



Lippo Limited

力寶有限公司

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

2015

Interim Report

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The Directors of Lippo Limited (the "Company") present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2015.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th September, 2015

	Note	Unaudited six months ended 30th September,	
		2015 HK\$'000	2014 HK\$'000
Revenue	4	2,519,846	1,499,421
Cost of sales	5	(1,512,971)	(807,908)
Gross profit		1,006,875	691,513
Administrative expenses		(439,312)	(483,986)
Other operating expenses		(291,996)	(259,653)
Net gain on disposal of subsidiaries	18	211,655	11,954
Net fair value gain on investment properties		1,745	37,956
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	5	(187,520)	13,575
Provision for impairment losses on intangible assets	6	(113,434)	–
Provision for impairment losses on properties under development	7	(60,428)	–
Finance costs		(22,019)	(17,477)
Share of results of associates		(17,865)	8,826
Share of results of joint ventures	8	(117,255)	(78,348)
Loss before tax	5	(29,554)	(75,640)
Income tax	9	(66,437)	(42,688)
Loss for the period		(95,991)	(118,328)
Attributable to:			
Equity holders of the Company		(49,680)	(104,578)
Non-controlling interests		(46,311)	(13,750)
		(95,991)	(118,328)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to equity holders of the Company	10		
Basic		(10)	(21)
Diluted		N/A	N/A

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2015

	Note	Unaudited six months ended 30th September, 2015 HK\$'000	2014 HK\$'000
Loss for the period		(95,991)	(118,328)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Changes in fair value		(1,780)	757
Adjustments for disposal		69	4
Income tax effect		288	371
		(1,423)	1,132
Share of other comprehensive loss of joint ventures:			
Share of changes in fair value of available-for-sale financial assets		(18,579)	(5,082)
Share of effective portion of changes in fair value of cash flow hedges		3,641	(1,351)
Share of exchange differences on translation of foreign operations		(261,808)	(76,543)
		(276,746)	(82,976)
Share of exchange differences on translation of foreign associates		2,566	–
Exchange differences on translation of foreign operations		(167,792)	(20,227)
Adjustments relating to disposal of subsidiaries:			
Available-for-sale financial assets		(2,775)	–
Exchange differences on translation of foreign operations		202	(2,700)
Income tax effect		333	–
	18	(2,240)	(2,700)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax		(445,635)	(104,771)
Total comprehensive loss for the period		(541,626)	(223,099)
Attributable to:			
Equity holders of the Company		(317,665)	(158,142)
Non-controlling interests		(223,961)	(64,957)
		(541,626)	(223,099)

Condensed Consolidated Statement of Financial Position

As at 30th September, 2015

	Note	30th September, 2015 HK\$'000 (Unaudited)	31st March, 2015 HK\$'000 (Audited)
Non-current assets			
Intangible assets		293,465	498,788
Exploration and evaluation assets		1,404	1,040
Fixed assets		358,119	410,093
Investment properties		1,354,746	1,483,869
Interests in associates		489,629	527,202
Interests in joint ventures	8	8,708,881	7,869,144
Other financial asset	18	14,404	–
Available-for-sale financial assets		235,053	205,648
Loans and advances		3,571	112,838
Debtors, prepayments and deposits	12	64,946	67,487
Deferred tax assets		5,693	6,812
		11,529,911	11,182,921
Current assets			
Properties held for sale		176,907	121,990
Properties under development		547,741	1,415,118
Inventories		244,713	274,628
Loans and advances		23,517	288,929
Debtors, prepayments and deposits	12	616,694	575,488
Available-for-sale financial assets		–	24,047
Financial assets at fair value through profit or loss		961,056	513,261
Other financial asset		187	169
Tax recoverable		9,808	12,620
Client trust bank balances		340,605	324,982
Restricted cash		17,546	92,799
Treasury bills		–	38,800
Cash and bank balances		2,927,413	4,405,570
		5,866,187	8,088,401
Current liabilities			
Bank and other borrowings	13	331,531	1,309,863
Creditors, accruals and deposits received	14	1,222,648	1,519,054
Current, fixed, savings and other deposits of customers		–	444,582
Other financial liabilities		7,141	4,522
Tax payable		324,235	561,971
		1,885,555	3,839,992
Net current assets		3,980,632	4,248,409
Total assets less current liabilities		15,510,543	15,431,330

Condensed Consolidated Statement of Financial Position (Continued)
As at 30th September, 2015

	Note	30th September, 2015 HK\$'000 (Unaudited)	31st March, 2015 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	13	931,916	487,220
Creditors, accruals and deposits received	14	30,868	30,724
Other financial liability	18	270,630	–
Deferred tax liabilities		62,453	104,481
		1,295,867	622,425
Net assets			
		14,214,676	14,808,905
Equity			
Equity attributable to equity holders of the Company			
Share capital	15	986,598	986,598
Reserves	17	7,974,288	8,311,226
		8,960,886	9,297,824
Non-controlling interests		5,253,790	5,511,081
		14,214,676	14,808,905

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2015

	Unaudited												
	Attributable to equity holders of the Company												
	Share capital	Share option reserve	Special capital reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	(Note 17 (a)) HK\$'000	(Note 17 (b)) HK\$'000	(Note 17 (c)) HK\$'000	HK\$'000	HK\$'000	(Note 17 (d)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2015	986,598	944	1,709,202	11,752	1,470	258,057	20,153	4,306	197,233	6,108,109	9,297,824	5,511,081	14,808,905
Loss for the period	-	-	-	-	-	-	-	-	-	(49,680)	(49,680)	(46,311)	(95,991)
Other comprehensive income/(loss) for the period:													
Available-for-sale financial assets:													
Changes in fair value	-	-	-	-	-	(1,237)	-	-	-	-	(1,237)	(543)	(1,780)
Adjustments for disposal	-	-	-	-	-	45	-	-	-	-	45	24	69
Income tax effect	-	-	-	-	-	190	-	-	-	-	190	98	288
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(12,232)	-	2,397	(174,406)	-	(184,241)	(92,505)	(276,746)
Share of exchange differences on translation of foreign associates	-	-	-	-	-	-	-	-	1,828	-	1,828	738	2,566
Exchange differences on translation of foreign operations	-	(53)	-	-	-	-	-	-	(83,042)	-	(83,095)	(84,697)	(167,792)
Adjustments relating to disposal of a subsidiary	-	-	-	-	-	(1,608)	-	-	133	-	(1,475)	(765)	(2,240)
Total comprehensive income/(loss) for the period	-	(53)	-	-	-	(14,842)	-	2,397	(255,487)	(49,680)	(317,665)	(223,961)	(541,626)
Share of equity movements arising on equity transactions of joint ventures	-	1,425	-	-	-	-	-	615	19	27,983	30,042	15,587	45,629
Transfer of reserves upon disposal of a subsidiary	-	-	-	(11,752)	(1,470)	-	(20,153)	-	-	33,375	-	-	-
2014/2015 final dividend declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	(49,315)	(49,315)	-	(49,315)
Dividends and distribution declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(48,917)	(48,917)
At 30th September, 2015	986,598	2,316	1,709,202	-	-	243,215	-	7,318	(58,235)	6,070,472	8,960,886	5,253,790	14,214,676
At 1st April, 2014	986,598	1,082	1,709,202	5,170	1,470	238,506	20,153	(1,819)	681,064	4,989,735	8,631,161	6,851,092	15,482,253
Loss for the period	-	-	-	-	-	-	-	-	-	(104,578)	(104,578)	(13,750)	(118,328)
Other comprehensive income/(loss) for the period:													
Available-for-sale financial assets:													
Changes in fair value	-	-	-	-	-	527	-	-	-	-	527	230	757
Adjustments for disposal	-	-	-	-	-	2	-	-	-	-	2	2	4
Income tax effect	-	-	-	-	-	208	-	-	-	-	208	163	371
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(2,852)	-	(759)	(42,840)	-	(46,451)	(36,525)	(82,976)
Exchange differences on translation of foreign operations	-	(8)	-	-	-	-	-	-	(6,867)	-	(6,875)	(13,352)	(20,227)
Adjustments relating to disposal of subsidiaries	-	-	-	-	-	-	-	-	(975)	-	(975)	(1,725)	(2,700)
Total comprehensive loss for the period	-	(8)	-	-	-	(2,115)	-	(759)	(50,682)	(104,578)	(158,142)	(64,957)	(223,099)
Change in non-controlling interests without change in control (Note 19)	-	-	-	-	-	-	-	-	-	623,922	623,922	(993,249)	(369,327)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	-	-	-	930	930	727	1,657
Transfer of reserve	-	-	-	1,051	-	-	-	-	-	(1,051)	-	-	-
2013/2014 final dividend declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	(49,315)	(49,315)	-	(49,315)
Dividends and distribution, declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(41,254)	(41,254)
At 30th September, 2014	986,598	1,074	1,709,202	6,221	1,470	236,391	20,153	(2,578)	630,382	5,459,643	9,048,556	5,752,359	14,800,915

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2015

	Note	Unaudited	
		six months ended 30th September, 2015 HK\$'000	2014 HK\$'000
Net cash flows used in operating activities		(190,765)	(550,910)
Cash flows from investing activities			
Payments to acquire available-for sale financial assets		(133,749)	(15,084)
Investments in joint ventures		(1,000,482)	(38,606)
Disposal of subsidiaries, net of cash and cash equivalent disposed of	18	109,079	288,296
Advance from other investors of a joint venture		270,630	–
Deposit received for disposal of subsidiaries		–	639,150
Other cash flows arising from investing activities		13,716	11,985
Net cash flows from/(used in) investing activities		(740,806)	885,741
Cash flows from financing activities			
Drawdown of bank loans		246,950	1,268,868
Repayment of bank loans		(776,022)	(796,624)
Acquisition of non-controlling interests		–	(369,327)
Other cash flows arising from financing activities		2,042	(60,405)
Net cash flows from/(used in) financing activities		(527,030)	42,512
Net increase/(decrease) in cash and cash equivalents		(1,458,601)	377,343
Cash and cash equivalents at beginning of period		4,444,370	3,176,597
Exchange realignments		(58,356)	(2,542)
Cash and cash equivalents at end of period		2,927,413	3,551,398
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		2,927,413	4,352,570
Treasury bills		–	48,500
Time deposits with original maturity of more than three months		–	(849,672)
		2,927,413	3,551,398

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31st March, 2015, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) as disclosed in Note 2 to the interim financial statements.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31st March, 2015.

