the year ended 31st March, 2015, impairment loss of HK\$95,410,000 has been charged to the consolidated statement of profit or loss. This impairment was based on identified indicators of impairment that resulted from a downturn in the junior mining exploration sector, unfavorable changes in the project economics, inability to raise financing necessary to continue exploration or further development and significant decreases in the current or expected future prices of mineral resources. During the year ended 31st March, 2014, impairment loss of HK\$3,879,000 was charged to the consolidated statement of profit or loss to reduce the balance to its estimated recoverable amount. The estimated recoverable amount was based on estimated net value of the exploration licences to the Group based on prior sales of exploration rights.

## Notes to the Financial Statements *(continued)*

### 15. FIXED ASSETS

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures, plant and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>2015</b>						
Cost:						
At 1st April, 2014	454,721	152,757	337,399	24,883	2,300	972,060
Additions during the year <i>(Note)</i>	-	74,358	39,963	3,803	490	118,614
Disposals during the year	(6,151)	(910)	(17,429)	(3,051)	-	(27,541)
Write-off during the year	-	(23,519)	(21,173)	(645)	(1,869)	(47,206)
Reclassification	-	-	62	-	(62)	-
Exchange adjustments	(10,249)	(1,773)	(26,041)	(1,805)	(76)	(39,944)
<b>At 31st March, 2015</b>	<b>438,321</b>	<b>200,913</b>	<b>312,781</b>	<b>23,185</b>	<b>783</b>	<b>975,983</b>
Accumulated depreciation and impairment losses:						
At 1st April, 2014	315,327	118,984	193,294	17,593	2,226	647,424
Depreciation provided for the year	5,664	46,139	32,552	2,300	-	86,655
Disposals during the year	(5,867)	(910)	(17,360)	(2,383)	-	(26,520)
Write-off during the year	-	(23,392)	(20,968)	(645)	(1,869)	(46,874)
Exchange adjustments	(6,563)	(3,712)	(16,646)	(1,079)	(70)	(28,070)
<b>At 31st March, 2015</b>	<b>308,561</b>	<b>137,109</b>	<b>170,872</b>	<b>15,786</b>	<b>287</b>	<b>632,615</b>
Net book value:						
<b>At 31st March, 2015</b>	<b>129,760</b>	<b>63,804</b>	<b>141,909</b>	<b>7,399</b>	<b>496</b>	<b>343,368</b>

## Notes to the Financial Statements *(continued)*

### 15. FIXED ASSETS *(continued)*

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures, plant and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
2014						
Cost:						
At 1st April, 2013	456,105	116,999	330,994	24,672	2,925	931,695
Additions during the year <i>(Note)</i>	80	48,931	34,199	5,881	–	89,091
Disposals during the year	–	(5,229)	(5,466)	(5,424)	–	(16,119)
Write-off during the year	–	(9,817)	(13,610)	–	–	(23,427)
Reclassification	–	274	(58)	–	(216)	–
Exchange adjustments	(1,464)	1,599	(8,660)	(246)	(409)	(9,180)
At 31st March, 2014	454,721	152,757	337,399	24,883	2,300	972,060
Accumulated depreciation and impairment losses:						
At 1st April, 2013	310,779	64,503	166,782	20,954	2,257	565,275
Depreciation provided for the year	5,546	49,754	38,246	1,419	–	94,965
Impairment during the year	–	17,119	10,169	–	–	27,288
Disposals during the year	–	(4,946)	(4,909)	(4,572)	–	(14,427)
Write-off during the year	–	(8,985)	(11,747)	–	–	(20,732)
Reclassification	–	99	(99)	–	–	–
Exchange adjustments	(998)	1,440	(5,148)	(208)	(31)	(4,945)
At 31st March, 2014	315,327	118,984	193,294	17,593	2,226	647,424
Net book value:						
At 31st March, 2014	139,394	33,773	144,105	7,290	74	324,636

*Note:* The amounts include HK\$1,297,000 (2014 — HK\$2,324,000) of obligations under finance leases, HK\$4,221,000 (2014 — HK\$5,000,000) of reinstatement costs for dismantling, removal and restoration of fixed assets which were provided for and HK\$18,305,000 (2014 — Nil) of reclassification from deposits paid. Cash payments of HK\$94,791,000 (2014 — HK\$81,767,000) were made to purchase fixed assets during the year.



### 15. FIXED ASSETS *(continued)*

The carrying amount of the Group's fixed assets held under finance leases included in the total amount of furniture, fixtures, plant and equipment at 31st March, 2015 was amounted to HK\$2,834,000 (2014 — HK\$3,952,000). Leased assets are pledged as security for the related finance lease obligations as set out in Note 27 to the financial statements.

Certain leasehold land and buildings have been mortgaged to secure banking facilities made available to the Group as set out in Note 27 to the financial statements.

During the year ended 31st March, 2014, an impairment loss of HK\$27,288,000 was recognised in the consolidated statement of profit or loss as the Group intended to cease the operations of several loss-making retail outlets of certain entities in the food businesses segment and as a result of the ongoing review of its operations.

### 16. INVESTMENT PROPERTIES

	2015 HK\$'000	2014 HK\$'000
Balance at beginning of year	2,248,541	4,599,855
Additions during the year	287	70,239
Disposal of subsidiaries during the year	(1,054,732)	(2,582,891)
Reclassification from deposit paid	–	11,293
Fair value adjustments	49,084	64,264
Exchange adjustments	(4,489)	85,781
Balance at end of year	1,238,691	2,248,541

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 27 to the financial statements.

The Group engages external, independent and professionally qualified valuers to determine the fair value of the Group's investment properties for financial reporting purposes. The Group's management has reviewed the valuation results by verifying the major inputs and assumptions made by the independent valuers and assessing the reasonableness of property valuation.

Based on professional valuations as at 31st March, 2015 made by Vigers Appraisal and Consulting Limited, RHL Appraisal Ltd and Dalia Assis, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK\$1,238,691,000 (2014 — HK\$2,248,541,000).

**16. INVESTMENT PROPERTIES** (continued)**Fair value hierarchy**

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	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	
<b>At 31st March, 2015</b>				
<b>Recurring fair value measurement for:</b>				
Completed investment properties in:				
Hong Kong	–	–	1,017,750	1,017,750
Mainland China and overseas	–	–	220,941	220,941
	–	–	1,238,691	1,238,691
<b>At 31st March, 2014</b>				
<b>Recurring fair value measurement for:</b>				
Completed investment properties in:				
Hong Kong	–	–	1,530,500	1,530,500
Mainland China and overseas	–	–	488,548	488,548
	–	–	2,019,048	2,019,048
Investment properties under development in mainland China	–	–	229,493	229,493
	–	–	2,248,541	2,248,541

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014 — Nil).

**16. INVESTMENT PROPERTIES** (continued)

**Fair value hierarchy** (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	<b>Completed investment properties HK\$'000</b>	<b>Investment properties under development HK\$'000</b>
<b>2015</b>		
Carrying amount at 1st April, 2014	<b>2,019,048</b>	<b>229,493</b>
Additions	<b>287</b>	–
Disposal of subsidiaries	<b>(825,068)</b>	<b>(229,664)</b>
Net gain from fair value adjustments	<b>49,084</b>	–
Exchange adjustments	<b>(4,660)</b>	<b>171</b>
<b>Carrying amount at 31st March, 2015</b>	<b>1,238,691</b>	–
<b>2014</b>		
Carrying amount at 1st April, 2013	4,412,875	186,980
Additions	70,239	–
Disposal of subsidiaries	(2,582,891)	–
Reclassification from deposit paid	11,293	–
Net gain from fair value adjustments	25,195	39,069
Exchange adjustments	82,337	3,444
Carrying amount at 31st March, 2014	2,019,048	229,493

**16. INVESTMENT PROPERTIES** *(continued)***Fair value hierarchy** *(continued)*

Below is a summary of the valuation techniques used and key inputs to the valuation of investment properties:

<b>Class of property</b>	<b>Valuation techniques</b>	<b>Significant unobservable inputs</b>	<b>Range</b>
Completed investment properties in:			
Hong Kong	Market approach	Price per square metre	HK\$122,000 to HK\$260,000 (2014 — HK\$122,000 to HK\$425,500)
Mainland China and overseas	Market approach	Price per square metre	HK\$18,000 to HK\$76,000 (2014 — HK\$16,500 to HK\$88,600)
Investment properties under development in mainland China	Market approach	Price per square metre	2014 — HK\$3,300 to HK\$5,000

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by referring to comparable sales transactions as available in the market. The key input was the market price per square metre, with a significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the investment properties.

**17. INTERESTS IN ASSOCIATES**

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Share of net assets	<b>68,583</b>	58,815
Goodwill	<b>470</b>	–
Due from associates	<b>35,106</b>	34,894
	<b>104,159</b>	93,709
Provisions for impairment losses	<b>(47,205)</b>	(40,064)
	<b>56,954</b>	53,645

The balances with the associates are unsecured, interest-free and have no fixed terms of repayment and are considered as quasi-equity investments in the associates.

