Lippo Limited
力寶有限公司

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

2015/2016
ANNUAL REPORT

Contents

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

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
The Bank of East Asia, Limited
Taipei Fubon Commercial Bank Co., Ltd., Hong Kong Branch

SOLICITORS

Howse Williams Bowers

REGISTRAR

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

REGISTERED OFFICE

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

STOCK CODE

226

WEBSITE

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* *non-officer position*

Chairman's Statement

I hereby present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31st March, 2016 (the "Year").

The Year was not only challenging, but also it was more difficult and volatile than many expected. The global economy was hit hard by the continuation of a sharp decline in oil and commodity prices, the slowdown of the mainland China economy and intensifying geopolitical tension in various regions. The sharp correction of the stock market in mainland China and other Asian countries in the first half of the Year dampened investor confidence and adversely affected the operating environment. Against this backdrop, the Group recorded a consolidated loss attributable to shareholders of approximately HK$187 million for the Year, as compared to a consolidated profit of approximately HK$744 million (restated) for the year ended 31st March, 2015.

The economic prospects for Asia remain positive but the outlook of the global economy is clouded with considerable uncertainties. The unexpected vote of the United Kingdom (the "UK") to leave the European Union (the "EU") in a historic referendum held on 23rd June, 2016 generated instant repercussions across the global stock and currency markets. Growing uncertainties over the UK's negotiations with the EU on the exit arrangements will continue to bring volatility to financial markets. The Group will continue to be watchful of these developments. With a strong financial position, the Group is well positioned to meet the challenges ahead and take advantage of any suitable investment opportunity that may arise.

The Directors have proposed a final cash dividend of HK10 cents per share for the Year. Together with the interim dividend of HK3 cents per share, total dividends for the Year will be HK13 cents per share.

On behalf of the Board of Directors of the Company (the "Board"), I would like to thank our shareholders and stakeholders for their continued support. I would also like to take this opportunity to thank my fellow Directors for their invaluable advice and guidance, and the management team and staff members for their commitment and hard work during the Year. We will continue our efforts to create value for our shareholders and stakeholders.

Stephen Riady
Chairman

29th June, 2016

Report of the Directors

The Directors hereby present their report together with the audited financial statements for the year ended 31st March, 2016 (the "Year").

BUSINESS REVIEW

Overview

The global economy deteriorated in the year 2015, amid financial market volatility around the world, falling commodity prices, weak demand and gloomy economic outlook for mainland China. The instability in global stock markets adversely affected the general economic climate. The sharp stock market correction in mainland China and devaluation of the Renminbi dampened investor confidence in the region.

Mainland China continues to be the leading economic performer in the region, despite its National Bureau of Statistics reported disappointing investment and export figures. A 6.9 per cent. growth in gross domestic product was recorded for the year 2015, the lowest in the last 25 years. Although the Central Government reacted decisively and promptly embarked on intervention policies to stabilise the market, the pace of economic growth in mainland China decelerated further.

Results for the Year

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, maintained steady performance and recorded a consolidated profit attributable to shareholders of approximately HK$204 million for the year ended 31st March, 2016 (the "Year"), as compared to a consolidated profit of approximately HK$655 million (restated as mentioned below) for the year ended 31st March, 2015 (the "Last Year" or "2015"). Such profit was mainly attributable to recognition of profit upon completion of a property development project of the HKC Group and the disposal of equity interest in a subsidiary during the Year. 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$309 million for the Year, as compared to a consolidated profit of approximately HK$399 million for the Last Year. Such loss was mainly attributable to provisions for impairment losses on investments related to a mining project and intangible assets and the net fair value loss on financial instruments at fair value through profit or loss. As a result, the Group recorded a loss attributable to shareholders of approximately HK$187 million for the Year, as compared to a consolidated profit of approximately HK$744 million (restated as mentioned below) for the Last Year.

During the Year, OUE Limited ("OUE", together with its subsidiaries, the "OUE Group", held under Lippo ASM Asia Property Limited ("LAAPL"), a principal joint venture of HKC) finalised a purchase price allocation review and recorded a share of gain from a bargain purchase in relation to the acquisition of shares in a listed company by its joint venture in the Last Year. Accordingly, HKC retrospectively adjusted the share of profit of LAAPL for the Last Year from HK$369 million to HK$660 million and the net profit attributable to equity holders of HKC and the Company became HK$655 million and HK$744 million respectively after such adjustment.

Revenue for the Year increased to HK$3,857 million (2015 — HK$2,974 million), which was mainly attributable to the revenue from the property sale of a development project in Macau completed during the Year.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property development

The segment recorded a revenue of HK$1,226 million (2015 — HK$124 million) for the Year, mainly from the completion of sale of properties of "M Residences". Together with the contribution from the disposal of certain property development projects during the Year, segment profit increased to HK$733 million (2015 — loss of HK$29 million).

"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. As at 31st March, 2016, 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 an agreement for the disposal of its entire equity interest in a wholly-owned subsidiary, 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 an amount of RMB131.6 million (the "Debt") to the buyer of Fujian Tati at a consideration equal to the amount of the Debt. The principal assets of Fujian Tati are the property interests situated at Shanting Township, Xiuyu District, Putian City, Fujian Province, the People's Republic of China (the "PRC"). The disposal of Fujian Tati was subsequently completed in December 2015. The above disposal gave rise to a non-recurring gain on disposal of subsidiary of approximately HK$422 million. The above disposal provided a good opportunity for the LCR Group to realise its investments in Fujian Tati at a profit and furthermore, the above disposal would 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 an agreement for the disposal of its entire interest in Bestbeat Limited ("Bestbeat") for a consideration of approximately HK$277.9 million which was settled by the allotment and issue of 646,366,795 new shares in Gemdale Properties and Investment Corporation Limited ("Gemdale") at an issue price of HK$0.43 per share (the "Consideration Shares"). All the Consideration Shares were disposed of in March 2016. 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. Gemdale is a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The above disposals 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 of cash, thereby enhancing the liquidity of the LCR Group. As a result of the above disposals, the Group recognised a net loss of HK$59 million during the Year, comprising a gain on disposal of subsidiaries of approximately HK$6 million and fair value loss on financial assets at fair value through profit or loss of HK$65 million.

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.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property development (continued)

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.

Total segment revenue from the property investment business for the Year amounted to HK$94 million (2015 — HK$71 million). Coupled with the net fair value gain on investment properties for the Year, the segment profit amounted to HK$120 million for the Year (2015 — HK$902 million, which included non-recurring gain on disposal of subsidiaries of HK$800 million) before accounting for the results from the Group's joint ventures.

LAAPL, a principal joint venture of HKC, is the vehicle holding the controlling stake of OUE, 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. Asset enhancement initiatives at OUE Downtown in Singapore are underway. OUE Skyspace LA, California's tallest open-air observation deck situated atop the iconic U.S. Bank Tower, was opened in June 2016. OUE Skyspace LA is part of comprehensive asset enhancement works spearheaded by OUE to transform U.S. Bank Tower, which was acquired in 2013, from a commercial building into a vibrant business, social and tourist destination. As at 31st March, 2016, 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 ("Crowne Plaza") in Singapore. As at 31st March, 2016, LAAPL and its subsidiaries held approximately 42.87 per cent. of the total number of stapled securities units of OUE H-Trust in issue.

In March 2016, OUE H-Trust successfully launched an underwritten and renounceable rights issue (the "Rights Issue") of 441,901,257 new stapled securities in OUE H-Trust (the "Rights Stapled Securities") at the rights ratio of 33 new stapled securities for every 100 existing stapled securities held at S$0.54 per rights unit to raise funds of approximately S$238.6 million. The proceeds from the Rights Issue would be utilised by OUE H-Trust mainly to finance its acquisition of the extension to Crowne Plaza and for working capital purpose. The Rights Issue was completed in April 2016. LAAPL, OUE and a wholly-owned subsidiary of the Company took up in full their respective pro-rata entitlements to the Rights Stapled Securities. LAAPL's subscription amount of approximately S$18 million was funded by the HKC Group in April 2016 by way of interest free exchangeable loans in exchange for the OUE H-Trust stapled securities subscribed by LAAPL under the Rights Issue (the "Exchangeable Loans"). After the completion of the Rights Issue, the exchange right under the Exchangeable Loans was exercised to fully settle the Exchangeable Loans.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment (continued)

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 rates of its property portfolio are high. The acquisition of an additional indirect interest in One Raffles Place was completed in October 2015. As at 31st March, 2016, the OUE Group held approximately 64.98 per cent. of the total number of OUE C-REIT units in issue.