The financial information relating to the year ended 31st March, 2015 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st March, 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new and revised HKFRSs for the first time for the current period’s financial statements:

Amendments to HKAS 19 <i>Annual Improvements 2010–2012 Cycle</i>	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs
	Amendments to a number of HKFRSs

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

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments as follows:

- (a) the property investment segment includes letting and resale of properties;
- (b) the property development segment includes development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes dealings in securities and financial assets available-for-sale;
- (e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (f) the banking business segment engages in the provision of commercial and retail banking services;
- (g) the food businesses segment mainly includes distribution of consumer food and non-food products, food manufacturing and retailing, the management of restaurants and food court operations;
- (h) the mineral exploration and extraction segment includes mineral exploration, extraction and processing; and
- (i) the "other" segment comprises principally the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services.

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

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

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued) Six months ended 30th September, 2015

	Property investment	Property development	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Food businesses	Mineral exploration and extraction	Other	Inter-segment elimination	Consolidated
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Revenue											
External	25,660	1,172,634	19,073	19,125	10,294	8,062	1,247,116	-	17,882	-	2,519,846
Inter-segment	5,931	-	-	-	162	-	-	-	750	(6,843)	-
Total	31,591	1,172,634	19,073	19,125	10,456	8,062	1,247,116	-	18,632	(6,843)	2,519,846
Segment results	24,295	289,320	18,991	(176,303)	(3,495)	213,697	(111,574)	(7,445)	1,765	(464)	248,787
		(Note (a))		(Note (b))		(Note (c))	(Note (d))				
Unallocated corporate expenses											(122,113)
Finance costs											(21,108)
Share of results of associates	-	(16,781)	-	-	-	-	-	(1,570)	486	-	(17,865)
Share of results of joint ventures	(120,241)	40	-	-	-	331	2,615	-	-	-	(117,255)
Loss before tax											(29,554)
Other segment information:											
Capital expenditure (Note (e))	8	-	-	-	12	999	28,608	423	39	-	30,089
Depreciation	(2,965)	(313)	-	-	(561)	(504)	(39,577)	(59)	(345)	-	(44,324)
Amortisation of intangible assets	-	-	-	-	-	-	(7,940)	-	-	-	(7,940)
Interest income	-	-	19,073	4,106	-	6,791	108	-	6,145	-	36,223
Finance costs	-	-	-	-	(26)	-	(885)	-	-	-	(911)
Gain on disposal of:											
Subsidiaries	-	-	-	-	-	211,655	-	-	-	-	211,655
Available-for-sale financial assets	-	-	-	1,872	-	-	-	-	-	-	1,872
Write-back of provision/(Provisions) for impairment losses on:											
Intangible assets	-	-	-	-	-	-	(113,434)	-	-	-	(113,434)
An associate	-	-	-	-	-	-	(1,548)	-	-	-	(1,548)
A joint venture	-	1,250	-	-	-	-	-	-	-	-	1,250
Properties under development	-	(60,428)	-	-	-	-	-	-	-	-	(60,428)
Inventories	-	-	-	-	-	-	(9,772)	-	-	-	(9,772)
Bad and doubtful debts	-	-	-	-	-	(779)	(664)	-	-	-	(1,443)
Fixed assets written off	-	-	-	-	-	-	(11,117)	-	-	-	(11,117)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	(186,232)	-	1,021	(2,309)	-	-	-	(187,520)
Net fair value gain on investment properties	1,745	-	-	-	-	-	-	-	-	-	1,745
Unallocated:											
Capital expenditure (Note (e))											23
Depreciation											(4,199)
Finance costs											(21,108)

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30th September, 2014

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Corporate finance and securities broking HK\$'000	Banking business HK\$'000	Food businesses HK\$'000	Mineral exploration and extraction HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue											
External	28,675	58,758	36,736	10,970	10,149	11,479	1,330,230	-	12,424	-	1,499,421
Inter-segment	7,207	-	-	-	652	-	-	-	950	(8,809)	-
Total	35,882	58,758	36,736	10,970	10,801	11,479	1,330,230	-	13,374	(8,809)	1,499,421
Segment results	59,978	16,377	36,661	17,769	(6,791)	1,290	15,708	(5,643)	(1,497)	(306)	133,546
		(Note (a))		(Note (b))		(Note (c))	(Note (d))				
Unallocated corporate expenses											(123,328)
Finance costs											(16,336)
Share of results of associates	-	7,507	-	-	-	-	(19)	-	1,338	-	8,826
Share of results of joint ventures	(80,307)	(56)	-	-	-	-	2,304	-	(289)	-	(78,348)
Loss before tax											(75,640)
Other segment information:											
Capital expenditure (Note (e))	802	280	-	-	1,840	401	50,215	1,898	19	-	55,455
Depreciation	(669)	(493)	-	-	(473)	(735)	(40,577)	(76)	(189)	-	(43,212)
Amortisation of intangible assets	-	-	-	-	-	-	(8,672)	-	-	-	(8,672)
Interest income	-	-	36,736	3,041	-	9,338	62	-	3,328	-	52,505
Finance costs	-	-	-	-	(1)	-	(1,140)	-	-	-	(1,141)
Gain/(Loss) on disposal of:											
Subsidiaries	(375)	-	-	-	-	-	10,740	-	1,589	-	11,954
Available-for-sales financial assets	-	-	-	(7)	-	-	-	-	-	-	(7)
Write-back of provision/(Provisions) for impairment losses on:											
Exploration and evaluation assets	-	-	-	-	-	-	-	(969)	-	-	(969)
Available-for-sale financial assets	-	-	-	863	-	-	-	-	-	-	863
Inventories	-	-	-	-	-	-	(7,086)	-	-	-	(7,086)
Bad and doubtful debts	-	-	-	-	767	(222)	(1,072)	-	(2,572)	-	(3,099)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	14,263	-	-	(688)	-	-	-	13,575
Net fair value gain on investment properties	37,956	-	-	-	-	-	-	-	-	-	37,956
Unallocated:											
Capital expenditure (Note (e))											56,862
Depreciation											(1,922)
Finance costs											(16,336)

Note:

- The amount included provision for impairment losses on properties under development of HK\$60,428,000 (2014 — Nil).
- The amount included net fair value loss on financial instruments at fair value through profit or loss of HK\$186,232,000 (2014 — gain of HK\$14,263,000).
- The amount included gain on disposal of a subsidiary of HK\$211,655,000 (2014 — Nil).
- The amount included provision for impairment losses on intangible assets of HK\$113,434,000 (2014 — Nil).
- Capital expenditure includes additions to fixed assets, investment properties, intangible assets and exploration and evaluation assets.

4. 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 underwriting and securities broking, gross interest income, commissions, dealing income and other revenue from a banking subsidiary, income from sales of goods and food and beverage, fees charged to food court tenants, gross income from property and project management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

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

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Property investment	25,660	28,675
Property development (Note)	1,172,634	58,758
Treasury investment	19,181	36,798
Securities investment	20,322	11,633
Corporate finance and securities broking	10,294	10,149
Banking business	8,062	11,479
Sales of goods	837,909	897,052
Sales of food and beverage	325,970	354,960
Fees charged to food court tenants	69,927	68,760
Other	29,887	21,157
	2,519,846	1,499,421

Note: The revenue for the six months ended 30th September, 2015 mainly represented proceeds from sales of properties of the property development project in Macau which was completed during the period (2014 — proceeds from sales of properties of the property development project in Beijing).