**17. INTERESTS IN ASSOCIATES** *(continued)*

During the year, the Directors reviewed the carrying amount of the associates with reference to their business performances prepared by the investees' management. Impairment loss of HK\$7,988,000 (2014 — HK\$27,811,000) has been charged to the consolidated statement of profit or loss for the year.

As at 31st March, 2014, the Group held approximately 13.4 per cent. interests in Haranga Resources Limited ("Haranga") which was recognised as financial assets at fair value through profit or loss. During the year, the Group subscribed for 19,850,000 new shares at \$0.018 Australian dollar ("A\$") per share in Haranga for an aggregate consideration of A\$357,300 (equivalent to approximately HK\$2,336,000). The Group also took up 62,478,963 shares in Haranga for an aggregate consideration of approximately A\$1,125,000 (equivalent to approximately HK\$7,163,000) under the rights issue of Haranga at the same price. As a consequence, the Group's interests in Haranga increased to approximately 33.6 per cent. and Haranga became an associate of the Group. The major assets of Haranga is the deferred exploration and evaluation expenditure. In connection with the fair value assessments on the net assets acquired (including the deferred exploration and evaluation expenditure) from the business combination activities, the Group has engaged an external valuer to perform fair value assessment on the deferred exploration and evaluation expenditure. As at 31st March, 2015, the initial accounting for business combination has not been completed.

Details of the principal associates are set out on page 157.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Share of the associates' profit/(loss) for the year	<b>377</b>	(3,259)
Share of the associates' other comprehensive income for the year	<b>224</b>	–
Share of the associates' total comprehensive income/(loss) for the year	<b>601</b>	(3,259)
Aggregate carrying amount of the Group's interests in the associates	<b>56,954</b>	53,645

**18. INTERESTS IN JOINT VENTURES**

	2015 HK\$'000	2014 HK\$'000
Share of net assets	<b>16,833</b>	17,955

Details of the principal joint ventures are set out on page 158.

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2015 HK\$'000	2014 HK\$'000
Share of the joint ventures' profit and total comprehensive income for the year	<b>5,489</b>	4,868
Aggregate carrying amount of the Group's interests in the joint ventures	<b>16,833</b>	17,955

The Group's trade receivable balance due from a joint venture is disclosed in Note 21 to the financial statements.

**19. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	2015 HK\$'000	2014 HK\$'000
Financial assets stated at fair value:		
Investment funds	<b>12,150</b>	3,368
Financial assets stated at cost:		
Equity securities	<b>112,490</b>	110,049
Debt securities	<b>7,298</b>	7,298
Investment funds	<b>112,482</b>	104,944
	<b>232,270</b>	222,291
Provisions for impairment losses	<b>(128,876)</b>	(108,577)
	<b>103,394</b>	113,714
	<b>115,544</b>	117,082

The debt securities are non-interest-bearing.

**19. AVAILABLE-FOR-SALE FINANCIAL ASSETS** *(continued)*

During the year, the gross gain in respect of the Group's available-for-sale financial assets recognised in consolidated other comprehensive income amounted to HK\$1,447,000 (2014 — loss of HK\$639,000, of which gain of HK\$118,914,000 was reclassified from consolidated other comprehensive income to the consolidated statement of profit or loss for the year upon disposal).

The available-for-sale financial assets consist of investments in equity securities and investment funds which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

Apart from the above, certain available-for-sale financial assets issued by private entities are measured at cost less impairment at the end of the reporting period. The Directors consider that information to be applied in the valuation techniques cannot be reliably obtained on a continuous basis. The fair values of these available-for-sale financial assets cannot be reliably measured.

During the year, the Directors reviewed the carrying amount of available-for-sale financial assets with reference to their business performances prepared by the investees' management. Impairment loss of HK\$28,460,000 (2014 — HK\$14,290,000) has been charged to the consolidated statement of profit or loss for the year.

**20. LOANS AND ADVANCES**

The loans and advances to customers of the Group have effective interest rate of 6 per cent. per annum. As at the end of the reporting period, the loans and advances are neither overdue nor impaired and are related to a range of customers for whom there are no recent history of default.

**21. 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:

	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Outstanding balances with ages:		
Within 30 days	<b>130,949</b>	232,245
Between 31 and 60 days	<b>111,662</b>	78,187
Between 61 and 90 days	<b>92,569</b>	39,464
Between 91 and 180 days	<b>26,312</b>	13,661
Over 180 days	<b>715</b>	117
	<b>362,207</b>	363,674

**21. DEBTORS, PREPAYMENTS AND DEPOSITS** *(continued)*

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.

Included in the trade debtors is an amount of HK\$4,699,000 (2014 — HK\$3,344,000) due from a joint venture of the Group. The amount due from the joint venture arose from sales made to that company, and is unsecured, non-interest-bearing and repayable within normal trade credit terms and is to be settled in cash.

At the end of the reporting period, the carrying amount of individually impaired trade and other receivables was HK\$20,292,000 (2014 — HK\$27,829,000), which was mainly 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 year are as follows:

	2015 HK\$'000	2014 HK\$'000
Balance at beginning of year	27,829	26,304
Allowance for bad and doubtful debts	4,904	5,254
Amount written off as uncollectible	(9,443)	(2,626)
Exchange adjustments	(2,998)	(1,103)
Balance at end of year	20,292	27,829

As at 31st March, 2015, trade and other receivables of HK\$118,694,000 (2014 — HK\$170,609,000) were past due but not impaired. These relate to a number of independent customers that have a good track record with the Group. The aged analysis of these balances is as follows:

	2015 HK\$'000	2014 HK\$'000
Outstanding balances with ages:		
Within 30 days	91,340	103,307
Between 31 and 60 days	14,076	29,086
Between 61 and 90 days	8,447	18,020
Between 91 and 180 days	3,095	17,786
Over 180 days	1,736	2,410
	118,694	170,609



## 22. PROPERTIES UNDER DEVELOPMENT

	2015 HK\$'000	2014 HK\$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	692,884	451,723
Additions during the year	104,730	232,891
Exchange adjustments	841	8,270
Balance at end of year	798,455	692,884
Provisions for impairment losses:		
Balance at beginning of year	(139,965)	(137,449)
Impairment during the year	(59,968)	–
Exchange adjustments	(170)	(2,516)
Balance at end of year	(200,103)	(139,965)
	<b>598,352</b>	552,919

Certain properties under development have been mortgaged to secure banking facilities made available to the Group as set out in Note 27 to the financial statements.

## 23. INVENTORIES

	2015 HK\$'000	2014 HK\$'000
Raw materials and stores	19,934	20,591
Finished goods and goods for sale	254,694	260,293
	<b>274,628</b>	280,884

**24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2015 HK\$'000	2014 HK\$'000
Held for trading:		
Equity securities	308,776	215,580
Investment funds	5,691	8,834
	<b>314,467</b>	224,414

**25. OTHER FINANCIAL ASSETS/LIABILITIES**

	2015		2014	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Derivative financial instruments:				
Options	169	–	–	–
Futures	–	–	–	259
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	4,522	–	15,739
	<b>169</b>	<b>4,522</b>	–	15,998

**26. RESTRICTED CASH**

The balance included bank deposits pledged to secure banking facilities made available to the Group and as securities for bankers' guarantees issued as set out in Notes 27 and 37 to the financial statements, respectively.

**27. BANK AND OTHER BORROWINGS**

	2015 HK\$'000	2014 HK\$'000
Current portion:		
Bank loans:		
Secured (Note (a))	263,787	652,000
Unsecured	37,879	41,195
Obligations under finance leases (Note (b))	614	715
	<b>302,280</b>	693,910
Non-current portion:		
Secured bank loans (Note (a))	370,000	–
Obligations under finance leases (Note (b))	2,220	3,237
	<b>372,220</b>	3,237
	<b>674,500</b>	697,147
Bank and other borrowings by currency:		
Hong Kong dollar	630,000	652,000
Renminbi	3,787	–
Malaysian Ringgit	18,176	45,147
Singapore dollar	22,537	–
	<b>674,500</b>	697,147
Bank loans repayable:		
Within one year	301,666	693,195
In the second year	40,000	–
In the third to fifth years, inclusive	330,000	–
	<b>671,666</b>	693,195
Other borrowings repayable:		
Within one year	614	715
In the second year	473	598
In the third to fifth years, inclusive	1,415	2,639
After five years	332	–
	<b>2,834</b>	3,952

The Group's bank loans bear interest at floating rates ranging from 2.2 per cent. to 7.1 per cent. (2014 — 2.4 per cent. to 3.9 per cent.) per annum.