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. In addition, the HKC Group further advanced loans in a total of S$147 million to the LAAPL Subsidiary during the Year. As a result, the Group injected a total of approximately HK$1.2 billion during the Year. All these proceeds were applied to repay part of the indebtedness under LAAPL and for working capital purposes. The Group recorded a share of loss of HK$306 million from the investment in LAAPL for the Year (2015 — a profit of HK$660 million, restated). The share of loss recognised during the Year was mainly attributable to the impairment loss on a property under development, the impairment loss on goodwill arising from the acquisition of a subsidiary and finance costs incurred by the joint ventures. Besides, affected by the decrease in fair value of available-for-sale financial assets under OUE during the Year, the HKC Group shared a decrease in investment reserve of HK$179 million (2015 — increase of HK$25 million) during the Year. The total interests in LAAPL increased from HK$8.0 billion (restated) as at 31st March, 2015 to HK$8.9 billion as at 31st March, 2016.

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 Group's pursuit of the IR Project is subject to the satisfaction of a number of conditions, including without limitation, the parties' entry into definitive transaction documentation for the IR Project on mutually agreeable terms and the completion of the conditional land sale and purchase agreement entered into by the Consortium (the "Conditional LSPA") as purchasers in respect of the acquisition of certain land lots within the MIDAN City, Incheon, Korea for the IR Project. As at the date of this report, the conditions are not fully satisfied. The Conditional LSPA failed to become unconditional by the long stop date, that is, 31st December, 2015 and is consequently terminable by the purchasers (on the one hand) or the vendor (on the other hand). The Conditional LSPA has not been terminated as at the date of this report. In addition to the outstanding issues relating to the Conditional LSPA, there remains to be a number of uncertainties relating to the IR Project including amongst other things, the preliminary review approval granted by the Ministry of Culture, Sports and Tourism of the Republic of Korea is conditional and accordingly, there is no certainty as to whether a final licence would be granted. Further, in light of current outlook for the gaming industry in North Asia and the volatility of the global economy, the Group is in discussion with Caesars for some alternatives which may include the possibility for a third party investor to acquire the Group's interest in the IR Project.

In March 2016, the LCR Group entered into an agreement for the disposal of an office floor in Hong Kong. The above disposal was completed in May 2016 and the total consideration of approximately HK$372 million was received and it is expected that a gain of disposal of approximately HK$332 million shall be recorded in the accounts for the year ending 31st March, 2017.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Food businesses

The Group's food businesses are mainly operated by Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group"). The shares of Auric are listed on the Main Board of the SGX-ST and the LCR Group is interested in approximately 49.3 per cent. of its issued share capital. The segment recorded a revenue of HK$2,433 million (2015 — HK$2,627 million), mainly from wholesale and distribution of fast-moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros.

The APG Group continued its businesses and operations review exercise to rationalise the non-performers in the restaurant and food retail businesses with the objective of building sustainable growth in revenue and profits. During the Year, the market's response to the brand revitalisation program for food retail business fell well below expectations. The increasing presence and intense competition from new brands with similar product offerings, lower demand as well as rising operating costs negatively affected the performance. Consequently, management performed a business and operations review to rationalise operations including closure of non-performing stores in Singapore, Malaysia, Hong Kong and mainland China which resulted in significant deterioration in operating results. The rationalisation also resulted in a halt in new store expansion. This has resulted in some exceptional items being undertaken during the Year, mainly the impairment of intangible assets of HK$208 million (2015 — HK$3 million). As a result, the segment recorded a loss of HK$190 million for the Year (2015 — HK$8 million). Excluding these exceptional items, the APG Group achieved an operating profit of HK$47 million for the Year, an improvement of profitability as compared with the Last Year.

Reinforcing its capabilities, the APG Group will refocus its energies, time and resources on its core strengths to build up its brands and strengthen its performing businesses in manufacturing, wholesale and distribution, and the operation of food courts. The Group will further strengthen its core house brands by exploring new channels of communication to consumers and by expanding its range of product offerings. With the rationalisation of its non-profitable food retail courts, the APG Group will further develop its core expertise in food court management.

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 Year.

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 ("Mr. Yang") (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 relationships among shareholders of MCB. After entering into the Shareholders' Agreement, as a result of the change of composition of the board of directors of MCB and the quorum of directors' meeting 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 and 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.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Banking business (continued)

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 fair value of the Put Option of HK$25 million was included in "Other financial asset" of the consolidated statement of financial position.

The Group recognised a gain on disposal of subsidiary of HK$202 million during the Year (which included the fair value of the Put Option at completion date).

Besides, at 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 was advanced to the HKC Group by Nam Yue and Mr. Wong Garrick Jorge Kar Ho ("Mr. Wong") for 10 years. 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.

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 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.

Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK$58 million during the Year (2015 — HK$95 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 maximise the return on such surplus funds which are retained for the Group's business and for future investment opportunities, the LCR Group has increased its treasury and securities investments during the Year through the investment of such surplus fund in various securities and investment funds. The segment assets of the securities investment business increased to HK$2.0 billion as at 31st March, 2016 (2015 — HK$0.7 billion).

The Group managed its investment portfolio in accordance with the investment committee's terms of reference and looked for opportunities to enhance yields and seek gains. However, due to the substantial downturn of the global stock market in the third quarter of the 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$90 million loss on listed equity securities, HK$9 million gain on bonds, HK$75 million loss on investment funds and HK$4 million gain on other financial instruments. As a result, the treasury and securities investments businesses recorded a net loss of HK$115 million for the Year (2015 — profit of HK$75 million).

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments (continued)

Details of the top 4 financial assets that made up the net fair value loss of the Group's financial assets at fair value through profit or loss for the Year were as follows:

	Year ended 31st March, 2016		As at 31st March, 2016			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")	(54,939)	24%	107,167	13%	1%	162,106
OUE H-Trust	(25,966)	12%	64,429	8%	0%	92,297
iShares MSCI Emerging Market ETF ("EEM US")	(20,819)	9%	—	0%	0%	—
iShares MSCI Emerging Markets UCITS ETF ("IEEM LN")	(15,391)	7%	6,213	1%	0%	—
Others *(Note)*	(107,116)	48%	644,321	78%	4%	258,858
	(224,231)	100%	822,130	100%	5%	513,261

Note: Others included fair value loss of HK$65 million for the Consideration Shares in relation to the disposal of Bestbeat, which was managed under the property development business segment. Save as aforesaid, others comprised of more than 100 securities, none of which accounted for more than 7 per cent. of the net fair value loss for the Year.

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 Year. 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.

The investment in OUE H-Trust was made for capital preservation and appreciation purposes. The current asset portfolio comprising two hotels and a shopping mall in Singapore. It is expected OUE H-Trust will complete the acquisition of extension to Crowne Plaza no later than end of year 2016. Due to the overhang from the potential capital raising to fund the acquisition of extension to Crowne Plaza and the relative high gearing, the share price performance of OUE H-Trust was not satisfactory during the Year. Although a subdued global and Singapore economy cast doubts to share prices, the shares are still considered attractive with a view on the well-located property portfolio and high dividend pay-out.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments (continued)

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 Year was not satisfactory. While a weaker US dollar and rebound in commodities were supportive of emerging market equities recently (especially the commodities exporters), the macro environment is still challenging. Concern about capital outflow and 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 challenging.

In view of the uncertain prospects of EEM US and IEEM LN, the Group had divested a substantial part of these investments during the Year.

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

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.

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 economic developments globally. This segment registered a total revenue of HK$19 million for the Year (2015 — HK$21 million) and the loss of this segment was HK$9 million for the Year (2015 — HK$10 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, was 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 for 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, was not approved by the requisite shareholder approval. In connection with the proposed acquisition, China Gold had provided a secured loan to Asia Now of approximately C$1.1 million which was subsequently in default. In August 2015, China Gold filed an application to appoint a receiver over all of the assets of Asia Now so as to enforce its security against 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 were suspended from trading. Subsequently, China Gold had acquired all the assets of Asia Now on 31st December, 2015 for a consideration of C$2.2 million. The receivership of Asia Now was completed in April 2016.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Mineral exploration and extraction (continued)

CS Mining, LLC ("CS Mining"), a majority owned subsidiary of Skye Mineral Partners, LLC ("Skye"), owns and controls a number of copper ore deposits located in the State of Utah in the U.S., and is engaged in the business of mining and processing primarily copper. The LCR Group is directly and indirectly interested in approximately 28 per cent. of all issued and outstanding class A units in Skye and approximately 27 per cent. of the total issued and outstanding units in Skye. During the Year, the LCR Group acquired the entire issued share capital of, and the shareholder's loan to, Waterloo Street Limited ("Waterloo") for an aggregate cash consideration of approximately US$23 million. As at the date of the above acquisition, the sole investments of Waterloo was the secured loans due from CS Mining in an aggregate principal amount of US$29.75 million together with accrued interest of approximately US$3.4 million (the "Secured Loans"). Interest on the Secured Loans accrues at a rate based on US$ London Interbank Offered Rate plus a margin varying from 6 per cent. to 10 per cent. and the Secured Loans are secured by, inter alia, certain properties and assets and mining deposits owned by CS Mining. Due to the deadlock among the investors of Skye, CS Mining is unable to secure further funding for its operation. In early June 2016, a bankruptcy petition was filed by certain creditors against CS Mining pursuant to Chapter 11 of the United States Bankruptcy Code (the "Involuntary Petition"). Such Involuntary Petition triggered an automatic stay to protect against any enforcement or collection actions against CS Mining. CS Mining shall consider whether to accept the Involuntary Petition and proceed with the bankruptcy case or to contest its validity. Also, in early June 2016, a complaint was filed by certain investors of Skye in a court in the United States for, among others, damages allegedly suffered by CS Mining in relation to the acquisition by Waterloo (an indirect wholly-owned subsidiary of LCR) of the Secured Loans (the "Complaint"). The Complaint has not been served on the entities of the LCR Group. As advised by the U.S. counsel of the LCR Group, it was believed that there are valid grounds for dismissal of the Complaint. The LCR Group is considering further actions to be taken in respect of the Involuntary Petition and the Complaint.