Notes to the Interim Financial Statements (Continued)

5. LOSS BEFORE TAX

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

	Six months ended 30th September,	
	2015 HK\$'000	2014 HK\$'000
Cost of sales:		
Cost of properties sold (Note)	(804,446)	(29,574)
Cost of inventories sold	(629,179)	(690,712)
Other	(79,346)	(87,622)
	(1,512,971)	(807,908)
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	(100,256)	15,053
Debt securities	(107)	–
Investment funds	(90,450)	(611)
	(190,813)	14,442
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	536	(867)
Derivative financial instruments	2,757	–
	(187,520)	13,575
Interest income:		
Financial assets at fair value through profit or loss	2,185	–
Available-for-sale financial assets	1,921	3,041
Loans and advances	6,145	3,328
Banking business	6,791	9,338
Other	19,181	36,798
Dividend income	16,216	7,510
Gain/(Loss) on disposal of available-for-sale financial assets	1,872	(7)
Write-back of provision/(Provisions) for impairment losses on:		
Exploration and evaluation assets	–	(969)
An associate	(1,548)	–
A joint venture	1,250	–
Available-for-sale financial assets	–	863
Inventories	(9,772)	(7,086)
Bad and doubtful debts	(1,443)	(3,099)
Interest expense attributable to the banking business	(1,928)	(2,400)
Fixed assets written off	(11,117)	–
Depreciation	(48,523)	(45,134)
Amortisation of intangible assets	(7,940)	(8,672)
Foreign exchange losses — net	(55,197)	(1,457)

Note: The amount for the six months ended 30th September, 2015 mainly represented cost of properties sold of the property development project in Macau which was completed during the period (2014 — cost of properties sold of the property development project in Beijing).

6. PROVISION FOR IMPAIRMENT LOSSES ON INTANGIBLE ASSETS

The amount mainly represented the provisions for impairment losses on goodwill and trademark licence agreement relating to the food businesses segment as a result from the businesses and operations review exercise to rationalise and streamline its non-performing business and investments.

7. PROVISION FOR IMPAIRMENT LOSSES ON PROPERTIES UNDER DEVELOPMENT

In November 2015, the Group entered into a conditional agreement for the disposal of its entire interest in Bestbeat Limited (“Bestbeat”) for a consideration of approximately HK\$277,938,000 (the “Bestbeat Disposal”) which will be settled by the allotment and issue of 646,366,795 new shares in Gemdale Properties and Investment Corporation Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited, at an issue price of HK\$0.43 per share (the “Consideration Shares”). 力寶置業(江蘇)有限公司 (Lippo Realty (Jiangsu) Limited), an indirect wholly-owned subsidiary of Bestbeat, has been granted the land use rights of a piece of land located in Huai’an City, Jiangsu Province, the People’s Republic of China with a site area of approximately 41,000 square metres. By reference to the value of the Consideration Shares, the Group recorded a provision for impairment loss on properties under development of HK\$60,428,000 during the six months ended 30th September, 2015 (2014 — Nil).

8. SHARE OF RESULTS OF JOINT VENTURES/INTERESTS IN JOINT VENTURES

Interests in joint ventures mainly included the Group’s interest in Lippo ASM Asia Property Limited (“LAAPL”). LAAPL is a joint venture set up to hold the controlling stake in OUE Limited (“OUE”), a listed company in Singapore. OUE focuses its business across commercial, hospitality, retail and residential property segments.

For the six months ended 30th September, 2015, the Group’s share of loss in LAAPL amounted to approximately HK\$124,884,000 (2014 — HK\$78,625,000). The increase in share of loss was mainly attributable to the net fair value loss on investments designated at fair value through profit or loss. As at 30th September, 2015, the Group’s interest in LAAPL was approximately HK\$8,369,988,000 (31st March, 2015 — HK\$7,740,818,000). Certain bank facilities under LAAPL were secured by certain listed shares held under it.

9. INCOME TAX

	Six months ended 30th September,	
	2015 HK\$’000	2014 HK\$’000
Hong Kong:		
Charge for the period	2,123	7,127
Deferred	(582)	(423)
	1,541	6,704
Overseas:		
Charge for the period	88,244	32,542
Underprovision/(Overprovision) in prior periods	1,164	(4,485)
Deferred	(24,512)	7,927
	64,896	35,984
Total charge for the period	66,437	42,688

Notes to the Interim Financial Statements (Continued)

9. INCOME TAX (Continued)

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 period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

10. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated based on (i) the consolidated loss for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (2014 — approximately 493,154,000 ordinary shares) in issue during the period.

(b) Diluted loss per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2015 and 2014.

11. INTERIM DIVIDEND

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Interim dividend, declared, of HK3 cents (2014 — HK3 cents) per ordinary share	14,795	14,795

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

12. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	30th September,	31st March,
	2015	2015
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Repayable on demand	8,089	10,293
Within 30 days	183,835	150,798
Between 31 and 60 days	91,912	111,699
Between 61 and 90 days	63,410	92,569
Between 91 and 180 days	18,988	26,312
Over 180 days	3,208	715
	369,442	392,386

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

13. BANK AND OTHER BORROWINGS

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Current portion:		
Bank loans:		
Secured (Note (a))	315,000	1,271,370
Unsecured	16,075	37,879
Obligations under finance leases (Note (b))	456	614
	331,531	1,309,863
Non-current portion:		
Secured bank loans (Note (a))	930,000	485,000
Obligations under finance leases (Note (b))	1,916	2,220
	931,916	487,220
	1,263,447	1,797,083
Bank and other borrowings by currency:		
Hong Kong dollar	1,245,000	1,752,583
Renminbi	–	3,787
Malaysian Ringgit	13,020	18,176
Singapore dollar	5,427	22,537
	1,263,447	1,797,083
Bank loans repayable:		
Within one year	331,075	1,309,249
In the second year	545,000	80,000
In the third to fifth years, inclusive	385,000	405,000
	1,261,075	1,794,249
Other borrowings repayable:		
Within one year	456	614
In the second year	456	473
In the third to fifth years, inclusive	1,362	1,415
After five years	98	332
	2,372	2,834

The Group's bank loans bear interest at floating rates ranging from 2.2 per cent. to 4.2 per cent. (31st March, 2015 — 2.2 per cent. to 7.1 per cent.) per annum.

Notes to the Interim Financial Statements (Continued)

13. BANK AND OTHER BORROWINGS (Continued)

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) shares in certain listed subsidiaries of the Group with market value of HK\$3,095,815,000 (31st March, 2015 — HK\$3,240,652,000);
 - (ii) first legal mortgages over certain investment properties and leasehold land and buildings of the Group with carrying amounts of HK\$985,000,000 (31st March, 2015 — HK\$979,750,000) and HK\$97,993,000 (31st March, 2015 — HK\$99,292,000), respectively; and
 - (iii) certain bank deposits of the Group with a carrying amount of HK\$1,775,000 (31st March, 2015 — HK\$72,201,000).

The bank loans as at 31st March, 2015 were also secured by first legal mortgages over certain properties under development of the Group with a carrying amount of HK\$1,025,480,000.

- (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. (31st March, 2015 — 2.5 per cent. to 3.8 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\$2,372,000 (31st March, 2015 — HK\$2,834,000).

14. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised of sale proceeds received from the property development project in Macau, which was completed during the period of HK\$6,923,000 (31st March, 2015 — HK\$426,706,000) and trade creditors relating to food businesses, securities broking operation and property development projects.

An aged analysis of trade creditors, based on the invoice date, are as follows:

	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Outstanding balances with ages:		
Repayable on demand	318,194	308,577
Within 30 days	189,703	199,813
Between 31 and 60 days	22,761	22,739
Between 61 and 90 days	3,566	1,741
Between 91 and 180 days	3,504	11,838
Over 180 days	9,385	3,307
	547,113	548,015

14. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED (Continued)

The outstanding trade creditors included payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK\$355,734,000 (31st March, 2015 — HK\$333,434,000). As at 30th September, 2015, total client trust bank balances amounted to HK\$340,605,000 (31st March, 2015 — HK\$324,982,000).

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

15. SHARE CAPITAL

	30th September, 2015	31st March, 2015
	HK\$'000	HK\$'000
Issued and fully paid:		
493,154,032 (31st March, 2015 — 493,154,032) ordinary shares	986,598	986,598

16. SHARE OPTION SCHEMES

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

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

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

16. 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 43,373,501 shares (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1 per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); (ii) the average closing price of the shares of the Company for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

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

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

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

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

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

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

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

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

16. SHARE OPTION SCHEMES (Continued)

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

Terminated Incentive Stock Option Plan of Asia Now Resources Corp.

An incentive stock option plan of Asia Now Resources Corp. (in receivership) ("Asia Now"), a 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 in February 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 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.

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 ("TSXVE") 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, 2015, there were 350,000 outstanding options granted under the Terminated ANR Stock Option Plan (the "ANR Options") to subscribe for a total of 350,000 ANR Shares, which have an exercise price of \$0.30 Canadian dollar ("C\$") per share (subject to adjustment) and are subject to the Vesting Period. As at 1st April, 2015, all the above ANR Options were vested.

16. SHARE OPTION SCHEMES (Continued)(d) *Share Option Schemes of Asia Now Resources Corp. (Continued)***Terminated Incentive Stock Option Plan of Asia Now Resources Corp.** (Continued)

During the period, details of 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, 2015 and 30th September, 2015
Eligible persons	17th February, 2011	17th February, 2016	0.30	350,000
Weighted average exercise price per ANR Share (C\$)				0.30

Following the termination of the option plan, no new option will be granted under the Terminated ANR Stock Option Plan. No option of Asia Now was granted, exercised, cancelled or lapsed under the Terminated ANR Stock Option Plan during the period.

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, LCR and the Company, 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.