**27. BANK AND OTHER BORROWINGS (continued)**

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\$979,750,000 (2014 — HK\$1,496,500,000), HK\$99,292,000 (2014 — HK\$101,890,000) and HK\$235,439,000 (2014 — Nil), respectively; and
  - (ii) certain bank deposits of the Group with a carrying amount of HK\$2,102,000 (2014 — HK\$2,374,000).
- (b) The Group has obligations under finance leases for certain fixed assets. The implicit average interest rate in the leases ranges from 2.5 per cent. to 3.8 per cent. (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 fixed assets of the Group with a carrying amount of HK\$2,834,000 (2014 — HK\$3,952,000).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2015		2014	
	Present value of minimum lease payments HK\$'000	Minimum lease payments HK\$'000	Present value of minimum lease payments HK\$'000	Minimum lease payments HK\$'000
Within one year	614	716	715	789
In the second year	473	541	598	678
In the third to fifth years, inclusive	1,415	1,628	2,639	2,842
After five years	332	383	—	—
	<b>2,834</b>	<b>3,268</b>	3,952	4,309
Future finance charges		(434)		(357)
		<b>2,834</b>		3,952

**28. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED**

Included in the balances are trade creditors with an aged analysis, based on the invoice date, as follows:

	2015 HK\$'000	2014 HK\$'000
Outstanding balances with ages:		
Within 30 days	174,597	168,807
Between 31 and 60 days	22,739	21,309
Between 61 and 90 days	1,741	16,769
Between 91 and 180 days	11,838	19,669
Over 180 days	3,307	2,811
	<b>214,222</b>	229,365

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

## Notes to the Financial Statements *(continued)*

### 29. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

	Depreciation allowance in excess of related depreciation HK\$'000	Revaluation of properties HK\$'000	Tax losses HK\$'000	Provision and accruals HK\$'000	Others HK\$'000	Total HK\$'000
<b>2015</b>						
At 1st April, 2014	22,140	83,062	(3,128)	(7,805)	13,507	107,776
Deferred tax charged/(credited) to the statement of profit or loss during the year (Note 10)	(3,518)	6,279	28	(283)	1,229	3,735
Disposal of subsidiaries (Note 34)	(3,328)	(61,782)	1,804	-	-	(63,306)
Exchange adjustments	(1,045)	101	-	754	(973)	(1,163)
<b>At 31st March, 2015</b>	<b>14,249</b>	<b>27,660</b>	<b>(1,296)</b>	<b>(7,334)</b>	<b>13,763</b>	<b>47,042</b>
<b>2014</b>						
At 1st April, 2013	21,915	654,094	(2,841)	(7,380)	18,805	684,593
Deferred tax charged/(credited) to the statement of profit or loss during the year (Note 10)	596	(72,947)	(287)	(580)	(5,044)	(78,262)
Disposal of subsidiaries (Note 34)	-	(518,100)	-	-	-	(518,100)
Exchange adjustments	(371)	20,015	-	155	(254)	19,545
At 31st March, 2014	22,140	83,062	(3,128)	(7,805)	13,507	107,776

The following is the analysis of the deferred tax balances of the Group for financial reporting purpose:

	2015 HK\$'000	2014 HK\$'000
Deferred tax assets	(6,812)	(6,708)
Deferred tax liabilities	53,854	114,484
Net deferred tax liabilities	47,042	107,776

**29. DEFERRED TAX** *(continued)*

The Group has tax losses of HK\$926,766,000 (2014 — HK\$830,607,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for tax losses of HK\$163,019,000 (2014 — HK\$155,236,000) which will expire in one to twenty years. Deferred tax assets have not been recognised in respect of these tax losses at the end of the reporting period due to the unpredictability of future profit streams.

The Group also has unrecognised deferred tax assets in respect of unabsorbed capital allowances of HK\$46,592,000 (2014 — HK\$22,519,000) available for offset future taxable income, subject to compliance with the relevant rules and procedures and agreement of the respective tax authorities. The Group did not recognise those deferred tax assets as it is not probable that taxable profits will be available against which the deferred tax assets can be utilised.

Pursuant to the People's Republic of China Corporate Income Tax Law, a 10 per cent. withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement become effective from 1st January, 2008 and applies to earnings after 31st December, 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of earnings generated from 1st January, 2008.

As at 31st March, 2015, there were no significant unrecognised deferred tax liabilities (2014 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payments of dividends of the Company to its shareholders.

**30. SHARE CAPITAL**

	2015 HK\$'000	2014 HK\$'000
<b>Issued and fully paid:</b>		
9,186,912,716 (2014 — 9,186,912,716) ordinary shares	<b>1,705,907</b>	1,705,907

There was no movements in share capital during the year ended 31st March, 2015.

**30. SHARE CAPITAL** *(continued)*

During the year ended 31st March, 2014, the movement in share capital was as follows:

	No. of shares in issue	Share capital HK\$'000
At 1st April, 2013	9,186,912,716	918,691
Transferred to share capital <i>(Note)</i>	–	787,216
At 31st March, 2014	9,186,912,716	1,705,907

*Note:* Pursuant to the transitional provisions for the abolition of the nominal value of share capital included in the new Hong Kong Companies Ordinance which became effective on 3rd March, 2014, the balance of the share premium account and the capital redemption reserve as at 3rd March, 2014 have been transferred to share capital.

**31. 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.

### 31. SHARE OPTION SCHEMES *(continued)*

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

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.

As at the beginning and end of the year, 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 year.

#### (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, 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. 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 option was required to pay for the grant of the relevant option.



**31. 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)*

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 \$0.30 Canadian dollar ("C\$") 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.

During the year, 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 year	Balance as at 31st March, 2015
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
Weighted average exercise price per ANR Share (C\$)				0.29	0.25	0.30

Note: Employees refer to the employees of Asia Now and its subsidiaries as at 31st March, 2015 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 year.

### 31. 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.

**31. 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):

<b>Closing Price</b>	<b>Discount</b>
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 year.

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

**32. RESERVES**

The amounts of the Group's reserves and movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on page 54.

Included in the retained profits of the Group as at 31st March, 2015 were amounts of final dividend and special final dividend for the year then ended of HK\$68,902,000 (2014 — HK\$68,902,000) and HK\$27,561,000 (2014 — Nil) respectively proposed after the end of the reporting period.

**33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS**

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2015	2014
Percentage of ownership interest held by non-controlling interests:		
Auric	<b>60.6 per cent.</b>	60.6 per cent.
Asia Now	<b>47.8 per cent.</b>	50.1 per cent.
	<b>2015</b>	2014
	<b>HK\$'000</b>	HK\$'000
Loss for the year allocated to non-controlling interests:		
Auric	<b>(8,790)</b>	(67,883)
Asia Now	<b>(53,511)</b>	(7,249)
Dividends paid to non-controlling interests of Auric	<b>7,193</b>	11,809
Accumulated balances of non-controlling interests at the end of the reporting period:		
Auric	<b>611,271</b>	711,380
Asia Now	<b>(7,463)</b>	45,280

**33. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS** *(continued)*

The following tables illustrate the summarised unconsolidated financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	<b>Auric</b> <b>HK\$'000</b>	<b>Asia Now</b> <b>HK\$'000</b>
<b>2015</b>		
Revenue	<b>2,627,085</b>	<b>29</b>
Total expenses	<b>(2,641,352)</b>	<b>(107,421)</b>
Loss for the year	<b>(14,267)</b>	<b>(107,392)</b>
Total comprehensive loss for the year	<b>(21,909)</b>	<b>(107,392)</b>
Current assets	<b>956,817</b>	<b>1,518</b>
Non-current assets	<b>775,864</b>	<b>1,782</b>
Current liabilities	<b>(518,358)</b>	<b>(10,749)</b>
Non-current liabilities	<b>(52,758)</b>	<b>(7,426)</b>
Net cash flows from/(used in) operating activities	<b>35,942</b>	<b>(8,564)</b>
Net cash flows used in investing activities	<b>(87,647)</b>	<b>(3,787)</b>
Net cash flows from/(used in) financing activities	<b>(15,890)</b>	<b>8,530</b>
Net decrease in cash and cash equivalents	<b>(67,595)</b>	<b>(3,821)</b>
<b>2014</b>		
Revenue	2,511,649	79
Total expenses	(2,642,993)	(14,556)
Loss for the year	(131,344)	(14,477)
Total comprehensive loss for the year	(142,438)	(14,477)
Current assets	1,066,656	5,877
Non-current assets	820,625	96,369
Current liabilities	(523,143)	(3,033)
Non-current liabilities	(55,836)	(8,353)
Net cash flows used in operating activities	(51,985)	(5,070)
Net cash flows from/(used in) investing activities	56,684	(17,648)
Net cash flows from/(used in) financing activities	(89,454)	9,213
Net decrease in cash and cash equivalents	(84,755)	(13,505)

**34. DISPOSAL OF SUBSIDIARIES**

	2015 HK\$'000	2014 HK\$'000
Net assets disposed of:		
Fixed assets	310	380
Investment properties	1,054,732	2,582,891
Debtors, prepayments and deposits	22,384	2,231
Restricted cash	–	16,365
Cash and bank balances	129,418	82,096
Bank and other borrowings	–	(1,163,666)
Creditors, accruals and deposits received	(3,683)	(107,885)
Tax payables	(3)	(18,162)
Deferred tax liabilities	(63,306)	(518,100)
	<b>1,139,852</b>	876,150
Release of cumulative exchange differences on translation of foreign operations attributable to:		
Equity holders of the Company	(77,248)	(259,158)
Non-controlling interests	(1,372)	–
	<b>(78,620)</b>	(259,158)
	<b>1,061,232</b>	616,992
Gain on disposal	<b>707,002</b>	216,695
	<b>1,768,234</b>	833,687
Satisfied by:		
Cash consideration received	<b>1,768,234</b>	833,687

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2015 HK\$'000	2014 HK\$'000
Cash consideration received	1,768,234	833,687
Cash and bank balances disposed of	(129,418)	(82,096)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<b>1,638,816</b>	751,591

**35. CHANGES IN NON-CONTROLLING INTERESTS WITHOUT CHANGE IN CONTROL**

During the year ended 31st March, 2015, there were no material changes in ownership interests in subsidiaries without change in control.