In view of the current predicament of CS Mining, the risk of it going into bankruptcy or receivership in the near future and the decline in copper prices, the Group recorded impairment losses of HK$312 million in the consolidated statement of profit or loss for the Year, comprising impairment for interests in associates, available-for-sale financial assets, and loans and receivables of HK$28 million, HK$125 million, and HK$159 million, respectively.

Financial Position

The Group's financial position remained healthy. As at 31st March, 2016, its total assets amounted to HK$17.5 billion (2015 — HK$19.6 billion, restated). Property-related assets amounted to HK$11.6 billion as at 31st March, 2016 (2015 — HK$11.9 billion, restated), representing 66 per cent. (2015 — 61 per cent., restated) of the total assets. Total liabilities amounted to HK$3.0 billion (2015 — HK$4.5 billion). The Group maintained a strong cash position. Total cash and bank balances as at 31st March, 2016 amounted to HK$2.9 billion (2015 — HK$4.4 billion). Current ratio as at the end of the reporting period increased to 2.8 (2015 — 2.1).

As at 31st March, 2016, bank and other borrowings of the Group decreased to HK$1,289 million (2015 — HK$1,797 million). Bank loans amounted to HK$1,287 million as at 31st March, 2016 (2015 — HK$1,794 million), which comprised secured bank loans of HK$1,270 million (2015 — HK$1,756 million) and unsecured bank loans of HK$17 million (2015 — HK$38 million) and were denominated mainly in Hong Kong dollars, Malaysian 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.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Financial Position *(continued)*

The Group has obligations under finance leases for certain fixed assets which amounted to HK$2 million as at 31st March, 2016 (2015 — HK$3 million). These obligations are secured by the rights to the leased fixed assets. As at 31st March, 2016, approximately 31 per cent. (2015 — 73 per cent.) of the bank and other borrowings were repayable within one year. As at 31st March, 2016, the gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 12.2 per cent. (2015 — 15.4 per cent., restated). The net cash position, measured as cash and bank balances less total bank and other borrowings of the Group as at 31st March, 2016 was HK$1,652 million (2015 — HK$2,608 million).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK$9.1 billion as at 31st March, 2016 (2015 — HK$9.5 billion, restated). This was equivalent to HK$18.5 per share (2015 — HK$19.2 per share, restated).

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

The Group had bankers' guarantees of approximately HK$44 million as at 31st March, 2016 (2015 — HK$41 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 66 per cent. (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 Year (2015 — Nil).

The Group's commitments as at 31st March, 2016 amounted to HK$276 million, mainly relating to the Exchangeable Loans granted to certain joint ventures of the Group and securities investments of the Group. The Group's commitments as at 31st March, 2015 mainly related to the conditional land sale and purchase agreement and property development projects and amounted to 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 2,329 employees as at 31st March, 2016 (2015 — 3,161 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Year amounted to HK$574 million (2015 — HK$678 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

Global economic growth is expected to remain modest and uneven, and outlook remains clouded with considerable uncertainties and downside risks, including the extent and timing on the increase in the U.S. interest rates, and the economic growth of mainland China and the impact of geopolitical tension in various regions. United Kingdom's decision to leave the European Union has added a new element of uncertainty to the global economic and political climate. Hopefully, the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China and prevailing low interest rates and surplus funds environment will be a compensatory positive influence to help maintaining investor confidence and create new business opportunities.

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. The Group will also continue to manage its assets and assess new investment opportunities with prudence to achieve stable growth and enhance shareholders' value.

Report of the Directors *(continued)*

BUSINESS STRATEGY

The business activities of the Group are diversified. The principal activities of the subsidiaries, associates, joint ventures and joint operations are investment holding, property investment, property development, food businesses, hotel operation, property management, project management, mineral exploration, extraction and processing, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services. Lippo China Resources Limited and Hongkong Chinese Limited, the major subsidiaries of the Company, have been the major contributors to the Group's results.

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

KEY RISKS AND UNCERTAINTIES

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

Operational Risk

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

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

Investment Risk

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

Financial Risks

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

Report of the Directors *(continued)*

KEY RISKS AND UNCERTAINTIES *(continued)*

Financial Risks *(continued)*

Market risk is the risk that the Group's earnings and capital or its ability to meet its business objectives will be adversely affected by movement in foreign exchange rates, interest rates and equity prices. The Group monitors the relative foreign exchange positions of its assets and liabilities and allocates accordingly to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group. The Group monitors its interest-sensitive products and investments and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by senior management of the Group. Equity price risk arises from fluctuation in market prices of the Group's investment in financial assets. Senior management regularly reviews and monitors the mix of securities in its investment portfolio based on its fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

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

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. It arises from lending, treasury, investment, food businesses and other activities undertaken by the Group. The credit policies for banking and margin lending businesses set out in details the credit approval and monitoring mechanism, the loan classification criteria and provision policy. Credit approval is conducted in accordance with the credit policies, taking into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Day-to-day credit management is performed by management of individual business units. In addition, the Group's exposure to credit risk for its food businesses arises primarily from trade and other debtors. Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Group continues to monitor its existing customers, especially those with repayment issues. The Group has established guidelines to ensure that all new debt investments are properly made, taking into account factors such as credit rating requirements and maximum exposure limit. All relevant departments within the Group are involved to ensure that appropriate processes, systems and controls are set in place before and after the investments are acquired. The bank balances are deposited with creditworthy banks with no recent history of default.

Strategic Direction Risk

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

Manpower and Retention Risk

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

Report of the Directors *(continued)*

KEY RISKS AND UNCERTAINTIES *(continued)*

Business Risks

Property Investment

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

Property Development

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

Food Businesses

Due to the complexities of the food business, the uncertainties of supply and the reliability of the supply chain, the Group faces the risk that the strategic plans of its food business are not effectively executed or meets the Group's objectives and strategy. Taking into consideration the nature of the Group's food businesses, there is risk of third party supplier and customer failing to comply with the Group's food safety/hygiene policies and procedures resulting in the contamination of the food products. In addition, there is risk of third party suppliers failing to supply products of adequate quality standards required and expected by the Group. Taking into consideration the nature and age of its equipment, and the availability of good external manufacturing capabilities, there is risk of disruption in food production due to adverse external events and the breakdown of such equipment.

Mineral Exploration and Extraction Business

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

Joint Venture Partners Risk

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

Information Technology Risk

Information technology risk arises from system downtime or breach in security, and such risks may have an adverse impact on the integrity, accuracy and completeness of data and information. The Group has engaged professionals to manage these risks and conducts regular reviews and testing.

Report of the Directors *(continued)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

Workplace Quality

Working conditions

As at 31st March, 2016, the Group employed a total of 2,329 employees.

The Group provides competitive remuneration package to attract and motivate the employees. It offers competitive remuneration, retirement and medical benefits, insurance and generous paid leave. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group believes in constantly improving processes and procedures while also ensuring that diversity is managed well in the Group. The Group strongly believe in nurturing and allowing its employees to grow as professionals. This is apparent as one of the subsidiaries of Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group"), a principal subsidiary of the Company, won three coveted prizes in the HR Excellence Award 2015 conferred by Human Resources Online (namely, Employee Diversity and Inclusion Strategies — Bronze Award, HR Professional of the Year — Gold Award and HR Young Talent of the Year — Gold Award) and two coveted prizes conferred by Malaysia Institute of Human Resources Management (namely, HR Best Practices Award 2015 — Silver Award and HR Manager of the Year 2015 — Silver Award).

Training and Development

Employees of the Group are encouraged to attend training and development courses to have the right knowledge and skills. The relevant divisions and departments would set aside a budget for the employees to attend training and development courses. The APG Group administers structured and formalized training programmes, combining practical experience to enhance its competencies and thereby managing its operations more effectively. The Group provides continuous professional development training for the Directors and senior management to develop and refresh their knowledge and skills which includes seminars and workshops, updates on regulatory requirements and development and corporate governance practices.