16. SHARE OPTION SCHEMES (Continued)

(d) *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 TSXVE or the Toronto Stock Exchange, as applicable, being the stock exchange on which the ANR Shares are primarily listed (the "Toronto Stock Exchange"); (ii) the average closing price of the ANR Shares for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheet of the Toronto Stock Exchange; and (iii) the floor price which means the last closing price of the ANR Shares on the Toronto Stock Exchange before the date the option is granted less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of C\$0.05):

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

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

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

Following the entering of the receivership, in September 2015, the listing of Asia Now was transferred from TSXVE to NEX, a separate board of TSXVE which provides a trading forum for listed companies in Canada that have fallen below TSXVE's ongoing financial listing standards. Shares of Asia Now have been suspended from trading.

17. RESERVES

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

Note:

(a) *Special capital reserve*

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

(b) *Legal reserve*

The legal reserve represents the part of reserve generated by The Macau Chinese Bank Limited ("MCB") which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which MCB operates.

(c) *Regulatory reserve*

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

(d) *Hedging reserve*

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

18. DISPOSAL OF SUBSIDIARIES

In July 2015, the Group completed the disposal of an aggregate of 49 per cent. equity interest in The Macau Chinese Bank Limited (“MCB”), a licensed bank in Macau Special Administrative Region of the People’s Republic of China, to 南粵(集團)有限公司 (Nam Yue (Group) Company Limited) (“Nam Yue”) and Mr. Yang Jun (together, the “Purchasers”) for an aggregate consideration of MOP441,000,000 (equivalent to approximately HK\$427,770,000) (the “First Disposal”), resulting in a gain on disposal of HK\$211,655,000. Upon completion of the First Disposal, the Group owned 51 per cent. of the issued share capital of MCB and entered into a shareholders’ agreement with the Purchasers and MCB (the “Shareholders’ Agreement”) to, among other things, regulate the relationship among shareholders of MCB. As a result of the composition of the board of directors, MCB is accounted for as a joint venture of the Group and its results, assets and liabilities ceased to be consolidated in the financial statements of the Group.

As provided in the Shareholders’ Agreement, in the event of the Group holding 20 per cent. or less of the issued share capital of MCB, the Group will be entitled to a put option to require Nam Yue to purchase all the remaining shares in MCB held by the Group (the “Put Option”). The Put Option is exercisable at any time during a period of 5 years from the date when the Group’s shareholding interest in MCB becomes 20 per cent. or less. The right to exercise the Put Option survives any termination or expiry of the Shareholders’ Agreement. The fair value of the Put Option was included in “Other financial asset” of the consolidated statement of financial position.

Besides, on completion of the First Disposal, the Group entered into a loan agreement (the “Loan Agreement”) pursuant to which an unsecured loan of an aggregate amount of MOP279,000,000 (equivalent to approximately HK\$270,630,000) for 10 years was advanced to the Group by Nam Yue and Mr. Wong Garrick Jorge Kar Ho (“Mr. Wong”) (the “Unsecured Loan”). The Group may at its sole discretion (i) repay the loan in cash; or (ii) set off the loan amount by way of transferring 31 per cent. equity interest in MCB to Nam Yue and Mr. Wong. The Unsecured Loan was included in “Other financial liability” of the consolidated statement of financial position.

In October 2015, the Group entered into sale and purchase agreements for the disposal of a further 31 per cent. equity interest in MCB to Nam Yue and Mr. Wong (the “Second Disposal Agreements”) at an aggregate consideration of MOP279,000,000 (equivalent to approximately HK\$270,630,000) (the “Second Disposal”). The Second Disposal is subject to the approval of The Monetary Authority of Macau. Upon completion of the Second Disposal, the Group will own 20 per cent. of the issued share capital of MCB.

Upon signing of the Second Disposal Agreements, Nam Yue and Mr. Wong had fully paid the aggregate consideration as non-refundable deposit, by the set-off of the outstanding loan amount under the Loan Agreement. The Loan Agreement was terminated in accordance with its terms upon signing of the Second Disposal Agreements and the set-off of the non-refundable deposit.

Notes to the Interim Financial Statements (Continued)

18. DISPOSAL OF SUBSIDIARIES (Continued)

The following table summarises the consideration received and the amounts of net assets disposed of:

	Six months ended 30th September,	
	2015 HK\$'000	2014 HK\$'000
Net assets disposed of:		
Goodwill	71,485	–
Fixed assets	10,994	272
Investment properties	121,250	284,000
Available-for-sale financial assets	84,355	–
Loans and advances	363,609	–
Debtors, prepayments and deposits	13,586	293
Cash and bank balances	279,634	733
Treasury bills	38,800	–
Other payables, accruals and deposits received	(5,847)	(3,098)
Current, fixed, savings and other deposits of customers	(501,532)	–
Tax payable	(227)	(3)
Deferred tax liabilities	(13,456)	(1,524)
	462,651	280,673
Release of cumulative exchange differences on translation of foreign operations	202	(2,700)
Release of cumulative changes in fair value of available-for-sale financial assets, net of income tax effect	(2,442)	–
	(2,240)	(2,700)
Gain on disposal	460,411	277,973
	211,655	11,954
	672,066	289,927
Satisfied by:		
Cash consideration received	427,513	289,029
Increase in interests in a joint venture (Note)	231,170	–
Other financial asset	13,383	–
Other receivable	–	898
	672,066	289,927

Note: The Group has engaged an external valuer to perform fair value assessment on the net assets acquired. As at 30th September, 2015, the initial accounting for interests in joint venture has not been completed.

Notes to the Interim Financial Statements (Continued)

18. DISPOSAL OF SUBSIDIARIES (Continued)

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

	Six months ended 30th September,	
	2015	2014
	HK\$'000	HK\$'000
Cash consideration received	427,513	289,029
Cash and bank balances disposed of	(279,634)	(733)
Treasury bills disposed of	(38,800)	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	109,079	288,296

19. CHANGES IN NON-CONTROLLING INTERESTS WITHOUT CHANGE IN CONTROL

During the six months ended 30th September, 2015, there were no changes in ownership interests without change in control.

Major changes in non-controlling interests during the six months ended 30th September, 2014:

In August 2014, Hennessy Holdings Limited, a wholly-owned subsidiary of the Company, acquired an aggregate of 194,190,000 shares in HKC from third party vendors at an aggregate consideration of HK\$368,961,000. As a result, the Group's effective ownership in HKC increased from approximately 56.12 per cent. as at 31st March, 2014 to approximately 65.84 per cent. as at 30th September, 2014. The Group recognised a decrease in non-controlling interests of HK\$992,488,000 and an increase in retained profits of HK\$623,527,000.

20. CONTINGENT LIABILITIES

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

(a) *Bankers' guarantee*

	30th September,	31st March,
	2015	2015
	HK\$'000	HK\$'000
Secured bankers' guarantee (Note (i))	30,229	35,490
Unsecured bankers' guarantee (Note (ii))	10,024	5,702
	40,253	41,192

Note:

- (i) The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used in the food businesses segment. As at 30th September, 2015, fixed deposits of approximately HK\$15,771,000 (31st March, 2015 — HK\$20,598,000) were pledged to banks as security for bankers' guarantees issued.
- (ii) The Group had bankers' guarantees issued to suppliers in the ordinary course of business and in lieu of rental and utility deposits for the premises used in the food businesses segment.

Notes to the Interim Financial Statements (Continued)

20. CONTINGENT LIABILITIES (Continued)

(b) Details of the Group's off-balance sheet exposures relating to MCB

	30th September, 2015	31st March, 2015
	HK\$'000	HK\$'000
Guarantees and other endorsements	–	34,273
Liabilities under letters of credit on behalf of customers	–	1,974
	–	36,247

(c) Guarantee to a joint venture

As at 30th September, 2015, the Group provided a guarantee of up to a maximum US\$84 million (31st March, 2015 — US\$84 million) to a joint venture, guaranteeing its payment obligations to its trade creditors.

21. COMMITMENTS

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

	30th September, 2015	31st March, 2015
	HK\$'000	HK\$'000
Commitments in respect of properties, plant and equipment and properties under development:		
Contracted, but not provided for	132,939	187,111
Other commitments:		
Contracted, but not provided for (Note)	291,189	370,639
	424,128	557,750

Note: The balance mainly included commitments in relation to investments of an integrated resort project of approximately HK\$243 million (31st March, 2015 — HK\$277 million).

22. RELATED PARTY TRANSACTIONS

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

- (a) During the period, the Group paid rental expenses (including service charges) of HK\$3,828,000 (2014 — HK\$4,280,000) to certain joint ventures of the Group. The rentals were determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group sold food and beverage products of HK\$771,000 (2014 — HK\$750,000) to certain joint ventures of the Group. The sales were made on normal commercial terms in line with, and with reference to, the industry practice.
- (c) During the period, the Group generated sales of HK\$7,853,000 (2014 — HK\$8,096,000) from a joint venture of the Group. 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.
- (d) During the period, the Group received project management income of HK\$1,385,000 (2014 — Nil) and interest income of HK\$5,664,000 (2014 — HK\$3,030,000) from certain joint ventures of the Group.
- (e) As at 30th September, 2015, the Group had amounts due from associates of HK\$139,677,000 (31st March, 2015 — HK\$144,406,000). The balances with the associates included a loan of HK\$36,473,000 (31st March, 2015 — HK\$36,495,000), which bears interest at 8.5 per cent. per annum and is repayable on demand. The remaining balances with the associates are unsecured, interest-free and have no fixed terms of repayment.
- (f) As at 30th September, 2015, the Group had trade receivables due from joint ventures of HK\$3,641,000 (31st March, 2015 — HK\$5,382,000) and amounts due from joint ventures of HK\$975,715,000 (31st March, 2015 — HK\$145,330,000), respectively.