Major change in non-controlling interests during the year ended 31st March, 2014 was as follows:

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 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 Food Junction was delisted from the Singapore Exchange Securities Trading Limited on 9th December, 2013. As at 31st March, 2014, the APG Group held approximately 97.6 per cent. of the issued share capital in Food Junction. The total consideration was approximately HK\$70,280,000. The Group recognised a decrease in non-controlling interests of HK\$80,205,000 and an increase in retained profits of HK\$9,925,000.

## Notes to the Financial Statements *(continued)*

### 36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash used in operations

	Note	2015 HK\$'000	2014 HK\$'000
Profit before tax		<b>447,130</b>	105,142
Adjustments for:			
Share of results of associates		<b>(377)</b>	3,259
Share of results of joint ventures		<b>(5,489)</b>	(4,868)
Loss/(Gain) on disposal of:			
Fixed assets	6	<b>(233)</b>	139
Subsidiaries	34	<b>(707,002)</b>	(216,695)
Available-for-sale financial assets		<b>7</b>	(131,599)
Provisions for impairment losses on:			
Intangible assets		<b>2,792</b>	61,667
Exploration and evaluation assets		<b>95,410</b>	3,879
Fixed assets		–	27,288
Associates		<b>7,988</b>	27,811
Available-for-sale financial assets		<b>28,460</b>	14,290
Properties under development		<b>59,968</b>	–
A property held for sale	6	<b>1,354</b>	–
Inventories	6	<b>12,845</b>	13,826
Bad and doubtful debts	6	<b>4,904</b>	5,254
Write-down of fixed assets	6	<b>332</b>	2,695
Net fair value gain on investment properties		<b>(49,084)</b>	(64,264)
Net fair value loss/(gain) on financial instruments			
at fair value through profit or loss		<b>(4,914)</b>	66,378
Finance costs		<b>20,651</b>	108,437
Interest income		<b>(35,233)</b>	(23,717)
Dividend income	6	<b>(5,656)</b>	(7,009)
Depreciation	6	<b>86,655</b>	94,965
Amortisation of intangible assets	6	<b>16,885</b>	17,267
		<b>(22,607)</b>	104,145
Decrease in properties held for sale		<b>5,219</b>	–
Increase in properties under development		<b>(104,730)</b>	(232,891)
Increase in inventories		<b>(30,773)</b>	(84,613)
Decrease/(Increase) in financial instruments			
at fair value through profit or loss		<b>(86,540)</b>	18,778
Increase in loans and advances		<b>(9,305)</b>	–
Increase in debtors, prepayments and deposits		<b>(41,631)</b>	(48,197)
Increase in creditors, accruals and deposits received		<b>43,325</b>	33,038
Decrease in other financial liabilities		<b>(12,821)</b>	(33,965)
Cash used in operations		<b>(259,863)</b>	(243,705)



### 37. CONTINGENT LIABILITIES

	2015 HK\$'000	2014 HK\$'000
Secured bankers' guarantee (Note (a))	35,490	33,637
Unsecured bankers' guarantee (Note (b))	5,702	6,270
	<b>41,192</b>	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 31st March, 2015, fixed deposits of approximately HK\$20,598,000 (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.

### 38. OPERATING LEASE ARRANGEMENTS

#### (a) As lessor

The Group leases its investment properties under operating lease arrangements with leases negotiated for terms ranging from one to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. Besides, the Group licenses the use of food and beverage stalls within food courts to individual third party tenants and a subsidiary company. Such licences are in general for a period of one to two years and are not cancellable. In the course of a financial year, there may be terminations and renewals of such licences and the Group has accounted for the licence fee in respect of the non-cancellable leases as at the end of the reporting period. Licences that expired and not renewed during the financial year were not accounted for. Some of the leases provide for variable rent. During the year, the contingent rents recognised as income amounted to HK\$28,048,000 (2014 — HK\$32,138,000).

As at 31st March, 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 HK\$'000	2014 HK\$'000
Within one year	118,267	127,908
In the second to fifth years, inclusive	61,221	40,931
	<b>179,488</b>	168,839

**38. OPERATING LEASE ARRANGEMENTS** *(continued)***(b) As lessee**

The Group leases certain properties and vehicles under operating lease agreements which are non-cancellable. The leases expire on various dates until 15th December, 2032 and the leases for properties contain the provision for rental adjustments.

As at 31st March, 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Within one year	<b>137,500</b>	204,488
In the second to fifth years, inclusive	<b>273,733</b>	257,777
After five years	<b>20,075</b>	79,646
	<b>431,308</b>	541,911

**39. COMMITMENTS**

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

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Commitments in respect of properties, plant and equipment and properties under development:		
Contracted, but not provided for	<b>131,445</b>	200,554
Other commitments:		
Contracted, but not provided for <i>(Note)</i>	<b>25,741</b>	16,180
	<b>157,186</b>	216,734

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

#### 40. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

- (a) During the year, Porbandar Limited, a then subsidiary of the Company, received rental income (including service charge) of HK\$1,366,000 (2014 — HK\$2,981,000) from Hongkong Chinese Limited (“HKC”), a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals. Such lease expired on 15th September, 2014.
- (b) During the year, LCR Management Limited (“LCRM”), a subsidiary of the Company, received rental income (including service charge) of HK\$1,562,000 (2014 — Nil) from HKC. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 15th September, 2017. The Group expects the total future minimum lease receivables for the years ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 to be approximately HK\$2,580,000, HK\$2,580,000 and HK\$1,183,000, respectively.
- (c) During the period from 1st April, 2014 to 31st December, 2014, Superform Investment Limited, a subsidiary of the Company, received rental income (including service charge) of HK\$4,963,000 (2014 — HK\$6,617,000) from Lippo. The rental was determined by reference to the then prevailing open market rentals. Such lease expired on 31st December, 2014.
- (d) During the period from 1st January, 2015 to 31st March, 2015, LCRM received rental income (including service charge) of HK\$1,632,000 (2014 — Nil) from Lippo. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31st December, 2017. The Group expects the total future minimum lease receivables for the year ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 to be approximately HK\$5,888,000, HK\$5,888,000 and HK\$4,416,000, respectively.
- (e) During the year, the Group paid commission, brokerage service fees, collection fees and/or other incidental fees (the “Fees”) in the total amount of HK\$735,000 (2014 — HK\$1,280,000) to subsidiaries of HKC. The Fees were determined by reference to the prevailing fees offered to relevant market customers of comparable standing.
- (f) During the year, the Group paid rental expense (including service charge) of HK\$3,727,000 (15th July, 2013 to 31st March, 2014 — HK\$2,529,000) to a joint venture of HKC. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 14th July, 2016. The Group expects the total future minimum lease payables for the years ending 31st March, 2016 and 31st March 2017 to be approximately HK\$3,114,000 and HK\$908,000, respectively.
- (g) During the year, the Group paid rental expense (including service charge) of HK\$1,000,000 (27th January, 2014 to 31st March, 2014 — HK\$180,000) to a joint venture of HKC. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 17th March, 2016. The Group expects the total future minimum lease payables for the year ending 31st March, 2016 to be approximately HK\$963,000.

### 40. RELATED PARTY TRANSACTIONS *(continued)*

- (h) During the year, the Group sold food and beverage products of HK\$1,218,000 (2014 — HK\$1,967,000) to a joint venture of a fellow subsidiary. The sales were made on normal commercial terms in line with, and with reference to, the industry practice.
- (i) During the year, the Group generated sales of HK\$15,912,000 (2014 — HK\$19,111,000) from a joint venture. 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.
- (j) During the year ended 31st March, 2014, the Group received service fees in the total amount of HK\$8,119,000 for management of a restaurant and operation of the French cuisine segment and Japanese cuisine segment of a restaurant from a joint venture of a fellow subsidiary. The service fee was determined by reference to the market rates comparable to that of other service providers. The agreements were terminated in May 2014 and no service fees were generated during the year.
- (k) During the year, the Group paid management fee of HK\$538,000 (2014 — HK\$641,000) 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.
- (l) As at 31st March, 2015, the Group had balances with its associates and a joint venture, further details of which are set out in Notes 17 and 21 to the financial statements.
- (m) The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 7 to the financial statements.

The transactions referred to in items (a), (c) to (h), (j) and (k) above are/were also continuing connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules. Further details of such transactions are disclosed in the section headed "Continuing Connected Transactions" in the Report of Directors. The transaction referred to in item (b) above was a continuing connected transaction exempted from reporting, annual review and independent shareholders' approval under Chapter 14A of the Listing Rules. The transactions referred to in item (i), (l) and (m) above were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules.