Equal Opportunity and Diversity

The Group treats the employees with respect and fairness and encourages a culture of equal opportunity and diversity regardless of age, gender, marital status and race. Auric Pacific Malaysia Retail division of the APG Group has a special internship program devised to guide and mentor special needs students such as slower learners, autistic, dyslexic children to enter the work force. This program also coaches the existing staff on how to cope and work together with this group of special individuals. A Board Diversity Policy, with the aim of enhancing the quality of the Board's performance by diversity, was adopted in August 2013.

Health and Safety

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

Report of the Directors *(continued)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

Environmental Protection

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

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

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

Community Involvement

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

Operating Practices

Anti-corruption

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

Food Safety

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

Report of the Directors *(continued)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

Operating Practices *(continued)*

Quality, Environmental and Food Safety Management Systems

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

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

Delifrance recognises the importance of food safety and handling. Manufactured products are submitted for microbiological testing to ensure that they comply with the microbiological standard. Assessments are conducted to ensure that all employees conform to personal hygiene standards and all retail outlets conform to food safety standards, so as to drive consistent best practices at all locations where food handling and processing procedures are carried out. The Agri-Food & Veterinary Authority of Singapore has awarded Delifrance the highest 'A' grading for hygiene and quality management for the past 4 years since 2013. To continuously improve its Food Safety Management System, a factory of the APG Group has been accredited and certified by TÜV SÜD Productivity and Standard Board with ISO 22000:2005 Food Safety Management System.

Pest Control Program

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

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries, associates, joint ventures and joint operations are principally engaged in investment holding, property investment, property development, food businesses, hotel operation, property management, project management, mineral exploration, extraction and processing, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The activities and other particulars of the principal subsidiaries, principal associates, principal joint ventures and joint operations are set out in the financial statements on pages 150 to 164, pages 165 and 166, page 167 and page 168, respectively.

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

Report of the Directors *(continued)*

SEGMENT INFORMATION

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

RESULTS AND DIVIDENDS

The results and details of cash flows of the Group for the Year and the financial position of the Group as at 31st March, 2016 are set out in the financial statements on pages 46 to 168.

An interim dividend of HK3 cents per share (For the six months ended 30th September, 2014 — HK3 cents per share) for the six months ended 30th September, 2015 was paid on 29th January, 2016. The Directors have resolved to recommend the payment of a final dividend of HK10 cents per share (2015 — HK10 cents per share) amounting to approximately HK$49.3 million for the Year (2015 — approximately HK$49.3 million). Total dividends for the Year will be HK13 cents per share (2015 — HK13 cents per share) amounting to approximately HK$64.1 million (2015 — approximately HK$64.1 million).

SUMMARY OF GROUP FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 175.

GOODWILL

Details of movements in goodwill during the Year are set out in Note 15 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties during the Year are set out in Note 18 to the financial statements.

BANK LOANS

Details of bank loans are summarised in Note 30 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 34 to the financial statements.

EQUITY-LINKED AGREEMENTS/SHARE OPTION SCHEMES

Details of the share option schemes of the Company and its subsidiaries are set out in Note 35 to the financial statements.

During the Year, China Gold Pte. Ltd., a subsidiary of the Company, held an aggregate of C$2,496,000 senior unsecured convertible debentures ("CDs") which were issued by Asia Now Resources Corp. ("Asia Now"), a subsidiary of the Company, for its mineral exploration activities and general capital purposes. The CDs were convertible into shares of Asia Now and the interest rate of the CDs was 12 per cent. per annum. The CDs were due in December 2015 and April 2016 respectively. Asia Now entered into receivership in August 2015. The receivership of Asia Now was subsequently completed in April 2016.

DISTRIBUTABLE RESERVES

As at 31st March, 2016, the Company's reserves available for distribution, calculated in accordance with the provision of Part 6 of the Hong Kong Companies Ordinance (Chapter 622), amounted to HK$221,804,000. As at 31st March, 2016, other distributable reserve amounted to HK$1,709,202,000.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in Note 48 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 150 to 164.

DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$39,552,000 (2015 — HK$40,864,000).

HONORARY CHAIRMAN

On 25th April, 2003, the Directors of the Company appointed Dr. Mochtar Riady ("Dr. Riady") as Honorary Chairman of the Company in recognition of Dr. Riady's valuable contribution to the Company in the past. Dr. Riady was not appointed as a director or officer of the Company. He has no executive or management function within the Company and will not attend or vote at meetings of Directors. He will not have any involvement in the day-to-day management, oversight or other operation of the Company.

DIRECTORS

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

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

In accordance with Article 120 of the Company's Articles of Association (the "Articles"), Messrs. Leon Nim Leung Chan and King Fai Tsui will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Other than Mr. Jark Pui Lee, the Directors of the Company are also directors of certain subsidiaries of the Company. A list of directors of the Company's subsidiaries during the Year and up to the date of this report is available on the Company's website (www.lippoltd.com.hk).

Report of the Directors *(continued)*

DIRECTORS *(continued)*

Each of Messrs. King Fai Tsui and Victor Ha Kuk Yung entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30th September, 2014. Each of Dr. Stephen Riady and Mr. John Luen Wai Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2015. Mr. Jark Pui Lee entered into a letter agreement with the Company for his appointment as a non-executive Director of the Company for a term of two years commencing from 1st March, 2015. Following the expiry of the term under their respective former letter agreements with the Company, each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2016. All the above letter agreements will be terminable by either party by giving three months' prior written notice. The term of the office of the Directors is also subject to the provisions of the Articles. In accordance with the Articles, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors.

In addition, Dr. Stephen Riady entered into an employment agreement for his employment as an Executive President of the Company with effect from 1st January, 2015. The above employment agreement is terminable by either party by giving three months' prior written notice. Dr. Stephen Riady also entered into employment agreements/employment contract with three subsidiaries of the Company which are terminable by either party by giving three months' or six months' prior written notice (as the case may be). Mr. John Luen Wai Lee entered into employment agreements with two subsidiaries of the Company which are terminable by either party by giving three months' prior notice.

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

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

Report of the Directors *(continued)*

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Stephen Riady, aged 56, has been the Chairman of the board of directors of the Company since 1991. He is also an executive director and the Chairman of the board of directors of each of Lippo China Resources Limited ("LCR") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. He has been the Executive President of each of the Company, LCR and HKC since January 2015. Dr. Riady is a director of Lanius Limited and Lippo Capital Limited. He is a member of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. He also holds directorship in certain subsidiaries of the Company. Dr. Riady is the Executive Chairman of OUE Limited and an executive director of Auric Pacific Group Limited ("Auric"), both are public listed companies in Singapore. He serves as a member of the Nomination Committee of Auric. Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master Degree of Business Administration from Golden Gate University, United States of America and an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Dr. Riady is the father-in-law of Dr. Andy Adhiwana, an executive director and the Group Chief Executive Officer of Auric. Dr. Riady is a son of Dr. Mochtar Riady and Madam Lidya Suryawaty. The interests of Dr. Mochtar Riady and Madam Lidya Suryawaty in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

Mr. John Luen Wai Lee, BBS, JP, aged 67, has been the Managing Director of the Company since 1991 and is also the Chief Executive Officer of the Company. He is an executive director and the Chief Executive Officer of LCR and HKC, as well as an independent non-executive director of New World Development Company Limited, New World China Land Limited and UMP Healthcare Holdings Limited, all are public listed companies in Hong Kong. Mr. Lee is an authorised representative of the Company, LCR and HKC. In addition, he holds directorships in certain subsidiaries of the Company. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Pricewaterhouse (now known as PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and an awardee of the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Lee is active in public service and currently serves as a Trustee of the Board of the Hospital Authority Provident Fund Scheme and a member of the Appeal Boards Panel (Education). He was appointed a member of the Public Service Commission on 1st May, 2016.

Mr. Jark Pui Lee, SBS, OBE, JP, aged 76, was appointed a Director of the Company in 1992 and was re-designated from an executive Director to a non-executive Director of the Company in March 2015. Mr. Lee holds a Bachelor of Arts degree (Hons) from The University of Hong Kong. He worked for the Hong Kong Government and was the Secretary-General of The Chinese Manufacturers' Association of Hong Kong. He has served and contributed to the local community for over 40 years, and was Chairman of the Government's Social Welfare Advisory Committee, the General Support Programme Vetting Committee of the Innovation and Technology Commission, Hong Kong Council of Social Service, the Legal Aid Services Council and Po Leung Kuk. Mr. Lee is currently the Chairman of International Chamber of Commerce — Hong Kong, Agency for Volunteer Service and the Hong Kong Council of Volunteering.

Report of the Directors *(continued)*

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

Mr. Leon Nim Leung Chan, aged 60, was appointed an independent non-executive Director of the Company in 1997 and was re-designated as a non-executive director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008. He is also a non-executive director of LCR and HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. He is also a director of a subsidiary of HKC and a member of the supervisory board of a former subsidiary of HKC. Mr. Chan is an independent non-executive director of Midland Holdings Limited, a public listed company in Hong Kong. He was an independent non-executive director of PanAsialum Holdings Company Limited, a public listed company in Hong Kong.