The trade receivables due from joint ventures arose from sales made to and management services provided to certain joint ventures of the Group, and are unsecured, non-interest-bearing and repayable within normal trade credit terms and is to be settled in cash. The amounts due from joint ventures include a balance of HK\$531,577,000, which is unsecured, bears interest at 6.5 per cent. per annum and is repayable in 2017 (31st March, 2015 — HK\$58,112,000, which was unsecured, bore interest at 9.5 per cent. per annum and was repayable in 2015). The amounts due from the joint ventures also included another loan of HK\$37,990,000 (31st March, 2015 — Nil), which is unsecured, bears interest at 6.5 per cent. per annum and is repayable on demand. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment.

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000	30th September, 2015 HK\$'000	31st March, 2015 HK\$'000
Financial assets				
Available-for-sale financial assets	37,986	105,751	37,986	105,751
Financial assets at fair value through profit or loss	961,056	513,261	961,056	513,261
Other financial assets	14,591	169	14,591	169
	1,013,633	619,181	1,013,633	619,181
Financial liabilities				
Other financial liabilities	277,771	4,522	161,348	4,522

Management has assessed that the fair values of cash and bank balances, treasury bills, restricted cash, client trust bank balances, financial assets included in debtors, prepayments and deposits, loans and advances, financial liabilities included in creditors, accruals and deposits received and current, fixed, savings and other deposits of customers 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.

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.

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.

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

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

The fair values of listed equity investments, debt securities, investment funds 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 and price of recent transactions. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.

The fair value of forward currency contracts is based on broker quote using forward exchange rates that are quoted in an active market.

The fair value of financial liabilities at fair value through profit or loss designated as such upon initial recognition in 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.

The fair values of the Put Option and the Unsecured Loan are determined by Monte-Carlo simulation, which is the capitalisation of discounted cash flows generated by possible share price paths simulated by the model.

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

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Available-for-sale investment funds	Discounted cash flow method	Discount rate	8 per cent. to 21 per cent. (31st March, 2015 — 8 per cent. to 21 per cent.)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value
Investment funds at fair value through profit or loss	Discounted cash flow method	Discount rate	5 per cent. (31st March, 2015 — 5 per cent.)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value
Other financial asset: Put Option	Monte-Carlo simulation method	Discount rate	1 per cent. (31st March, 2015 — N/A)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value
Other financial liability: Unsecured Loan	Monte-Carlo simulation method	Discount rate	6 per cent. (31st March, 2015 — N/A)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)*Fair value hierarchy*

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

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30th September, 2015				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	53	–	–	53
Investment funds	–	–	37,933	37,933
Financial assets at fair value through profit or loss:				
Equity securities	421,044	–	–	421,044
Debt securities	263,560	–	–	263,560
Investment funds	261,880	4,784	9,788	276,452
Other financial assets:				
Derivative financial instruments	–	187	14,404	14,591
	946,537	4,971	62,125	1,013,633
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	3,986	–	3,986
Derivative financial instruments	1,454	1,701	–	3,155
Unsecured Loan	–	–	154,207	154,207
	1,454	5,687	154,207	161,348

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)*Fair value hierarchy (Continued)*

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 31st March, 2015				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	55	–	–	55
Debt securities	86,068	–	–	86,068
Investment funds	2,605	–	17,023	19,628
Financial assets at fair value through profit or loss:				
Equity securities	494,778	–	–	494,778
Investment funds	–	5,985	12,498	18,483
Other financial assets:				
Derivative financial instruments	–	169	–	169
	583,506	6,154	29,521	619,181
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	4,522	–	4,522

Notes to the Interim Financial Statements (Continued)

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

Fair value hierarchy (Continued)

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

	Available- for-sale investment funds HK\$'000	Investment funds at fair value through profit or loss HK\$'000	Other financial asset HK\$'000	Other financial liability HK\$'000
Six months ended 30th September, 2015				
At 1st April, 2015	17,023	12,498	–	–
Total gains/(losses) recognised in the statement of profit or loss	–	(884)	1,021	–
Total losses recognised in other comprehensive income	(1,615)	–	–	–
Additions	22,635	–	13,383	(270,630)
Disposals	(108)	(1,819)	–	–
Deferred differences of fair value change (Note)	–	–	–	116,423
Exchange adjustments	(2)	(7)	–	–
At 30th September, 2015	37,933	9,788	14,404	(154,207)
Six months ended 30th September, 2014				
At 1st April, 2014	10,768	18,903	–	–
Total gains recognised in the statement of profit or loss	–	69	–	–
Total losses recognised in other comprehensive income	(476)	–	–	–
Addition	293	–	–	–
Disposals	–	(1,825)	–	–
Exchange adjustments	11	26	–	–
At 30th September, 2014	10,596	17,173	–	–

Note: The amount represented the difference between the fair value and the transaction price. The recognition of such difference is deferred to subsequent periods.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014 — Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

24. EVENTS AFTER THE REPORTING PERIOD

- (a) In August 2015, China Gold Pte. Ltd. ("China Gold"), a wholly-owned subsidiary of LCR and the immediate holding company of Asia Now, filed an application to the Ontario Superior Court of Justice (Commercial List), Canada (the "Court") for, among other things, an order to appoint Crowe Soberman Inc. ("Soberman") as the receiver over all of the assets, undertakings, and properties of Asia Now so as to enforce its security against Asia Now in relation to the secured debt owed by Asia Now to China Gold. The Court had subsequently approved Soberman as the court-approved receiver of Asia Now. Following the entering of the receivership, in September 2015, the listing of Asia Now was transferred from TSXVE to NEX, a separate board of TSXVE which provides a trading forum for listed companies in Canada that have fallen below TSXVE's ongoing financial listing standards. Shares of Asia Now have been suspended from trading. In October 2015, China Gold delivered a binding letter of intent to Soberman to acquire all the assets (tangible and intangible) of Asia Now, including without limitation, all the issued and outstanding shares of Asia Now Resources Limited, a wholly-owned subsidiary of Asia Now, for a consideration of approximately C\$1,100,000 (subject to adjustments), representing the outstanding amount of Asia Now's secured debt owed to China Gold (the "Proposed Transaction"). The Proposed Transaction is subject to the satisfaction of a number of conditions.

- (b) The Bestbeat Disposal, details of which were disclosed in Note 7 to the interim financial statements.

- (c) The Second Disposal, details of which were disclosed in Note 18 to the interim financial statements.

Supplementary Financial Information

Disclosure Pursuant to Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30th September, 2015 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	<i>HK\$'000</i>
Pro forma combined statement of financial position	
Intangible assets	1,134,961
Deferred exploration and evaluation expenditure	143,687
Fixed assets	3,778,584
Investment properties	23,788,267
Interests in equity-accounted investees	5,049,550
Properties held for sale	6,515,467
Property under development	4,438,102
Available-for-sale financial assets	1,410,228
Financial assets at fair value through profit or loss	2,041,546
Loan and advances	351,591
Debtors, prepayments and deposits	527,550
Treasury bills	58,200
Cash and bank balances	3,623,796
Bank and other borrowings	(23,794,459)
Creditors, accruals and deposits received	(4,170,331)
Current, fixed savings and other deposits of customers	(515,675)
Tax payable	(127,514)
Shareholders' advance	(1,448,090)
Deferred tax liabilities	(528,878)
Other net assets	78,641
Non-controlling interests	(12,602,150)
	<hr/>
	9,753,073
	<hr/>
Group's attributable interest (Note)	9,198,510

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

Business Review and Prospects

Business Review

Overview

Stepping into the second quarter of 2015, financial market volatility around the world increased dramatically. The outlook of the global economy was clouded with considerable uncertainty which included low commodity prices, U.S. Federal Reserve's policy of "dragging its feet" on U.S. interest rate rise, economic outlook for mainland China as well as intensifying geopolitical tension in various regions. In addition, the instability in global stock markets adversely affected general economic conditions. Global economic performance in the second half of 2015 is weaker than expected in the first half of 2015. The sharp stock market correction in the PRC and other Asian countries in the earlier months dampened investor confidence in the region. The economic growth of the PRC continued to slow down, with a gross domestic product growth rate of 6.9 per cent. in the third quarter of 2015, the slowest since the global financial crisis in 2009. The slowdown in the economy of the PRC added concerns about the global economic outlook.

Results for the Period

The financial position of the Group remained strong. Hongkong Chinese Limited ("HKC", together with its subsidiaries, the "HKC Group"), a 65.8 per cent. listed subsidiary of the Company, recorded a consolidated profit attributable to shareholders of approximately HK\$348 million for the six months ended 30th September, 2015 (the "Period"), as compared to a consolidated loss of approximately HK\$50 million for the six months ended 30th September, 2014 (the "Last Period" or "2014"). Such profit was mainly attributable to recognition of profit from pre-sale upon completion of a property development project of the HKC Group and the disposal of equity interest in a subsidiary during the Period. Lippo China Resources Limited ("LCR", together with its subsidiaries, the "LCR Group"), a 71.2 per cent. listed subsidiary of the Company, recorded a consolidated loss attributable to shareholders of approximately HK\$314 million for the Period, as compared to a consolidated profit of approximately HK\$6 million for the Last Period. Such loss was mainly attributable to the net fair value loss on financial instruments at fair value through profit or loss and provisions for impairment losses on intangible assets and properties under development. Against this backdrop, the Group recorded a consolidated loss attributable to shareholders of approximately HK\$50 million for the Period, as compared to a consolidated loss of approximately HK\$105 million for the Last Period.