In respect of the above transactions, the relationships between the Company, HKC and Lippo, all are publicly listed companies in Hong Kong, and the ultimate holding company of which is Lippo Capital, are defined, and the Directors' interests therein are separately reported.

#### 41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

**At 31st March, 2015**

##### Financial assets

	Financial assets at fair value through profit or loss held for trading HK\$'000	Loans and receivables HK\$'000	Available- for-sale financial assets HK\$'000	Derivative financial instruments HK\$'000	Total HK\$'000
Available-for-sale financial assets	–	–	115,544	–	115,544
Financial assets at fair value through profit or loss	314,467	–	–	–	314,467
Loans and advances	–	9,664	–	–	9,664
Financial assets included in debtors, prepayments and deposits	–	467,053	–	–	467,053
Other financial assets	–	–	–	169	169
Restricted cash	–	22,700	–	–	22,700
Cash and bank balances	–	2,548,139	–	–	2,548,139
	314,467	3,047,556	115,544	169	3,477,736

##### Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Bank and other borrowings	–	674,500	674,500
Financial liabilities included in creditors, accruals and deposits received	–	538,541	538,541
Other financial liabilities	4,522	–	4,522
	4,522	1,213,041	1,217,563

## Notes to the Financial Statements *(continued)*

### 41. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

At 31st March, 2014

#### Financial assets

	Financial assets at fair value through profit or loss held for trading HK\$'000	Loans and receivables HK\$'000	Available- for-sale financial assets HK\$'000	Total HK\$'000
Available-for-sale financial assets	–	–	117,082	117,082
Financial assets at fair value through profit or loss	224,414	–	–	224,414
Financial assets included in debtors, prepayments and deposits	–	481,608	–	481,608
Restricted cash	–	23,809	–	23,809
Cash and bank balances	–	1,474,165	–	1,474,165
	224,414	1,979,582	117,082	2,321,078

#### Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition HK\$'000	Financial liabilities at amortised cost HK\$'000	Derivative financial instruments HK\$'000	Total HK\$'000
Bank and other borrowings	–	697,147	–	697,147
Financial liabilities included in creditors, accruals and deposits received	–	560,398	–	560,398
Other financial liabilities	15,739	–	259	15,998
	15,739	1,257,545	259	1,273,543

#### 42. 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	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Financial assets</b>				
Available-for-sale financial assets	12,150	3,368	12,150	3,368
Financial assets at fair value through profit or loss	314,467	224,414	314,467	224,414
Other financial assets	169	–	169	–
	<b>326,786</b>	227,782	<b>326,786</b>	227,782
<b>Financial liabilities</b>				
Other financial liabilities	4,522	15,998	4,522	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, accruals and deposits received 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.

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 statements issued by the investment fund managers, 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.

## Notes to the Financial Statements *(continued)*

### 42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments used in Level 3 fair value measurements as at 31st March, 2015 and 2014:

	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. (2014 — 10 per cent.)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value

#### 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	
<b>At 31st March, 2015</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial assets:				
Investment funds	–	–	12,150	12,150
Financial assets at fair value through profit or loss:				
Equity securities	308,776	–	–	308,776
Investment funds	–	5,691	–	5,691
Other financial asset:				
Derivative financial instruments	–	169	–	169
	<b>308,776</b>	<b>5,860</b>	<b>12,150</b>	<b>326,786</b>
<b>Liabilities measured at fair value</b>				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	4,522	–	4,522
<b>At 31st March, 2014</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial assets:				
Investment funds	–	–	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
<b>Liabilities measured at fair value</b>				
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



**42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS** (continued)

**Fair Value Hierarchy** (continued)

The movements in fair value measurements in Level 3 during the year 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
<b>2015</b>				
At 1st April, 2014	3,368	–	–	–
Total gains recognised in other comprehensive income	1,447	–	–	–
Purchases	7,335	–	–	–
<b>At 31st March, 2015</b>	<b>12,150</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>2014</b>				
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	(639)	–	–	–
Disposals	(577)	–	(217,905)	99,443
At 31st March, 2014	3,368	–	–	–

During the year, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of level 3 (2014 — Nil).

**43. 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 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, which are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the financial statements.

**(a) Credit risk**

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

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.

The Group's exposure to credit risk arising from loans and advances and trade debtors at the end of the reporting period based on the information provided to key management is as follows:

	2015 HK\$'000	2014 HK\$'000
<b>By geographical area:</b>		
Hong Kong	2,922	3,731
Mainland China	99	99
Republic of Singapore	252,693	254,325
Malaysia	108,075	105,519
Others	8,082	–
	<b>371,871</b>	363,674

The bank balances are deposited with creditworthy banks with no recent history of default.

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**(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. As at 31st March, 2015, approximately 44.8 per cent. (2014 — 99.5 per cent.) of the Group's debts would mature in less than one year based on the carrying values of bank and other borrowings.

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
<b>At 31st March, 2015</b>							
<b>Assets</b>							
Debt securities:							
Available-for-sale financial assets	-	-	-	-	-	7,298	7,298
Loans and advances	8,082	-	-	1,582	-	-	9,664
Debtors and deposits	-	339,552	70,153	46,167	-	11,181	467,053
Restricted cash	-	-	22,700	-	-	-	22,700
Cash and bank balances	260,488	2,287,651	-	-	-	-	2,548,139
	<b>268,570</b>	<b>2,627,203</b>	<b>92,853</b>	<b>47,749</b>	<b>-</b>	<b>18,479</b>	<b>3,054,854</b>
<b>Liabilities</b>							
Bank and other borrowings	-	247,788	54,594	372,169	383	-	674,934
Creditors, accruals and deposits received	-	233,062	241,053	5,375	-	59,051	538,541
Other financial liabilities	4,522	-	-	-	-	-	4,522
Bankers' guarantee	-	16,592	1,792	22,808	-	-	41,192
	<b>4,522</b>	<b>497,442</b>	<b>297,439</b>	<b>400,352</b>	<b>383</b>	<b>59,051</b>	<b>1,259,189</b>

## Notes to the Financial Statements *(continued)*

### 43. 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, 2014							
<b>Assets</b>							
Debt securities:							
Available-for-sale financial assets	-	-	-	-	-	7,298	7,298
Debtors and deposits	-	350,085	64,588	44,740	-	22,195	481,608
Restricted cash	-	22,669	1,140	-	-	-	23,809
Cash and bank balances	405,446	1,068,719	-	-	-	-	1,474,165
	405,446	1,441,473	65,728	44,740	-	29,493	1,986,880
<b>Liabilities</b>							
Bank and other borrowings	-	365,000	328,984	3,520	-	-	697,504
Creditors, accruals and deposits received	-	210,806	275,160	4,143	-	70,289	560,398
Other financial liabilities	15,739	259	-	-	-	-	15,998
Banker's guarantee	-	1,228	7,552	31,127	-	-	39,907
	15,739	577,293	611,696	38,790	-	70,289	1,313,807

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(continued)*

**(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 arise mainly from treasury 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 in a cost-effective manner. The interest rate risk is managed and monitored regularly by senior management of the Group.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate monetary assets and liabilities).

	2015		2014	
	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK\$'000	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK\$'000
Hong Kong dollar	+50	193	+50	(1,761)
United States dollar	+50	469	+50	457
Singapore dollar	+50	625	+50	959
Renminbi	+50	8,095	+50	4,180
Hong Kong dollar	-50	(193)	-50	1,761
United States dollar	-50	(469)	-50	(457)
Singapore dollar	-50	(625)	-50	(959)
Renminbi	-50	(8,095)	-50	(4,180)

**(d) Foreign currency risk**

Foreign currency risk is the risk to earnings or capital arising from movements of foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its 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.

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(continued)***(d) Foreign currency risk** *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar, Singapore dollar and Renminbi exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	<b>Increase/(Decrease) in profit before tax</b>	
	<b>2015 HK\$'000</b>	<b>2014 HK\$'000</b>
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (2014 — 3 per cent.)	<b>3,102</b>	1,894
— weakened 3 per cent. (2014 — 3 per cent.)	<b>(3,102)</b>	(1,894)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (2014 — 3 per cent.)	<b>4,228</b>	1,034
— weakened 3 per cent. (2014 — 3 per cent.)	<b>(4,228)</b>	(1,034)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (2014 — 3 per cent.)	<b>48,374</b>	22,355
— weakened 3 per cent. (2014 — 3 per cent.)	<b>(48,374)</b>	(22,355)

At the end of the reporting period, the cash and bank balances of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK\$9,607,000 (2014 — HK\$90,819,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

**(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 19) and financial assets at fair value through profit or loss (Note 24) as at 31st March, 2015. The Group's listed financial assets are mainly listed on the Hong Kong and Singapore stock exchanges and are valued at quoted market prices at the end of the reporting period.