Mr. Edwin Neo, aged 66, was appointed an independent non-executive Director of the Company in March 2002. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is also an independent non-executive director of LCR and Auric. Mr. Neo is a member of the Remuneration Committee, Nomination Committee and Audit Committee of each of the Company and LCR. He was appointed as the Chairman of the Nomination Committee of Auric on 1st March, 2016.

Mr. King Fai Tsui, aged 66, was appointed an independent non-executive Director of the Company in September 2004. Mr. Tsui is a director and senior consultant of a registered financial services company in Hong Kong. He is an independent non-executive director of Vinda International Holdings Limited, China Aoyuan Property Group Limited and Newton Resources Ltd, all are public listed companies in Hong Kong. He has over 30 years of extensive experience in accounting, finance and investment management, particularly in investments in mainland China. Mr. Tsui worked for two of the Big Four audit firms in the United States of America and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Accountants Australia and New Zealand and a member of the American Institute of Certified Public Accountants. He graduated from the University of Houston, Texas, the United States of America and holds a Master of Science in Accountancy and a Bachelor of Business Administration with first class honours. Mr. Tsui is an independent non-executive director of LCR and HKC. He is the Chairman of the Audit Committee of HKC and a member of the Audit Committee of each of the Company and LCR. He is also the Chairman of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC.

Mr. Victor Ha Kuk Yung, aged 62, was appointed an independent non-executive Director of the Company in September 2004. Mr. Yung is a professional accountant with over 30 years of working experience in the financial and accounting fields, and served in management positions in various multinational companies in Asia. Mr. Yung holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University, and is a member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of LCR and HKC. Mr. Yung is the Chairman of the Audit Committee of each of the Company and LCR and a member of the Audit Committee of HKC. He is also a member of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. Mr. Yung is an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a public listed company in Hong Kong. He was an independent non-executive director of Magnum Entertainment Group Holdings Limited, a public listed company in Hong Kong.

Report of the Directors *(continued)*

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

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

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

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

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

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

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

(a) the discretionary bonus of Dr. Stephen Riady in an amount of approximately HK$8,084,000;

(b) (i) the director's fees for serving as a director of a subsidiary and a former subsidiary of the Company in the total amount of approximately HK$49,000, and (ii) the discretionary bonus of Mr. John Luen Wai Lee in an amount of HK$2,000,000;

(c) the director's fee of Mr. Leon Nim Leung Chan for serving as a director of a subsidiary of the Company in an amount of HK$30,000; and

(d) the director's fee of Mr. Edwin Neo in an amount of approximately HK$364,000 for serving as an independent non-executive director of a subsidiary of the Company.

Dr. Stephen Riady and Mr. John Luen Wai Lee are entitled to receive salaries, discretionary bonuses and/or other fringe benefits for the executive role in the Group under their respective employment agreements/employment contract with the Group.

Further details of the above Directors' emoluments are disclosed in Note 7 to the financial statements.

Report of the Directors *(continued)*

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

Each of the Directors of the Company is entitled to receive a director's fee from the Company. The director's fee paid to each of the Directors of the Company was HK$216,000 for the Year. A non-executive Director will also receive additional fees for duties assigned to and services provided by him as Chairmen and/or members of various board committees of the Company and its subsidiaries. The fees paid to the non-executive Directors for serving as the Chairmen and/or members of various board committees of the Company for the Year are as follows:

	HK$
Audit Committee	
Chairman	72,000
Member	48,000
Other Committees	
Chairman	48,000
Member	48,000

With effect from 1st April, 2016, the director's fee payable to each of the Directors of the Company was adjusted from HK$216,000 per annum to HK$223,200 per annum and the fees payable to the non-executive Directors per annum for serving as Chairmen and/or members of various board committees of the Company were adjusted as follows:

	HK$
Audit Committee	
Chairman	74,400
Member	49,200
Other Committees	
Chairman	49,200
Member	49,200

Report of the Directors *(continued)*

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

As at 31st March, 2016, 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	–	–	343,983,219 *Note (i)*	343,983,219	69.75
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 *Notes (i) and (ii)*	6,544,696,389	71.24
Number of ordinary shares of HK$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,315,707,842 *Notes (i) and (iii)*	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

Note:

(i) As at 31st March, 2016, 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 343,983,219 ordinary shares in, representing approximately 69.75 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 31st March, 2016, 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 31st March, 2016, 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.

Report of the Directors *(continued)*

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)*

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	4,706,452,795	29.80
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
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

Report of the Directors *(continued)*

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

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

As at 31st March, 2016, Dr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares in, representing approximately 16.67 per cent. of the issued shares of, Lanius which is the holder of the entire issued shares of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Dr. Stephen Riady), who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family.

As at 31st March, 2016, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 2016, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 31st March, 2016, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 31st March, 2016, 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")	343,983,219	69.75
Lanius Limited ("Lanius")	343,983,219	69.75
Dr. Mochtar Riady	343,983,219	69.75
Madam Lidya Suryawaty	343,983,219	69.75

Report of the Directors *(continued)*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE *(continued)*

Interests of substantial shareholders in shares of the Company *(continued)*

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 329,283,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 343,983,219 ordinary shares in, representing approximately 69.75 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 343,983,219 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 31st March, 2016, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31st March, 2016, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

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

CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION

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

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION *(continued)*

Continuing Connected Transaction

(A) A tenancy agreement dated 22nd August, 2014 was entered into between Serene Yield Limited ("Serene Yield"), a wholly-owned subsidiary of Lippo China Resources Limited ("LCR") which in turn is a subsidiary of the Company, and LCR Catering Services Limited ("LCR Catering"), a subsidiary of Auric Pacific Group Limited ("Auric") which in turn is a subsidiary of LCR, pursuant to which LCR Catering agreed to lease from Serene Yield Unit 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong for a term of three years from 22nd August, 2014 to 21st August, 2017, both days inclusive, at a monthly rental of HK$398,200, exclusive of rates, service charge and all other outgoings, for use as a restaurant with an option to renew for a further three years upon current lease expiry (the "Additional Term") at the then open market rent for prime retail/restaurant accommodation in the Admiralty District of Hong Kong, provided that LCR Catering is not in breach of the existing tenancy agreement and that the rent for the Additional Term shall not be more than 20 per cent. higher than the rent payable during the last year of the initial term. The service charge of HK$65,040 per month (subject to adjustment) shall be payable by LCR Catering to Serene Yield and such service charge shall not exceed HK$90,000 per month (the "Maximum Service Charge").

The maximum aggregate value, that is, the annual cap for the above tenancy agreement, which is equivalent to the annual rental and the annual Maximum Service Charge, for the Year was HK$5,859,000.

As at the date of the above tenancy agreement, Dr. Stephen Riady, a Director of the Company, through companies controlled by him, was indirectly interested as to approximately 21.9 per cent. of the total issued shares of Auric. Such interest was subsequently transferred to his son-in-law.

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

Connected Transaction

(B) On 28th October, 2015, a sale and purchase agreement was entered into between Winwise Holdings Limited (the "Vendor"), a wholly-owned subsidiary of Hongkong Chinese Limited which in turn is a subsidiary of the Company, and 南粵（集團）有限公司 (Nam Yue (Group) Company Limited) (the "Purchaser"), (the "Sale and Purchase Agreement") pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 416,000 shares of MOP100 each in, representing 16 per cent. of the issued shares of, The Macau Chinese Bank Limited ("MCB"), at a consideration of MOP144 million (equivalent to approximately HK$140 million) (the "Disposal").

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION *(continued)*

Connected Transaction *(continued)*

(B) *(continued)*

Upon signing of the Sale and Purchase Agreement, the Purchaser has fully paid the above consideration as non-refundable deposit, which was used to set off against the outstanding loan amount under the loan agreement dated 27th July, 2015 entered into between, inter alia, the Vendor as borrower and the Purchaser as lender.

MCB is a company owned as to 51 per cent. by the Vendor. The Purchaser holds 40 per cent. interest in MCB, and thus is a substantial shareholder of MCB.

Completion of the Disposal is conditional upon, among others, the obtaining of the approval of Autoridade Monetaria e Cambial de Macau, the Monetary Authority of Macau, on or before 31st December, 2016. The above disposal of shares to an existing shareholder with strong Macau and Guangdong Provincial connections can help broadening the business horizon and improve the long term growth potential of MCB.