Revenue for the Period increased to HK\$2,520 million (2014 — HK\$1,499 million). Such increase was mainly attributable to the revenue from the completion of a property development project in Macau during the Period.

Property development

The Group participated in a number of well-located property development projects in mainland China, Macau and Singapore.

The segment recorded a revenue and net profit of HK\$1,173 million (2014 — HK\$59 million) and HK\$289 million (2014 — HK\$16 million), respectively for the Period, mainly from the completion of sale of properties of “M Residences”.

“M Residences” is a residential property development at 83 Estrada de Cacilhas, Macau, in which the HKC Group has 100 per cent. interest. “M Residences”, with a site area of approximately 3,398 square metres, has been developed into 311 residential units with a total saleable area of approximately 26,025 square metres. Occupation permit of “M Residences” was obtained in June 2015 and all the pre-sold residential units have been handed over to the buyers. As at 30th September, 2015, only 5 residential units and some carparks remained unsold.

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 property development projects.

In September 2015, the LCR Group entered into a conditional agreement for the disposal of its entire equity interest in 福建大地湄洲工業區開發有限公司 (Fujian Tati Meizhou Industrial Park Development Co., Ltd.) (“Fujian Tati”) for a consideration of approximately RMB235.8 million (subject to adjustments). The LCR Group also entered into an agreement to assign the debt due from Fujian Tati to the LCR Group in the amount of RMB131.6 million (the “Debt”) to the buyer of Fujian Tati at a consideration equal to the amount of the Debt. Subject to certain conditions being fulfilled, the above transaction is expected to be completed in the second half of the financial year ending 31st March, 2016 and will give rise to a non-recurring gain attributable to the Group of approximately HK\$320 million (subject to adjustment and audit, and before expenses and taxes) upon completion. The principal assets of Fujian Tati are the property interests situated at Shanting Township, Xiuyu District, Putian City, Fujian Province, the PRC, mainly comprising of land use rights over a total site area of approximately 1,292,400 square metres. The above disposal is a good opportunity for the LCR Group to realise its investments in Fujian Tati at a profit and furthermore, the above disposal will enable the LCR Group to free up capital for its operations and investment purposes when such opportunities arise.

In November 2015, the LCR Group entered into a conditional agreement for the disposal of its entire interest in Bestbeat Limited (“Bestbeat”) for a consideration of approximately HK\$277.9 million which will be settled by the allotment and issue of 646,366,795 new shares in Gemdale Properties and Investment Corporation Limited (“Gemdale”, together with its subsidiaries, the “Gemdale Group”) at an issue price of HK\$0.43 per share (the “Consideration Shares”). 力寶置業(江蘇)有限公司 (Lippo Realty (Jiangsu) Limited), a wholly-owned subsidiary of Bestbeat, has been granted the land use rights of a piece of land located in Huai’an City, Jiangsu Province, the PRC with a site area of approximately 41,000 square metres. By reference to the value of the Consideration Shares, the Group recorded a provision for impairment loss on properties under development of approximately HK\$60 million during the Period (2014 — Nil). The above disposal would provide a good chance for the LCR Group to realise its direct investment in the property development project in Huai’an City of the PRC in return for some more liquid Consideration Shares. The investment in Consideration Shares would enable the LCR Group to invest in a more diversified portfolio of property related investments through the Gemdale Group which includes property development projects and property leasing business in various cities of the PRC. Gemdale is company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Construction work planning for the development project located in China Medical City (中國醫藥城), Taizhou City, Jiangsu Province, the PRC (the “Taizhou Project”) was completed. The Taizhou Project, with a site area of approximately 81,000 square metres and a total gross floor area of approximately 220,000 square metres, is a residential development comprising townhouses and residential apartments. In view of the poor market conditions in the region, the LCR Group intends to slow down the development of the Taizhou Project.

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

Property investment

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

As a result of various disposals completed during the previous financial year, total segment revenue from the property investment business for the Period decreased to HK\$32 million (2014 — HK\$36 million). Coupled with the decrease in net fair value gain on investment properties for the Period, the segment profit decreased to HK\$24 million for the Period (2014 — HK\$60 million) before accounting for the results from the Group's joint ventures.

Lippo ASM Asia Property Limited ("LAAPL"), a principal joint venture of HKC, is the vehicle holding the controlling stake of OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a listed company in Singapore principally engaged in property investment and development and hotel operation. The OUE Group has substantial and stable recurrent income stream from its high quality properties. The OUE Group remains focused on its asset enhancement initiatives at OUE Downtown in Singapore and U.S. Bank Tower in California, U.S. As at 30th September, 2015, LAAPL had an aggregate equity interest of approximately 68.52 per cent. in OUE.

OUE Hospitality Trust ("OUE H-Trust"), a real estate investment trust established by OUE in 2013, is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Its portfolio includes Mandarin Orchard Singapore, Mandarin Gallery and Crowne Plaza Changi Airport Hotel in Singapore. As at 30th September, 2015, LAAPL and its subsidiaries held approximately 42.7 per cent. of the total number of stapled securities units of OUE H-Trust in issue and to be issued.

OUE Commercial Real Estate Investment Trust ("OUE C-REIT") was established by OUE in early 2014 and is listed on the Main Board of the SGX-ST. Its property portfolio includes OUE Bayfront and One Raffles Place in Singapore as well as the properties at Lippo Plaza in Shanghai. The occupancy rate of its property portfolio is high. The acquisition of an indirect interest in One Raffles Place was completed in October 2015. As at 30th September, 2015, the OUE Group held approximately 48.4 per cent. of the total number of OUE C-REIT units in issue and to be issued.

In May 2015, the HKC Group advanced a loan of S\$54 million to a subsidiary of LAAPL (the "LAAPL Subsidiary") and made equity subscription in LAAPL in proportion to its existing interest in LAAPL for a consideration of S\$23 million. The proceeds were applied to repay part of the indebtedness under LAAPL and for working capital purposes. In August 2015, the HKC Group further advanced a loan of S\$100 million to the LAAPL Subsidiary which was mainly utilised to repay part of the indebtedness under LAAPL. The Group recorded a share of loss of HK\$125 million from the investment in LAAPL for the Period (2014 — HK\$79 million). The increase of share of loss was mainly attributable to the net fair value loss on investments designated at fair value through profit or loss. Besides, affected by the depreciation of the Singapore dollar during the Period, the HKC Group shared a decrease in exchange reserves on translation of LAAPL's investment of HK\$256 million (2014 — HK\$77 million) during the Period. The total interests in LAAPL increased from HK\$7.7 billion as at 31st March, 2015 to HK\$8.4 billion as at 30th September, 2015.

The Group together with other joint venture partners (the "Consortium"), namely OUE and Caesars Entertainment Corporation ("Caesars"), a company listed on the NASDAQ Stock Market, planned to design, develop, construct and own an integrated resort located in Incheon, Korea which will include, inter alia, hotels and service apartments (the "IR Project"). The joint venture entity is intended to be owned by the Group as to 20 per cent, as to 40 per cent. by OUE and as to 40 per cent. by Caesars. Discussions and planning in respect of the IR Project are in progress. The IR Project is subject to the satisfaction of a number of conditions, including without limitation, the completion of the conditional land sale and purchase agreement entered into by the Consortium in December 2014 in respect of the acquisition of certain land lots within the MIDAN City, Incheon, Korea for the IR Project and the parties' entry into definitive transaction documentation for the IR Project on mutually agreeable terms. As at the date of this report, no definitive transaction documentation for the IR Project has been entered into by the Consortium.

Food businesses

The Group's food businesses are mainly managed and 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 SGX-ST and the LCR Group is interested in approximately 49.3 per cent. of its issued share capital.

The APG Group continued its businesses and operations review exercise to rationalise and streamline its non-performing business and investments with the objective of building sustainable growth in revenue and profits. This resulted in some exceptional items being undertaken during the Period. The segment recorded a loss of HK\$112 million for the Period (2014 — profit of HK\$16 million). The loss for the Period was mainly attributable to the impairment of intangible assets of HK\$113 million, the impairment of the carrying amounts in an associated company of HK\$2 million and the provision of costs attributable to the closure of non-performing retail outlets of HK\$17 million. Excluding these exceptional items, the APG Group achieved an operating profit of HK\$20 million for the Period, an improvement of profitability as compared to the Last Period. The segment recorded a revenue of HK\$1,247 million (2014 — HK\$1,330 million), mainly from wholesale and distribution of fast-moving consumer goods, manufacturing of bread and related products and the food retail operations in chains of bakeries, cafes and bistros.

The APG Group expects the operating environment in the food retail and distribution sectors to remain challenging. The implementation of Goods and Services Tax in Malaysia, where the APG Group has operations in, and the impact of a weaker Malaysia Ringgit as compared to other relevant currencies, have negatively impacted its results. The APG Group is therefore moving forward cautiously through further consolidation, streamlining of its operations, continuing to improve its profitability through more active marketing efforts and promotions, expanding sales channels and product offerings and controlling operating costs.