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**(e) Equity price risk (continued)**

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	<b>31st March, 2015</b>	<b>High/Low 2015</b>	31st March, 2014	High/Low 2014
Hong Kong — Hang Seng Index	<b>24,901</b>	<b>25,363/21,680</b>	22,151	24,039/19,813
Republic of Singapore — Straits Times Index	<b>3,447</b>	<b>3,469/3,150</b>	3,189	3,455/2,960

The senior management of the Group regularly reviews and monitors the mix of securities in its investment portfolio based on its fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

The following table demonstrates the sensitivity to every 3 per cent. change in the fair values of the equity investments and investment funds, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the investment revaluation reserve and no account is given for factors such as impairment which might impact on the statement of profit or loss.

	<b>2015</b>		<b>2014</b>	
	<b>Increase/ (Decrease) in profit before tax HK\$'000</b>	<b>Increase/ (Decrease) in equity* HK\$'000</b>	Increase/ (Decrease) in profit before tax HK\$'000	Increase/ (Decrease) in equity* HK\$'000
<b>Available-for-sale financial assets</b>				
Global and other	–	<b>365</b>	–	101
<b>Financial instruments at fair value through profit or loss</b>				
Hong Kong	<b>4,200</b>	–	2,601	–
Republic of Singapore	<b>5,049</b>	–	3,081	–
Global and other	–	–	559	–
	<b>9,249</b>	–	6,241	–

\* Excluding retained profits

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(continued)***(f) Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2015 and 2014.

The Group monitors capital using a gearing ratio, which is calculated by dividing its total borrowings, net of non-controlling interests, by total shareholders' equity. Total borrowings include current and non-current bank and other borrowings. Total shareholders' equity represents equity attributable to equity holders of the Company.

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
Bank and other borrowings ( <i>Note 27</i> )	<b>674,500</b>	697,147
Less: Non-controlling interests in bank and other borrowings	<b>(24,705)</b>	(27,395)
Bank and other borrowings, net of non-controlling interests	<b>649,795</b>	669,752
Equity attributable to equity holders of the Company	<b>4,303,485</b>	4,141,680
Gearing ratio	<b>15.1 per cent.</b>	16.2 per cent.

**44. EVENTS AFTER THE REPORTING PERIOD**

In April 2015, the Group entered into an arrangement agreement with Asia Now, a subsidiary of the Company, to acquire all of the issued and outstanding common shares of Asia Now not already owned by the Group at the price of C\$0.02 per share. In connection with the above proposed acquisition, the Group provided a secured credit facility to Asia Now in the amount of up to approximately C\$1,076,000 (equivalent to approximately HK\$6,811,000) to fund working capital and the related expenses for the above acquisition. The plan of arrangement under the above arrangement agreement was not approved by the requisite shareholder approval at a special shareholders' meeting of Asia Now held in June 2015.

**45. COMPARATIVE FIGURES**

As further explained in Note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosure of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.



**46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY**

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK\$'000	2014 HK\$'000
<b>Non-current assets</b>		
Fixed assets	527	686
Interests in subsidiaries	1,177,367	2,696,480
Interest in an associate	–	1
Available-for-sale financial assets	7,298	7,298
	<b>1,185,192</b>	2,704,465
<b>Current assets</b>		
Debtors, prepayments and deposits	5,624	2,582
Cash and bank balances	2,288,254	930,925
	<b>2,293,878</b>	933,507
<b>Current liabilities</b>		
Bank loans	–	652,000
Creditors, accruals and deposits received	38,048	4,854
Tax payable	297	297
	<b>38,345</b>	657,151
<b>Net current assets</b>	<b>2,255,533</b>	276,356
<b>Total assets less current liabilities</b>	<b>3,440,725</b>	2,980,821
<b>Non-current liabilities</b>		
Bank loans	220,000	–
<b>Net assets</b>	<b>3,220,725</b>	2,980,821
<b>Equity</b>		
Share capital	1,704,032	1,704,032
Reserves (Note)	1,516,693	1,276,789
	<b>3,220,725</b>	2,980,821

**John Luen Wai Lee**  
Director

**Stephen Riady**  
Director

**46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)**

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>2015</b>					
At 1st April, 2014	–	705	–	1,276,084	1,276,789
Profit for the year and total comprehensive income for the year	–	–	–	363,928	363,928
2013/14 final dividend declared and paid to shareholders of the Company	–	–	–	(68,902)	(68,902)
2014/15 interim dividend declared and paid to shareholders of the Company	–	–	–	(18,374)	(18,374)
2014/15 special interim dividend declared and paid to shareholders of the Company	–	–	–	(36,748)	(36,748)
<b>At 31st March, 2015</b>	–	705	–	1,515,988	1,516,693
<b>2014</b>					
At 1st April, 2013	783,693	705	1,648	743,613	1,529,659
Profit for the year and total comprehensive income for the year	–	–	–	941,289	941,289
Transfer to share capital (Note 30)	(783,693)	–	(1,648)	–	(785,341)
2012/13 final dividend declared and paid to shareholders of the Company	–	–	–	(68,902)	(68,902)
2013/14 interim dividend declared and paid to shareholders of the Company	–	–	–	(18,374)	(18,374)
2013/14 special dividend declared and paid to shareholders of the Company	–	–	–	(321,542)	(321,542)
At 31st March, 2014	–	705	–	1,276,084	1,276,789

Included in the retained profits of the Company as at 31st March, 2015 were amounts of final dividend and special final dividend for the year then ended of HK\$68,902,000 (2014 — HK\$68,902,000) and HK\$27,561,000 (2014 — Nil) respectively proposed after the end of the reporting period.

**47. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on 29th June, 2015.

# Particulars of Principal Subsidiaries

**PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31ST MARCH, 2015 ARE AS SET OUT BELOW.**

<b>Name of company</b>	<b>Place of incorporation/ registration and operations</b>	<b>Issued and fully paid ordinary share capital (unless otherwise stated)</b>	<b>Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#</b>		<b>Principal activities</b>
Golden Sunshine Worldwide Limited	British Virgin Islands	US\$1	100	100	Investment holding
Grand Vista Limited	British Virgin Islands	US\$1	100	100	Investment holding
Kingz Ltd	British Virgin Islands	US\$1	100	100	Investment holding
Rickon Holdings Limited	British Virgin Islands	US\$1	100	100	Investment holding
Admiralty Development Limited	Hong Kong	HK\$446,767,129	–	100	Property investment
Ally Wise Capital Limited	British Virgin Islands	US\$1	–	100	Investment
Apexwin Limited	British Virgin Islands	US\$1	–	100	Investment holding
Ardent Properties Pty Limited**	Australia	A\$10	–	100	Property investment
Bestbeat Limited	British Virgin Islands	US\$1	–	100	Investment holding
Blueway Limited	Hong Kong	HK\$1	–	100	Investment holding
Broadwell Asia Limited	British Virgin Islands	US\$1	–	100	Property investment
Cajan Enterprises Limited	British Virgin Islands	US\$1	–	100	Investment holding
Caross Limited	British Virgin Islands	US\$1	–	100	Investment holding
Carvio Limited	British Virgin Islands	US\$1	–	100	Investment holding
Castar Assets Limited	British Virgin Islands	US\$1	–	100	Property investment
Celestial Fortune Limited	British Virgin Islands	US\$1	–	100	Investment holding
Chalton Assets Limited	British Virgin Islands	US\$1	–	100	Property investment
China Chance Investments Limited	Hong Kong	HK\$10	–	100	Investment holding

## Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
China Gold Pte. Ltd.**	Republic of Singapore	S\$1	–	100	Investment holding
China Pacific Electric Limited	British Virgin Islands	US\$100	–	100	Investment holding
Continental Equity Inc.	British Virgin Islands	US\$1	–	100	Investment
Dragon Board Holdings Limited	British Virgin Islands	S\$1	–	100	Investment holding
Energetic Holdings Limited	British Virgin Islands	US\$1	–	100	Property investment
Ethnos Ltd.**	Israel	NIS100	–	100	Property investment
Fortune Finance Investment Limited	British Virgin Islands	US\$1	–	100	Investment
Fortune Star Asia Limited	Hong Kong	HK\$1	–	100	Investment
Frontop Limited	British Virgin Islands	US\$1	–	100	Investment holding
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited)** — wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	–	100	Property management
福建大地湄洲工業區開發有限公司 (Fujian Tati Meizhou Industrial Park Development Co., Ltd.)* — wholly foreign-owned enterprise##	People's Republic of China	US\$5,000,000*	–	100	Property investment and property development
Gabarro Limited	British Virgin Islands	US\$1	–	100	Investment holding
Golden Rain Holdings Limited	British Virgin Islands	US\$1	–	100	Investment holding
Golden Super Holdings Limited	British Virgin Islands	US\$1	–	100	Investment