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

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

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

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

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

DIRECTORS' SERVICE CONTRACTS

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

MANAGEMENT CONTRACTS

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

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

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

MAJOR SUPPLIERS AND CUSTOMERS

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

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

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

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

RETIREMENT BENEFITS SCHEMES

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 34 to 43.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

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

On behalf of the Board
John Luen Wai Lee
Managing Director and Chief Executive Officer

Hong Kong, 29th June, 2016

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

During the year ended 31st March, 2016 (the "Year"), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

BOARD OF DIRECTORS

The Board currently comprises seven members (the composition of the Board is shown on page 21), including two executive Directors and five non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 23 to 25). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk). To the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

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

BOARD OF DIRECTORS *(continued)*

Messrs. King Fai Tsui (who is to retire by rotation at the forthcoming 2016 annual general meeting of the Company (the "2016 AGM")), Edwin Neo and Victor Ha Kuk Yung have served as independent non-executive Directors of the Company for more than nine years. In addition to their confirmation of independence in accordance with Rule 3.13 of the Listing Rules, each of Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice and there is no evidence that their tenure has had any impact on their independence. The Directors are of the opinion that each of Messrs Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung remains independent notwithstanding the length of their service and they believe that their valuable knowledge and experience in the Group's business and their external experience continue to generate significant contribution to the Company and its shareholders as a whole.

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

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

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

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

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

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS *(continued)*

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

	Attendance/Number of Meetings				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
Executive Directors					
Dr. Stephen Riady *(Chairman)*	6/7	N/A	3/3	2/3	1/1
Mr. John Luen Wai Lee *(Managing Director and Chief Executive Officer)*	7/7	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Jark Pui Lee	7/7	N/A	N/A	N/A	1/1
Mr. Leon Nim Leung Chan	7/7	3/3	3/3	3/3	1/1
Independent Non-executive Directors					
Mr. Victor Ha Kuk Yung *(Chairman of the Audit Committee)*	7/7	3/3	3/3	3/3	1/1
Mr. King Fai Tsui *(Chairman of the Remuneration Committee and Nomination Committee)*	7/7	3/3	3/3	3/3	1/1
Mr. Edwin Neo	7/7	3/3	3/3	3/3	1/1

* the only general meeting of the Company held during the Year was the annual general meeting held on 10th September, 2015 (the "2015 AGM").

CHAIRMAN AND EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

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

REMUNERATION OF DIRECTORS

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

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

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

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

NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Company's Articles. No new Director was appointed during the Year.

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The principal role of the Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2015 AGM and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition, diversity and efficiency of the Board.

Corporate Governance Report *(continued)*

NOMINATION OF DIRECTORS *(continued)*

The Board considers its diversity is essential to the sustainable success of the Company and adopted a board diversity policy (the "Diversity Policy") in August 2013. The Nomination Committee undertakes the function to review the Diversity Policy and make recommendations on any required changes to the Board. The Diversity Policy sets out the approach to achieve diversity on the Board which will include and make good use of the difference in skills, professional experience, educational background, gender, age, knowledge, length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and all board appointments will be based on merit and contribution, having due regard to the overall effective function of the Board as a whole. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee monitors the implementation of the Diversity Policy and will at appropriate time set measurable objectives for achieving diversity under the Diversity Policy. The Nomination Committee will review the Diversity Policy from time to time to ensure its continued effectiveness. A copy of the Diversity Policy can be found on the Company's website (www.lippoltd.com.hk). The Company believes that diversity can strengthen the performance of the Board, and promote effective decision-making and better corporate governance and monitoring.

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

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

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company for the Year. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the 2016 AGM, all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 23 to 25.

DIRECTORS' TIME COMMITMENT AND TRAINING *(continued)*

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

(1) participation in continuous professional training seminars and/or conferences and/or courses and/or workshops on subjects relating to, inter alia, corporate governance, directors' duties and legal and regulatory changes organised and/or arranged by the Company and/or professional bodies and/or lawyers;

(2) reading materials provided from time to time by the Company to Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and

(3) reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

Corporate Governance Report *(continued)*

AUDITORS' REMUNERATION

Messrs. Ernst & Young has been appointed by the shareholders annually as the Company's auditors. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Messrs. Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditors nationally and internationally) amounted to approximately HK$10.1 million (2015 — HK$11.2 million) and approximately HK$0.5 million (2015 — HK$2.3 million), respectively. The non-statutory audit services provided during the Year consisted of the review of the Group's continuing connected transactions and other reporting services.

AUDIT COMMITTEE

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

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

During the Year, the Audit Committee discharged its duties by reviewing financial, audit, risk management and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report and internal audit reports and discussing with executive Directors, management, external auditors and internal audit department (the "IA Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board on financial-related matters. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2016 AGM, Messrs. Ernst & Young be re-appointed as the Company's external auditors for the ensuing year; and reviewed the fees charged by the Company's external auditors.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

INTERNAL AUDIT

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

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

COMPANY SECRETARY

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

Corporate Governance Report *(continued)*

COMMUNICATION WITH SHAREHOLDERS

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

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees and Board committee members, and the Company's external auditors attended the 2015 AGM and were available to answer questions from shareholders.

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

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

Shareholders may direct their questions about their shareholdings to the Company's Registrar, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or contact the Customer Service Hotline of the Company's Registrar at (852) 2980 1333. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the registered office of the Company at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

SHAREHOLDERS' RIGHTS

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

FAIR DISCLOSURE AND INVESTOR RELATIONS

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

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

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

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31st March, 2016, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditors are responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

The responsibilities of the auditors with respect to financial reporting are set out in the Independent Auditors' Report on pages 44 and 45.

CORPORATE SOCIAL RESPONSIBILITY

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

Independent Auditors' Report

安永

To the members of Lippo Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Lippo Limited (the "Company") and its subsidiaries set out on pages 46 to 168, which comprise the consolidated statement of financial position as at 31st March, 2016, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

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

Independent Auditors' Report *(continued)*

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31st March, 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

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

Hong Kong, 29th June, 2016

Consolidated Statement of Profit or Loss

For the year ended 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)[1]
Revenue	5	**3,856,686**	2,974,195
Cost of sales	6	**(2,204,062)**	(1,596,774)
Gross profit		**1,652,624**	1,377,421
Administrative expenses		**(901,346)**	(1,042,409)
Other operating expenses		**(552,197)**	(506,513)
Gain on disposal of subsidiaries	38	**632,690**	812,555
Net fair value gain on investment properties		**50,837**	74,647
Net fair value loss on financial instruments at fair value through profit or loss	6	**(207,436)**	(6,743)
Provisions for impairment losses on:			
Intangible assets	15	**(207,988)**	(2,792)
Exploration and evaluation assets		**(1,468)**	(95,410)
Associates	9	**(34,925)**	(14,974)
Available-for-sale financial assets	9	**(124,631)**	(31,647)
Properties under development		**(134)**	(60,216)
Loans and receivables	9	**(164,449)**	(7,239)
Finance costs	10	**(41,343)**	(39,736)
Share of results of associates		**(21,944)**	28,969
Share of results of joint ventures	11	**(311,541)**	682,922
Profit/(Loss) before tax	6	**(233,251)**	1,168,835
Income tax	12	**(110,719)**	(145,494)
Profit/(Loss) for the year		**(343,970)**	1,023,341
Attributable to:			
Equity holders of the Company		**(186,565)**	743,849
Non-controlling interests		**(157,405)**	279,492
		(343,970)	1,023,341
		HK$	HK$ (Restated)[1]
Earnings/(Loss) per share attributable to equity holders of the Company	13		
Basic and diluted		**(0.38)**	1.51

[1] Refer to Note 49

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)[1]
Profit/(Loss) for the year		**(343,970)**	1,023,341
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		**(2,668)**	(533)
Adjustments for disposal		**70**	4
Adjustment for impairment losses		**–**	3,187
Income tax effect		**557**	1,025
		(2,041)	3,683
Share of other comprehensive income/(loss) of joint ventures:			
Share of changes in fair value of available-for-sale financial assets		**(179,067)**	25,210
Share of effective portion of changes in fair value of cash flow hedges		**(39,605)**	10,198
Share of exchange differences on translation of foreign operations		**38,103**	(554,024)
		(180,569)	(518,616)
Share of exchange differences on translation of foreign associates		**(1,003)**	(1,258)
Exchange differences on translation of foreign operations		**(21,142)**	(187,511)
Adjustments relating to disposal of subsidiaries:			
Available-for-sale financial assets		**(2,715)**	–
Exchange differences on translation of foreign operations		**(10,047)**	(78,620)
Income tax effect		**327**	–
	38	**(12,435)**	(78,620)
Adjustments relating to cessation of foreign operations	6	**4,944**	–
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the year, net of tax		**(212,246)**	(782,322)
Total comprehensive income/(loss) for the year		**(556,216)**	241,019
Attributable to:			
Equity holders of the Company		**(330,557)**	282,239
Non-controlling interests		**(225,659)**	(41,220)
		(556,216)	241,019