Banking business

The Macau Chinese Bank Limited (“MCB”), a licensed bank in Macau and previously a wholly-owned subsidiary of HKC, maintained steady performance during the Period.

In July 2015, the HKC Group completed the disposal of an aggregate of 49 per cent. equity interest in MCB to 南粵(集團)有限公司 (Nam Yue (Group) Company Limited) (“Nam Yue”) and Mr. Yang Jun (together, the “Purchasers”) for an aggregate consideration of MOP441 million (the “First Disposal”). Upon completion of the First Disposal, the HKC Group owned 51 per cent. of the issued share capital of MCB and entered into a shareholders’ agreement with the Purchasers and MCB (the “Shareholders’ Agreement”) to, among other things, regulate the relationship among shareholders of MCB. After entering into the Shareholders’ Agreement, as a result of the composition of the board of directors of MCB and other terms and in compliance with the current accounting standards, MCB is accounted for as a joint venture of HKC and the Company and its results, assets and liabilities ceased to be consolidated in the accounts of HKC or the Company even though MCB continues to be a subsidiary of HKC and the Company under the Rules Governing the Listing of Securities on the Stock Exchange. Further details of the First Disposal were set out in the joint announcements of the Company and HKC dated 26th June, 2015 and 27th July, 2015.

As provided in the Shareholders' Agreement, in the event of the HKC Group holding 20 per cent. or less of the issued share capital of MCB, the HKC Group will be entitled to a put option to require Nam Yue to purchase all the remaining shares in MCB held by the HKC Group (the "Put Option"). The Put Option is exercisable at any time during a period of 5 years from the date when the HKC Group's shareholding interest in MCB becomes 20 per cent. or less. The right to exercise the Put Option survives any termination or expiry of the Shareholders' Agreement. The fair value of the Put Option was included in "Other financial asset" of the consolidated statement of financial position.

The Group recognised a gain on disposal of the subsidiary of HK\$212 million during the Period (which has included the fair value of the Put Option at completion date, subject to audit and finalisation of fair value assessment of the net assets acquired).

Besides, on completion of the First Disposal, the HKC Group entered into a loan agreement (the "Loan Agreement") pursuant to which an unsecured loan of an aggregate amount of MOP279 million for 10 years was advanced to the HKC Group by Nam Yue and Mr. Wong Garrick Jorge Kar Ho ("Mr. Wong") (the "Unsecured Loan"). The HKC Group may at its sole discretion (i) repay the loan in cash; or (ii) set off the loan amount by way of transferring 31 per cent. equity interest in MCB to Nam Yue and Mr. Wong. The Unsecured Loan was included in "Other financial liability" of the consolidated statement of financial position.

In October 2015, the HKC Group entered into sale and purchase agreements for the disposal of a further 31 per cent. equity interest in MCB to Nam Yue and Mr. Wong (the "Second Disposal Agreements") at an aggregate consideration of MOP279 million (the "Second Disposal"). The Second Disposal is subject to the approval of The Monetary Authority of Macau. Upon completion of the Second Disposal, the HKC Group will own 20 per cent. of the issued share capital of MCB.

Upon signing of the Second Disposal Agreements, Nam Yue and Mr. Wong had fully paid the aggregate consideration as non-refundable deposit, by the set-off of the outstanding loan amount under the Loan Agreement. The Loan Agreement was terminated in accordance with its terms upon signing of the Second Disposal Agreements and the set-off of the non-refundable deposit. Further details of the Second Disposal were set out in the joint announcement of the Company and HKC dated 28th October, 2015 and the circular to shareholders of the Company dated 18th November, 2015.

Treasury and securities investments

Treasury and securities investments businesses recorded a revenue of HK\$38 million during the Period (2014 — HK\$48 million), mainly attributable to the interest and dividend income received from the investment portfolio.

Following the disposal of various property interests, the Group has surplus cash on hand. In order to enhance yields on such surplus funds which are retained for the Group's business and for future investment opportunities, the LCR Group has increased its short-term treasury and securities investments during the Period.

The Group managed its investment portfolio in accordance with the investment committee's terms of reference and looked for opportunities to enhance yields. However, due to the downturn of the global stock market in the third quarter of year 2015, the Group recorded net fair value loss on its investment portfolio. The net fair value loss of the securities investment segment included HK\$100 million loss on listed equity securities, HK\$0.1 million loss on bonds, HK\$88 million loss on investment funds and HK\$2 million gain on other financial instruments. As a result, the treasury and securities investments businesses recorded a segment loss of HK\$157 million for the Period (2014 — profit of HK\$54 million).

Details of the top 4 financial assets that made up the net fair value loss for the Period were as follows:

	Six months ended 30th September, 2015		As at 30th September, 2015		As at 31st March, 2015	
	Net fair value loss HK\$'000	Approximate percentage of net fair value loss on financial assets at fair value through profit or loss	Fair value HK\$'000	Approximate percentage of financial assets at fair value through profit or loss	Approximate percentage to the net assets	Fair value HK\$'000
GSH Corporation Limited ("GSH")	(46,050)	24%	116,055	12%	1%	162,106
iShares MSCI Emerging Market ETF ("EEM US")	(20,179)	11%	1,524	-	-	-
iShares MSCI World UCITS ETF ("IWDA LN")	(17,441)	9%	14,897	2%	-	-
iShares MSCI Emerging Markets UCITS ETF ("IEEM LN")	(16,726)	9%	18,598	2%	-	-
Others (Note)	(90,417)	47%	809,982	84%	6%	351,155
	(190,813)	100%	961,056	100%	7%	513,261

Note: Others comprised of more than 100 securities, none of which accounted for more than 9 per cent. of the net fair value loss for the Period.

The shares of GSH are listed in Singapore. GSH is a property developer in Southeast Asia with certain properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. GSH also owns the Sutera Harbour Resort in Kota Kinabalu and GSH Plaza in Singapore. This investment was made for asset diversification purpose. The share price performance of GSH was not satisfactory during the Period. Given the volatility in the stock and property markets, it is expected the share price of GSH may remain low until the property market recovers.

EEM US is listed in New York and IEEM LN is listed in London, both of which track on index composed of companies from emerging markets. As reported by the Group's investment advisor, sentiment around emerging market equities took a further downturn when the PRC announced a small but sudden Renminbi depreciation and this unexpected development fed investors' worst fears that the PRC might devalue her currency as a means of speeding up economic growth and hence returns from EEM US and IEEM LN during the Period was not satisfactory. Currently, the performance of emerging market equities is heavily influenced by the US dollar, its impact on commodities, and prospects for the PRC's macro outlook. Industrial production remains weak while the PRC works off its excesses. Also, the narrowing China trade surplus offers less cushion against capital outflow. Thus, the risk of a sharp Renminbi depreciation may well keep investors on the side-line for now. Unless there is a turnaround in these fundamentals, emerging market equities will likely remain challenged.

IWDA LN is a listed ETF in London that represents the developed market equity portfolio benchmark. As reported by the Group's investment advisor, the loss during the Period was due to the negative sentiment surrounding emerging markets and the PRC spilled over in the midst of lacklustre corporate earnings and general investor caution ahead of the Federal Open Market Committee meeting. At the current level, US equities are no longer cheap. Historically, multiple contraction is expected after the first Fed rate hike. Earnings also look challenged with multiple headwinds — weaker global demand, higher financing cost and higher wages. Liquidity can support the market for only that long until multiple expansion runs its course, or unless the fundamentals see a turnaround.

In view of the uncertain prospects of EEM US, IWDA LN and IEEM LN, the Group had divested a substantial part of these investments as of 30th September, 2015.

Given the importance of technology on the global economy and the prospects for such sector, the Group has made a number of small investments in technology and technology related companies and private investment funds which invest in such sector.

Corporate finance and securities broking

Lippo Securities Holdings Limited is a wholly-owned subsidiary of HKC and its subsidiaries are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services.

Though the major stock markets in U.S. and Europe performed well during the Period, the turbulent and volatile stock markets in Hong Kong and mainland China have made the local operating environment of corporate finance and securities broking business challenging. The outlook for the local stock market will be dependent on the market conditions in mainland China and global economic development. This segment registered a revenue of HK\$10 million for the Period (2014 — HK\$11 million) and the loss of this segment was HK\$3 million for the Period (2014 — HK\$7 million).

Mineral exploration and extraction

Asia Now Resources Corp. (“Asia Now”), in which the LCR 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. In June 2015, the special resolution for approving the arrangement agreement in respect of the proposed acquisition of all of the issued and outstanding common shares of Asia Now not already owned by China Gold Pte. Ltd. (“China Gold”), a wholly-owned subsidiary of LCR, did not receive the requisite shareholder approval. During the Period, China Gold provided a secured loan to Asia Now of approximately C\$1.1 million. In August 2015, China Gold filed an application to the Ontario Superior Court of Justice (Commercial List), Canada (the “Court”) for, among other things, an order to appoint Crowe Soberman Inc. (“Soberman”) as the receiver over all of the assets, undertakings, and properties of Asia Now so as to enforce its security against Asia Now. The Court had subsequently approved Soberman as the court-approved receiver of Asia Now. Following the entering of the receivership, in September 2015, the listing of Asia Now was transferred from TSX Venture Exchange of Canada (“TSXVE”) to NEX, a separate board of TSXVE which provides a trading forum for listed companies in Canada that have fallen below TSXVE’s ongoing financial listing standards. Shares of Asia Now have been suspended from trading. In October 2015, China Gold delivered a binding letter of intent to Soberman to acquire all the assets (tangible and intangible) of Asia Now, including without limitation, all the issued and outstanding shares of Asia Now Resources Limited, a wholly-owned subsidiary of Asia Now, for a consideration of approximately C\$1.1 million (subject to adjustments), representing the outstanding amount of Asia Now’s secured debt owed to China Gold (the “Proposed Transaction”). The Proposed Transaction is subject to the satisfaction of a number of conditions.