## Particulars of Principal Subsidiaries *(continued)*

<b>Name of company</b>	<b>Place of incorporation/ registration and operations</b>	<b>Issued and fully paid ordinary share capital (unless otherwise stated)</b>	<b>Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#</b>		<b>Principal activities</b>
Goldmax Pacific Limited	British Virgin Islands	US\$1	–	100	Investment holding
Gothic Investments Limited	Samoa	US\$1	–	100	Property investment
Grandbeam Limited	Hong Kong	HK\$1	–	100	Investment holding
Grandtop Pacific Limited	British Virgin Islands	US\$1	–	100	Investment holding
HKCL Investments Pte. Ltd.**	Republic of Singapore	S\$2	–	100	Property development
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Securities investment
Istan Assets Limited	British Virgin Islands	US\$1	–	100	Property investment
Keytime Holdings Limited	British Virgin Islands	US\$1	–	100	Property investment
LCR Ltd.	British Virgin Islands	US\$1	–	100	Intellectual property
LCR Management Limited	Hong Kong	HK\$1	–	100	Management services
Laurel Century Limited	British Virgin Islands	US\$1	–	100	Investment holding
Lippo Consortium Pte. Limited**	Republic of Singapore	S\$2	–	100	Property development
Lippo Energy Group Limited	British Virgin Islands	US\$1	–	100	Investment holding
Lippo Group International Pte. Limited**	Republic of Singapore	S\$2	–	100	Investment holding
Lippo Property Management Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Lippo Prosperity (Singapore) Pte. Limited**	Republic of Singapore	S\$2	–	100	Investment

## Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
力寶置業(江蘇)有限公司 (Lippo Realty (Jiangsu) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US\$53,250,000*	–	100	Property development
力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US\$29,330,000*	–	100	Property development
Lippo Resources Investments Limited	British Virgin Islands	US\$1	–	100	Investment holding
Lippo Retail Holdings Limited	British Virgin Islands	US\$1	–	100	Investment holding
Mantor Assets Limited	British Virgin Islands	US\$1	–	100	Property investment
Masstrong Limited	Hong Kong	HK\$1	–	100	Investment holding
Maxfit Holding Limited	British Virgin Islands	US\$1	–	100	Investment holding
Netscope Limited	British Virgin Islands	US\$1	–	100	Investment
PacNet Holdings Limited	British Virgin Islands	US\$1	–	100	Investment holding
PacNet Capital (U.S.) Limited	United States of America	US\$0.281	–	100	Investment holding
Pantogon Holdings Pte Ltd**	Republic of Singapore	S\$1,000,000	–	100	Investment holding
Polarstar Capital Limited	British Virgin Islands	US\$1	–	100	Investment
莆田塔林基礎建設有限公司 (Putian Talin Infrastructure Company Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US\$300,000*	–	100	Property services

## Particulars of Principal Subsidiaries *(continued)*

<b>Name of company</b>	<b>Place of incorporation/ registration and operations</b>	<b>Issued and fully paid ordinary share capital (unless otherwise stated)</b>	<b>Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#</b>		<b>Principal activities</b>
Queenz Limited	British Virgin Islands	US\$1	–	100	Investment holding
Radical Profits Limited	British Virgin Islands	US\$1	–	100	Property investment
Reiley Inc.	British Virgin Islands	US\$1	–	100	Investment holding
Sanfield Australia Pty Ltd**	Australia	A\$2	–	100	Investment holding
Season Spark Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment
Serene Yield Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Property investment
Star Trendy Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Property holding
Starrico Limited	British Virgin Islands	US\$1	–	100	Investment holding
Super Assets Company Limited	Samoa	US\$1	–	100	Investment holding
Super Equity International Limited	British Virgin Islands	US\$1	–	100	Investment holding
Superform Investment Limited	Hong Kong	HK\$100 and HK\$2 non-voting deferred shares	–	100	Property investment
Superonic Limited	British Virgin Islands	US\$1	–	100	Investment holding
Tamsett Holdings Limited	British Virgin Islands	US\$1	–	100	Investment holding
Topstar China Limited	Hong Kong	HK\$1	–	100	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US\$1	–	100	Property investment

## Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Vitaland Limited	Hong Kong	HK\$1	–	100	Investment holding
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Property investment
Win Joyce Limited	Hong Kong	HK\$2	–	100	Money lending and investment holding
Wollora Assets Limited	British Virgin Islands	US\$1	–	100	Property investment
World Grand Holding Limited	British Virgin Islands	US\$1	–	100	Investment
Writring Investments Limited	Hong Kong	HK\$2	–	100	Property investment
Lippo Select HK & Mainland Property ETF** <i>(an exchange traded fund listed on The Stock Exchange of Hong Kong Limited)</i>	Hong Kong	N/A	–	94.4 <sup>®</sup>	Investment
Jeremiah Holdings Limited	British Virgin Islands	S\$1,298,645	–	60	Investment holding
Asia Now Resources Corp.** <i>(listed on TSX Venture Exchange of Canada)</i>	Canada	C\$30,634,413	–	52.2	Exploration of mineral resources
Nine Heritage Pte Ltd**	Republic of Singapore	S\$1,000,000	–	48	Investment holding
Auric Pacific Group Limited** <i>(listed on Singapore Exchange Securities Trading Limited)</i>	Republic of Singapore	S\$64,460,182	–	39.4	Investment holding
Auric Pacific Fine Wines Pte. Ltd.**	Republic of Singapore	S\$2	–	39.4	Wholesale and retail of wine
Auric Pacific Food Industries Pte Ltd**	Republic of Singapore	S\$54,400,000	–	39.4	General wholesale trade in food products



## Particulars of Principal Subsidiaries *(continued)*

<b>Name of company</b>	<b>Place of incorporation/ registration and operations</b>	<b>Issued and fully paid ordinary share capital (unless otherwise stated)</b>	<b>Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#</b>		<b>Principal activities</b>
Auric Pacific Marketing Pte Ltd**	Republic of Singapore	S\$10,000,000	–	39.4	General wholesale trade and distribution
Centurion Marketing Pte Ltd**	Republic of Singapore	S\$500,000	–	39.4	Wholesale of other specific commodities
Edmonton Investments Pte Ltd**	Republic of Singapore	S\$47,367,335	–	39.4	Investment holding and wholesale trade
Delifrance Asia Ltd**	Republic of Singapore	S\$180,581,000	–	39.4	Management and holding company, development and sale of franchising activities
Delifrance Singapore Pte Ltd**	Republic of Singapore	S\$4,000,002	–	39.4	Manufacture and sale of French bakery and pastry products, and the operation of café-bakeries, bakery corners and restaurants
Delifrance (HK) Limited**	Hong Kong	HK\$12,000,000	–	39.4	Manufacture and sale of French bakery and pastry products and the operation of café-bakeries and kiosks
Delifrance (Malaysia) Sdn. Bhd.**	Malaysia	RM7,500,000	–	39.4	Manufacturing and sale of French bakery and pastry products and the operation of café-bakeries

## Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
上海德利法蘭新食品有限公司 (Shanghai Delifrance Foodstuff Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	US\$1,880,000*	–	39.4	Sale of bakery and pastry products and the operation of café-bakeries
Auric Pacific (M) Sdn. Bhd.**	Malaysia	RM1,000,000	–	39.4	Marketing and distribution of food products
Auric Chun Yip Sdn. Bhd.**	Malaysia	RM12,000,000	–	39.4	Supply of bakery, confectionery materials and other general products
Auric Pacific Food Processing Sdn. Bhd.**	Malaysia	RM1,200,000	–	39.4	Manufacturer of and dealer in butter, margarine and related confectionery products
Cuisine Continental (HK) Limited**	Hong Kong	HK\$3,000,000	–	39.4	Retailing of food and beverage products and services
Auric Pacific Investment Pte. Ltd.**	Republic of Singapore	S\$2	–	39.4	Investment holding
Auric Pacific Realty Pte. Ltd.**	Republic of Singapore	S\$1	–	39.4	Property developers and investment
Food Junction Holdings Limited**	Republic of Singapore	S\$14,296,468.20	–	38.6	Investment holding and provision of management services to its subsidiaries, fast food restaurants and general wholesale trade

## Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Food Junction International Pte Ltd**	Republic of Singapore	S\$400,000	–	38.6	Fast food restaurants and general wholesale trade
Food Junction Management Pte Ltd**	Republic of Singapore	S\$1,489,000	–	38.6	Operation and management of food courts and fast food restaurants, and general wholesale trade
Food Junction Singapore Pte Ltd**	Republic of Singapore	S\$400,000	–	38.6	Fast food restaurants and general wholesale trade
Star Party Pte. Ltd.**	Republic of Singapore	S\$200,000	–	38.6	Sale of food and beverages
LP+ Tetsu Pte. Ltd.**	Republic of Singapore	S\$200,000	–	38.6	Sales of food and beverages, and management of restaurants, cafés and bars
Lifestyle Dining Pte. Ltd.**	Republic of Singapore	S\$250,000	–	38.6	Sales of food and beverages
邁博餐飲管理（上海）有限公司 (Maibo Restaurant Management (Shanghai) Co., Ltd)** — wholly foreign-owned enterprise##	People's Republic of China	US\$140,000*	–	38.6	Management and operation of restaurants in Shanghai

## Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated) <sup>#</sup>	Principal activities
福將坊（北京）餐飲有限公司 (Food Junction Beijing Co., Ltd)** — wholly foreign-owned enterprise <sup>##</sup>	People's Republic of China	US\$3,000,000	– 38.6	Management of food courts and operation of food outlets
PT FJ Square Indonesia**	Indonesia	US\$400,000	– 38.6	Management of food courts and operation of food outlets
T & W Food Junction Sdn. Bhd.**	Malaysia	RM500,000	– 38.6	Management of food courts and operation of food outlets
Eggs & Berries (Singapore) Pte. Ltd.**	Republic of Singapore	S\$500,000	– 38.6	Sales of food and beverages
Medzs (Singapore) Pte. Ltd.**	Republic of Singapore	S\$200,000	– 38.6	Sales of food and beverages
The Boxing Crab Pte. Ltd.**	Republic of Singapore	S\$200,000	– 38.6	Sales of food and beverages
Wan Style (Singapore) Pte. Ltd.**	Republic of Singapore	S\$200,000	– 38.6	Sales of food and beverages
Zutis Pte. Ltd.**	Republic of Singapore	S\$200,000	– 38.6	Sale of food and beverages, and management of restaurants, cafés and bars
LCR Catering Services Limited**	Hong Kong	HK\$9,000,000	– 34.8	Owns and operates a restaurant in Hong Kong

## Particulars of Principal Subsidiaries *(continued)*

- # based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein
- @ based on the interest attributable to the Group
- ## type of legal entity
- \* paid up registered capital
- \*\* audited by certified public accountants other than Ernst & Young, Hong Kong

Note:

- A\$ — Australian dollars
- C\$ — Canadian dollars
- NIS — New Israeli shekels
- RM — Malaysian ringgits
- RMB — People's Republic of China renminbi
- S\$ — Singapore dollars
- US\$ — United States dollars

Save for C\$2,496,000 senior unsecured convertible debentures issued by Asia Now Resources Corp., a subsidiary of the Company, to China Gold Pte. Ltd., a wholly-owned subsidiary of the Company, as at 31st March, 2015, all the subsidiaries of the Company had no loan capital or convertible loan capital.

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

# Particulars of Principal Associates

**PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31ST MARCH, 2015 ARE AS SET OUT BELOW.**

<b>Name of company</b>	<b>Form of business structure</b>	<b>Place of incorporation and operations</b>	<b>Issued and fully paid ordinary share capital (unless otherwise stated)</b>	<b>Approximate percentage of equity attributable to the Group<sup>#</sup></b>	<b>Principal activities</b>
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK\$2	50	Property management services
Maxipo International Limited	Corporate	Hong Kong	HK\$64,595,748	48.8	Trading and investment holding
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,250,000*	40	Water supply
DXS Capital Limited	Corporate	British Virgin Islands	US\$100	40	Investment holding
Catalyst Enterprises Limited	Corporate	British Virgin Islands	US\$50,000	35	Investment holding
Haranga Resources Limited	Corporate	Australia	A\$39,952,452	33.6	Exploration of mineral resources

# based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

\* paid up registered capital

Note:

A\$ — Australian dollars

RMB — People's Republic of China renminbi

US\$ — United States dollars

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

# Particulars of Principal Joint Ventures

**PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31ST MARCH, 2015 ARE AS SET OUT BELOW.**

<b>Name of company</b>	<b>Form of business structure</b>	<b>Place of incorporation and operations</b>	<b>Issued and fully paid ordinary share capital</b>	<b>Approximate percentage of equity attributable to the Group*</b>	<b>Principal activities</b>
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S\$2	50	Property investment and property development
Delifrance Singapore Wholesale Pte. Ltd.	Corporate	Republic of Singapore	S\$800,000	19.3	Wholesale of French bakery and pastry products

\* based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

Note:

S\$ — Singapore dollars

# Particulars of Joint Operations

**PARTICULARS OF JOINT OPERATIONS AS AT 31ST MARCH, 2015 ARE AS SET OUT BELOW.**

<b>Name of company</b>	<b>Form of business structure</b>	<b>Place of incorporation and operations</b>	<b>Registered capital</b>	<b>Approximate percentage of interest attributable to the Group*</b>	<b>Principal activities</b>
雲南東鑫礦產勘查有限公司 (Yunnan Dong Xin Mineral Exploration Company Limited)	Chinese Foreign Cooperative Joint Venture Enterprise	People's Republic of China	US\$14,900,000	37.6	Exploration of mineral resources
雲南現代礦業勘查有限公司 (Yunnan Now Mineral Exploration Company Limited)	Chinese Foreign Cooperative Joint Venture Enterprise	People's Republic of China	US\$6,700,000	31.4	Exploration of mineral resources

\* represents the effective interest of the Group after non-controlling interests therein

Note:

US\$ — United States dollars



# Schedule of Major Properties

## (1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2015

Description	Use	Approximate gross floor area (square metres)	Status	Percentage of Group's interest
<b>Hong Kong</b>				
Lippo Centre 89 Queensway Central Inland Lot No. 8615*	Commercial	Office: 1,941 Retail: 1,935 (net floor area)	Rental	100

\* The above property comprises various shop units on the podium floors and certain office floors.

The above property is held under long term lease.

### People's Republic of China

19th Floor to 29th Floor and 13 car parking spaces of Lippo Tianma Plaza 1 Wuyibei Road Fuzhou, Fujian	Commercial	11,955	Rental	100
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The above properties are held under medium term leases.

### Overseas

10 Harav Agan Street Jerusalem Block 30050 Parcel 101 Israel	Commercial	940	Rental	100
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The above property is freehold.

## Schedule of Major Properties *(continued)*

### (2) PROPERTIES HELD FOR SALE AS AT 31ST MARCH, 2015

Description	Use	Approximate site area	Approximate gross floor area		Percentage of Group's interest
			<i>(square metres)</i>		
<b>Overseas</b>					
Unit #03-03 The Residences Katana 20 Jalan Madge 55000 Kuala Lumpur Malaysia	Residential	N/A	360		100

### (3) PROPERTIES HELD FOR DEVELOPMENT AS AT 31ST MARCH, 2015

Description	Use	Approximate site area	Approximate gross floor area	Percentage of Group's interest	Estimated completion date	Stage of development
						as at 31st March, 2015
<b>People's Republic of China</b>						
South of Heping Road and west of Xiangyu Avenue Qinghe District Huai An Jiangsu Land Lot No. 3208020060010004000	Multi-use	41,087	250,000	100	2017/2018	In planning stage
East of Taizhou Avenue and north of Yaocheng Avenue China Medical City (中國醫藥城) Taizhou Jiangsu Land Lot No. 321204102205GB00069	Residential	80,615	220,000	100	2017/2018	In planning stage
Tati City Shanting Township Putian, Fujian	Multi-use	1,292,400	150,963	100	N/A	Phase I completed

## Schedule of Major Properties *(continued)*

### (4) PROPERTIES HELD AS FIXED ASSETS AS AT 31ST MARCH, 2015

Description	Use	Approximate gross floor area	Approximate percentage of Group's interest
<i>(square metres)</i>			
<b>Hong Kong</b>			
24th Floor of Tower One Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	1,307	100
2nd Floor of Sun Court 3 Belcher's Street Kennedy Town Subsection 1 of Section C of Marine Lot No. 262, the remaining portion of Section C of Marine Lot No. 262 and the remaining portion of Marine Lot No. 262	Commercial	743	100
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	100

*The above properties are held under long term leases.*

## Schedule of Major Properties *(continued)*

### (4) PROPERTIES HELD AS FIXED ASSETS AS AT 31ST MARCH, 2015 *(continued)*

Description	Use	Approximate gross floor area	Approximate percentage of Group's interest
		<i>(square metres)</i>	
<b>Overseas</b>			
2 Senoko Avenue Singapore 758298 Lot No. MK13-2293K	Commercial	7,387	39.4
2 Enterprise Road Singapore 629814 Lot No. 354 Mukim 6	Commercial	14,085	39.4
202 Pandan Loop Singapore 128390 Lot No. MK5-6304L	Commercial	2,602	39.4

*The above properties are held under long term leases.*

# Summary of Financial Information

	<b>Year ended 31st March, 2015 HK\$'000</b>	Year ended 31st March, 2014 HK\$'000	Fifteen-month ended 31st March, 2013 HK\$'000 (Restated)	Year ended 31st December, 2011 HK\$'000	Year ended 31st December, 2010 HK\$'000
Profit attributable to equity holders of the Company	<b>399,176</b>	124,389	293,364	316,735	758,940
Total assets	<b>6,511,801</b>	6,488,942	9,344,450	6,838,046	6,551,620
Total liabilities	<b>(1,604,508)</b>	(1,590,602)	(3,625,977)	(2,196,628)	(2,061,184)
Net assets	<b>4,907,293</b>	4,898,340	5,718,473	4,641,418	4,490,436
Non-controlling interests	<b>(603,808)</b>	(756,660)	(964,153)	(42,003)	(174,037)
Equity attributable to equity holders of the Company	<b>4,303,485</b>	4,141,680	4,754,320	4,599,415	4,316,399

The financial information for the years ended 31st December, 2010 and 2011 are not restated with the effect of the adoption of HKFRS 10 *Consolidated Financial Statements*, which was effective for the financial years beginning on or after 1st April, 2013 as it would involve delay and expenses out of proportion to the benefits of the shareholders.



**Lippo China Resources Limited**  
**力寶華潤有限公司**

*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 156)