[1] Refer to Note 49

Consolidated Statement of Financial Position

As at 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)[1]
Non-current assets			
Intangible assets	15	**208,721**	498,788
Exploration and evaluation assets	16	**1,017**	1,040
Fixed assets	17	**295,416**	410,093
Investment properties	18	**1,372,632**	1,483,869
Interests in associates	19	**476,597**	527,202
Interests in joint ventures	20	**9,274,038**	8,154,753
Available-for-sale financial assets	21	**180,491**	205,648
Loans and advances	22	**3,679**	112,838
Debtors, prepayments and deposits	23	**46,582**	67,487
Other financial asset	27	**25,295**	–
Deferred tax assets	33	**8,028**	6,812
		11,892,496	11,468,530
Current assets			
Properties held for sale		**146,556**	121,990
Properties under development	24	**260,063**	1,415,118
Inventories	25	**248,774**	274,628
Loans and advances	22	**84,267**	288,929
Debtors, prepayments and deposits	23	**701,179**	575,488
Available-for-sale financial assets	21	**–**	24,047
Financial assets at fair value through profit or loss	26	**822,130**	513,261
Other financial asset	27	**18**	169
Tax recoverable		**5,143**	12,620
Client trust bank balances		**295,784**	324,982
Restricted cash	28	**19,580**	92,799
Treasury bills		**–**	38,800
Cash and bank balances		**2,941,113**	4,405,570
		5,524,607	8,088,401
Assets classified as held for sale	29	**39,543**	–
		5,564,150	8,088,401
Current liabilities			
Bank and other borrowings	30	**402,095**	1,309,863
Creditors, accruals and deposits received	31	**1,268,665**	1,519,054
Current, fixed, savings and other deposits of customers	32	**–**	444,582
Other financial liabilities	27	**4,168**	4,522
Tax payable		**325,890**	561,971
		2,000,818	3,839,992
Liabilities directly associated with assets classified as held for sale	29	**1,302**	–
		2,002,120	3,839,992
Net current assets		**3,562,030**	4,248,409
Total assets less current liabilities		**15,454,526**	15,716,939

[1] Refer to Note 49

Consolidated Statement of Financial Position *(continued)*

As at 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000 (Restated)[1]
Non-current liabilities			
Bank and other borrowings	30	**886,826**	487,220
Creditors, accruals and deposits received	31	**25,711**	30,724
Deferred tax liabilities	33	**67,785**	104,481
		980,322	622,425
Net assets		**14,474,204**	15,094,514
Equity			
Equity attributable to equity holders of the Company			
Share capital	34	**986,598**	986,598
Reserves	36	**8,156,446**	8,499,271
		9,143,044	9,485,869
Non-controlling interests		**5,331,160**	5,608,645
		14,474,204	15,094,514

(1) Refer to Note 49

John Luen Wai Lee
Director

Stephen Riady
Director

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2016

	Attributable to equity holders of the Company												
	Share capital	Share option reserve	Special capital reserve *(Note 36 (a))*	Legal reserve *(Note 36 (b))*	Regulatory reserve *(Note 36 (c))*	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve *(Note 36 (d))*	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April, 2015													
At previously reported	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
Prior year adjustments *(Note 49)*	–	–	–	–	–	–	–	–	(3,581)	191,626	188,045	97,564	285,609
At 1st April, 2015 (restated)	986,598	944	1,709,202	11,752	1,470	258,057	20,153	4,306	193,652	6,299,735	9,485,869	5,608,645	15,094,514
Loss for the year	–	–	–	–	–	–	–	–	–	(186,565)	(186,565)	(157,405)	(343,970)
Other comprehensive income/(loss) for the year:													
Available-for-sale financial assets:													
Changes in fair value	–	–	–	–	–	(1,831)	–	–	–	–	(1,831)	(837)	(2,668)
Adjustments for disposal	–	–	–	–	–	46	–	–	–	–	46	24	70
Income tax effect	–	–	–	–	–	367	–	–	–	–	367	190	557
Share of other comprehensive income/(loss) of joint ventures	–	–	–	–	–	(117,898)	–	(26,077)	23,976	–	(119,999)	(60,570)	(180,569)
Share of exchange differences on translation of foreign associates	–	–	–	–	–	–	–	–	(712)	–	(712)	(291)	(1,003)
Exchange differences on translation of foreign operations	–	(21)	–	–	–	–	–	–	(14,486)	–	(14,507)	(6,635)	(21,142)
Adjustments relating to disposal of foreign subsidiaries	–	–	–	–	–	(1,573)	–	–	(7,168)	–	(8,741)	(3,694)	(12,435)
Adjustments relating to cessation of foreign operations	–	–	–	–	–	–	–	–	1,385	–	1,385	3,559	4,944
Total comprehensive income/(loss) for the year	–	(21)	–	–	–	(120,889)	–	(26,077)	2,995	(186,565)	(330,557)	(225,659)	(556,216)
Changes in non-controlling interests without change in control *(Note 39)*	–	–	–	–	–	–	–	–	–	(4,440)	(4,440)	4,440	–
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	4,206	–	3,000	5,245	43,831	56,282	29,200	85,482
Transfer of reserve upon disposal of a subsidiary	–	–	–	(11,752)	(1,470)	–	(20,153)	–	–	33,375	–	–	–
2014/2015 final dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	(49,315)	(49,315)	–	(49,315)
2015/2016 interim dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	(14,795)	(14,795)	–	(14,795)
Dividends and distributions declared and paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(85,466)	(85,466)
At 31st March, 2016	986,598	923	1,709,202	–	–	141,374	–	(18,771)	201,892	6,121,826	9,143,044	5,331,160	14,474,204

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31st March, 2016

	Attributable to equity holders of the Company												
	Share capital	Share option reserve	Special capital reserve *(Note 36 (a))*	Legal reserve *(Note 36 (b))*	Regulatory reserve *(Note 36 (c))*	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve *(Note 36 (d))*	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity (Restarted)[1]
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April, 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
Profit for the year (restated)	–	–	–	–	–	–	–	–	–	743,849	743,849	279,492	1,023,341
Other comprehensive income/(loss) for the year:													
Available-for-sale financial assets:													
Changes in fair value	–	–	–	–	–	(279)	–	–	–	–	(279)	(254)	(533)
Adjustments for disposal	–	–	–	–	–	2	–	–	–	–	2	2	4
Adjustment for impairment losses	–	–	–	–	–	2,098	–	–	–	–	2,098	1,089	3,187
Income tax effect	–	–	–	–	–	638	–	–	–	–	638	387	1,025
Share of other comprehensive income/(loss) of joint ventures (restated)	–	–	–	–	–	17,092	–	6,399	(358,523)	–	(335,032)	(183,584)	(518,616)
Share of exchange differences on translation of foreign associates	–	–	–	–	–	–	–	–	(816)	–	(816)	(442)	(1,258)
Exchange differences on translation of foreign operations	–	(138)	–	–	–	–	–	–	(73,050)	–	(73,188)	(114,323)	(187,511)
Adjustments relating to disposal of foreign subsidiaries	–	–	–	–	–	–	–	–	(55,033)	–	(55,033)	(23,587)	(78,620)
Total comprehensive income/(loss) for the year (restated)	–	(138)	–	–	–	19,551	–	6,399	(487,422)	743,849	282,239	(41,220)	241,019
Changes in non-controlling interests without change in control *(Note 39)*	–	–	–	–	–	–	–	–	–	623,890	623,890	(993,217)	(369,327)
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	–	(274)	10	12,953	12,689	6,830	19,519
Transfer of reserve	–	–	–	6,582	–	–	–	–	–	(6,582)	–	–	–
2013/2014 final dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	(49,315)	(49,315)	–	(49,315)
2014/2015 interim dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	(14,795)	(14,795)	–	(14,795)
Dividends and distributions declared and paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(214,840)	(214,840)
At 31st March, 2015 (restated)	986,598	944	1,709,202	11,752	1,470	258,057	20,153	4,306	193,652	6,299,735	9,485,869	5,608,645	15,094,514

(1) Refer to Note 49

Consolidated Statement of Cash Flows

For the year ended 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	40(a)	**289,702**	(674,055)
Interest received		**50,100**	113,541
Dividends received from:			
An associate		**–**	2,738
Joint ventures		**11,509**	117,719
Investments		**27,435**	14,348
Taxes paid:			
Hong Kong		**(3,181)**	(2,624)
Overseas		**(331,113)**	(416,900)
Net cash flows from/(used in) operating activities		**44,452**	(845,233)
Cash flows from investing activities			
Proceeds from disposals of:			
Fixed assets		**792**	984
Investment properties		**–**	5,436
Available-for-sale financial assets		**42,541**	9,366
Payments to acquire:			
Fixed assets		**(48,061)**	(150,969)
Exploration and evaluation assets		**(1,484)**	(3,316)
Associates		**(844)**	(11,611)
Available-for-sale financial assets		**(204,798)**	(43,844)
Loans and advances		**(217,305)**	–
Additions to investment properties		**–**	(287)
Repayment from associates		**455**	39,439
Advances to associates		**(157)**	(23,523)
Repayment from joint ventures		**2,116**	1,544
Advances to joint ventures		**(1,224,769)**	(44,412)
Disposal of subsidiaries, net of cash and cash equivalents disposed of	38	**526,292**	1,639,126
Decrease in time deposits with original maturity of more than three months		**–**	925,397
Net cash flows from/(used in) investing activities		**(1,125,222)**	2,343,330