During the Period, the LCR Group subscribed for additional Class A units in Skye Mineral Partners, LLC (“Skye”) at a total consideration of approximately US\$5.5 million for Skye’s working capital. Through CS Mining, LLC (“CS Mining”), its majority owned subsidiary, Skye owns and controls a number of copper ore deposits located in the Milford Mineral Belt in Beaver County, State of Utah in the U.S., and is engaged in the business of mining and processing primarily copper, with additional recoveries of silver, gold and iron ore. CS Mining is currently in commercial operation.

Financial Position

The Group’s financial position remained healthy. As at 30th September, 2015, its total assets amounted to HK\$17.4 billion (31st March, 2015 — HK\$19.3 billion). Property-related assets amounted to HK\$11.8 billion as at 30th September, 2015 (31st March, 2015 — HK\$11.7 billion), representing 68 per cent. (31st March, 2015 — 60 per cent.) of the total assets. Total liabilities amounted to HK\$3.2 billion (31st March, 2015 — HK\$4.5 billion). The Group maintained a strong cash position. Total cash and bank balances as at 30th September, 2015 amounted to HK\$2.9 billion (31st March, 2015 — HK\$4.4 billion). Current ratio as at the end of the reporting period increased to 3.1 (31st March, 2015 — 2.1).

As at 30th September, 2015, bank and other borrowings of the Group (other than those attributable to banking business) decreased to HK\$1,263 million (31st March, 2015 — HK\$1,797 million). Bank loans amounted to HK\$1,261 million as at 30th September, 2015 (31st March, 2015 — HK\$1,794 million), which comprised secured bank loans of HK\$1,245 million and unsecured bank loans of HK\$16 million (31st March, 2015 — secured bank loans of HK\$1,756 million and unsecured bank loans of HK\$38 million) and were denominated in Hong Kong dollars, Malaysia Ringgit and Singapore dollars. The bank loans were secured by certain properties, shares in certain subsidiaries 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\$2 million as at 30th September, 2015 (31st March, 2015 — HK\$3 million). These obligations are secured by the rights to the leased fixed assets. As at 30th September, 2015, approximately 26 per cent. (31st March, 2015 — 73 per cent.) of the bank and other borrowings were repayable within one year. As at 30th September, 2015, the gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders’ funds) was 12.2 per cent. (31st March, 2015 — 15.7 per cent.).

The net asset value attributable to equity holders of the Group remained robust and amounted to HK\$9.0 billion as at 30th September, 2015 (31st March, 2015 — HK\$9.3 billion). This was equivalent to HK\$18.2 per share (31st March, 2015 — HK\$18.9 per share).

The Group monitors the 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 provided a guarantee of up to a maximum of US\$84 million (31st March, 2015 — US\$84 million) for a term of one year to a joint venture, guaranteeing its payment obligations to its trade creditors.

Besides, the Group had bankers' guarantees of approximately HK\$40 million as at 30th September, 2015 (31st March, 2015 — HK\$41 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 75 per cent. (31st March, 2015 — 86 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 Period.

As at 30th September, 2015, the Group's commitment under the conditional land sale and purchase agreement entered into by the Consortium in December 2014 amounted to approximately HK\$225 million (31st March, 2015 — HK\$261 million). Besides, the Group had commitment arising from its property development projects. Following the completion of "M Residences" during the Period, the total commitment of the Group decreased to HK\$424 million (31st March, 2015 — HK\$558 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 2,590 employees as at 30th September, 2015 (2014 — 3,448 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK\$272 million (2014 — HK\$309 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

Prospects

The outlook of the global economy is clouded with considerable uncertainty. Global economic growth is expected to remain modest and uneven. Low commodity prices, appreciation of the US dollars and the expected normalisation of US interest rates have increased the downside risk in emerging countries and asset markets.

The Group will continue to be watchful of market developments and will manage its businesses and investment portfolio with a view to further improving its businesses and overall asset quality. Management will continue to take a cautious and prudent approach in managing the Group's assets and assessing new investment opportunities to capture the growth opportunities and enhance shareholders' value.

Additional Information

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK3 cents per share (For the six months ended 30th September, 2014 — HK3 cents per share) amounting to approximately HK\$14.8 million for the six months ended 30th September, 2015 (For the six months ended 30th September, 2014 — approximately HK\$14.8 million), which will be paid on or about Friday, 29th January, 2016 to shareholders whose names appear on the Register of Members on Wednesday, 13th January, 2016.

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 11th January, 2016 to Wednesday, 13th January, 2016 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend for the six months ended 30th September, 2015, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 8th January, 2016.

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

As at 30th September, 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
Number of ordinary shares in the Company					
Stephen Riady	–	–	327,008,219 <i>Note (i)</i>	327,008,219	66.31
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,544,696,389 <i>Notes (i) and (ii)</i>	6,544,696,389	71.24
Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,315,707,842 <i>Notes (i) and (iii)</i>	1,315,707,842	65.84
Jark Pui Lee	469	469	–	938	0.00
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

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

Interests in shares and underlying shares of the Company and associated corporations (Continued)

Note:

- (i) As at 30th September, 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 327,008,219 ordinary shares in, representing approximately 66.31 per cent. of the issued shares of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK\$1.00 each in, representing the entire issued shares of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.
- (ii) As at 30th September, 2015, the Company was indirectly interested in 6,544,696,389 ordinary shares in, representing approximately 71.24 per cent. of the issued shares of, LCR.
- (iii) As at 30th September, 2015, the Company was indirectly interested in 1,315,707,842 ordinary shares of HK\$1.00 each in, representing approximately 65.84 per cent. of the issued shares of, HKC.

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

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	Ordinary shares	2	100
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
Gemdale Properties and Investment Corporation Limited	Ordinary shares	2,900,000,000	19.15
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100

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

Interests in shares and underlying shares of the Company and associated corporations (Continued)

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
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
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

As at 30th September, 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 30th September, 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).

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

Interests in shares and underlying shares of the Company and associated corporations (Continued)

All the interests stated above represent long positions. Save as disclosed herein, as at 30th September, 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 30th September, 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).

Updated Directors' Information

The following is the updated information of the Directors of the Company disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

On 10th August, 2015, Mr. Leon Nim Leung Chan ceased to be the chairman of the supervisory board of a subsidiary of the Company. He remains as a member of such supervisory board.

On 6th November, 2015, Mr. John Luen Wai Lee was appointed as an independent non-executive director of UMP Healthcare Holdings Limited, a company to be listed on the Stock Exchange on 27th November, 2015.

Share Option Schemes

Details of the share option schemes of the Company and its subsidiaries are disclosed in Note 16 to the interim financial statements.

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

During the six months ended 30th September, 2015, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

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

As at 30th September, 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 Capital Limited ("Lippo Capital")	327,008,219	66.31
Lanius Limited ("Lanius")	327,008,219	66.31
Dr. Mochtar Riady	327,008,219	66.31
Madam Lidya Suryawaty	327,008,219	66.31

Note:

1. Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 ordinary shares of the Company. Together with 312,308,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 327,008,219 ordinary shares in, representing approximately 66.31 per cent. of the issued shares of, the Company.
2. Lanius is the holder of the entire issued shares of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in the shares of the Company under the provisions of the SFO.
3. Lippo Capital's interests in the ordinary shares of the Company were recorded as the interests of Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 327,008,219 ordinary shares of the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

All the interests stated above represent long positions. Save as disclosed herein, as at 30th September, 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 and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Audit Committee

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th September, 2015.

Corporate Governance

The Company is committed to ensuring a high standard of corporate governance practices. The Board of Directors of the Company (the “Board”) believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders’ expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance so as to safeguard the interests of shareholders and enhance shareholders’ value.

To the best knowledge and belief of the Directors, the Directors consider the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th September, 2015.

Model Code for Securities Transactions by Directors

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

By Order of the Board

Lippo Limited

John Luen Wai Lee

Managing Director and Chief Executive Officer

Hong Kong, 26th November, 2015

Corporate Information

HONORARY CHAIRMAN*

Dr. Mochtar Riady

BOARD OF DIRECTORS

Executive Directors

Dr. Stephen Riady (*Chairman*)

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

Non-executive Directors

Mr. Jark Pui Lee, SBS, OBE, JP
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

* *non-officer position*

SECRETARY

Mr. Davy Kwok Fai Lee

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

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

SOLICITORS

Howse Williams Bowers

REGISTRAR

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

REGISTERED OFFICE

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Lippo Centre
89 Queensway
Hong Kong

STOCK CODE

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