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31st March, 2016

	Note	2016 HK$'000	2015 HK$'000
Cash flows from financing activities			
Interest paid		**(46,175)**	(38,929)
Drawdown of bank loans *(Note)*		**397,563**	1,918,780
Repayment of bank loans *(Note)*		**(903,338)**	(1,456,548)
Repayment of obligations under finance leases		**(649)**	(2,261)
Advances from shareholders of a joint venture	40(b)	**270,630**	–
Acquisition of non-controlling interests		**–**	(369,327)
Dividends paid to shareholders of the Company		**(64,110)**	(64,110)
Dividends and distributions paid to non-controlling shareholders of subsidiaries		**(85,466)**	(214,840)
Decrease in pledged bank deposits		**73,655**	24,845
Net cash flows used in financing activities		**(357,890)**	(202,390)
Net increase/(decrease) in cash and cash equivalents		**(1,438,660)**	1,295,707
Cash and cash equivalents at beginning of year		**4,444,370**	3,176,597
Exchange realignments		**(64,597)**	(27,934)
Cash and cash equivalents at end of year		**2,941,113**	4,444,370
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		**2,941,113**	4,405,570
Treasury bills		**–**	38,800
		2,941,113	4,444,370

Note: The amounts exclude bank loans drawn down by the Group for lending to its margin clients in respect of the initial public offerings. All such bank loans were fully repaid during the year.

Notes to the Financial Statements

1. CORPORATE AND GROUP INFORMATION

Lippo Limited is a limited liability company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China. The registered office of the Company is located at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The principal activity of the Company is investment holding. Its subsidiaries, associates, joint ventures and joint operations are principally engaged in investment holding, property investment, property development, food businesses, hotel operation, property management, project management, mineral exploration, extraction and processing, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The immediate holding company and the ultimate holding company of the Company is Lippo Capital Limited ("Lippo Capital"), a company incorporated in the Cayman Islands.

Details of the principal subsidiaries are set out on pages 150 to 164.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value. Assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 2.4. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st March, 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year:

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

The adoption of the above revised standards has had no significant impact on the Group's financial performance and financial position for the current and prior years.

Notes to the Financial Statements *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments* [3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [6]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception* [1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [1]
HKFRS 14	*Regulatory Deferral Accounts* [5]
HKFRS 15	*Revenue from Contracts with Customers* [3]
HKFRS 16	*Leases* [4]
Amendments to HKAS 1	*Disclosure Initiative* [1]
Amendments to HKAS 7	*Disclosure Initiative* [2]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses* [2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants* [1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements* [1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs [1]

1 Effective for annual periods beginning on or after 1st January, 2016
2 Effective for annual periods beginning on or after 1st January, 2017
3 Effective for annual periods beginning on or after 1st January, 2018
4 Effective for annual periods beginning on or after 1st January, 2019
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1st January, 2016 and therefore is not applicable to the Group
6 The original effective date of 1st January, 2016 has been deferred/removed and early adoption of the amendments continues to be permitted

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1st April, 2018. The Group is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively to transactions occurring in annual periods beginning on or after a date to be determined.

Notes to the Financial Statements *(continued)*

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

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

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1st January, 2018. The Group expects to adopt HKFRS 15 on 1st April, 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for the lessee and the lessor to a contract. For the lessee, HKFRS 16 introduces a single accounting model for all leases, with certain exemptions, which requires lessees to recognise most leases on their statements of financial position. For the lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. The Group expects to adopt HKFRS 16 on 1st April, 2019 and is currently assessing the impact of the standard upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Notes to the Financial Statements *(continued)*

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

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1st April, 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Interests in associates and joint ventures

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Interests in joint operations

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

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

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

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

(c) Business combinations and goodwill

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

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

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

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

(d) Fair value measurement

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Fair value measurement *(continued)*

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

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

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

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

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

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

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

(e) Impairment of non-financial assets

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

(f) Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Fixed assets and depreciation

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

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

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

Leasehold land under finance leases and buildings	Over the remaining lease terms
Leasehold improvements	Over the unexpired terms of the leases or useful life, whichever is shorter
Furniture, fixtures, plant and equipment	10 per cent. to 100 per cent.
Motor vehicles	12 per cent. to $33^1/_3$ per cent.
Yacht	10 per cent.

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Investment properties

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

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

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

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

(i) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Fixed assets and intangible assets classified as held for sale are not depreciated or amortised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

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

Unpatented technology	10 per cent.
Customer relationships	10 per cent.
Management service agreement	$33^1/_3$ per cent.

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

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

Trademarks

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Exploration and evaluation assets

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

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

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

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

(l) Leases

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Investments and other financial assets *(continued)*

Subsequent measurement (continued)

Available-for-sale financial assets

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Derecognition of financial assets

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

(i) the rights to receive cash flows from the asset have expired; or

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

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

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

(o) Impairment of financial assets

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Financial assets carried at amortised cost

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

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

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

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

Assets carried at cost

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Available-for-sale financial assets

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

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

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

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

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

(p) Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include financial liabilities included in creditors, accruals and deposits received, bank and other borrowings, current, fixed, savings and other deposits of customers and derivative financial instruments.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Financial liabilities *(continued)*

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

Financial guarantee contracts

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Derecognition of financial liabilities

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

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

(r) Offsetting of financial instruments

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

(s) Derivative financial instruments

Initial recognition and subsequent measurement

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

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

Current versus non-current classification

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

(t) Properties held for sale

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Properties under development

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

(v) Inventories

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

(i) raw materials and stores, purchase costs on a weighted-average basis; and

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

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

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

(w) Cash and cash equivalents

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

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

(x) Provisions

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Provisions *(continued)*

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

(y) Income tax

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

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

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

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

(i) where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

(i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Income tax *(continued)*

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

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

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

(z) Government grants

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

(aa) Revenue recognition

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

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

(i) rental income, on a straight-line basis over the lease terms. Contingent rent, which is determined based on a factor other than just the passage of time, is recognised when the Group's entitlement to receive payment has been established in accordance with the terms of the agreements;

(ii) income from the sale of properties, on the exchange of legally binding unconditional sales contracts or when the relevant completion certificates are issued by the respective government authorities, whichever is later;

(iii) dealings in securities and sale of investments, on the transaction dates when the relevant contract notes are exchanged or the settlement dates when the securities are delivered;

(iv) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instruments to the net carrying amount of the financial assets;

(v) dividend income, when the shareholders' right to receive payment has been established;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(aa) Revenue recognition *(continued)*

(vi) management and service fee income, when the services have been rendered;

(vii) revenue from sale of goods, upon the transfer of significant risks and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods;

(viii) revenue from sale of food and beverage, upon the delivery to and acceptance by customers, net of sales discounts; and

(ix) royalty and franchise income, on percentage of sales to the franchisees. Franchise income under the "Delifrance" trademark is recognised in accordance with the underlying agreements.

(ab) Employee benefits

Paid leave entitlement

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

Retirement benefits

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ab) Employee benefits *(continued)*

Share-based payments

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

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

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ac) Borrowing costs

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

(ad) Dividends and distributions

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

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

(ae) Foreign currencies

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ae) Foreign currencies *(continued)*

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements

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

Operating lease commitments — Group as lessor

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

Classification between investment properties and owner-occupied properties

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

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

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

Notes to the Financial Statements *(continued)*

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

(b) Estimation uncertainty

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

Estimation of fair value of investment properties

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

(i) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31st March, 2016 was HK$1,372,632,000 (2015 — HK$1,483,869,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in Note 18 to the financial statements.

Impairment of non-financial assets

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

As disclosed in Note 15 to the financial statements, the recoverable amounts of the CGU to which goodwill and trademarks have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis are disclosed and further explained in Note 15 to the financial statements. The carrying amount of intangible assets as at 31st March, 2016 was HK$208,721,000 (2015 — HK$498,788,000).

Notes to the Financial Statements *(continued)*

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

(b) Estimation uncertainty *(continued)*

Impairment of loans and advances

The Group assesses at the end of each reporting period whether there is any objective evidence that a loan and advance is impaired. Factors such as the probability of insolvency or significant financial difficulties of the borrowers and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the borrower's payment ability or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the borrower operates in. Impairment losses of HK$159,653,000 (2015 — HK$487,000) were provided for loans and advances for the year. The carrying amount of the Group's loans and advances as at 31st March, 2016 was HK$87,946,000 (2015 — HK$401,767,000).

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale. Management makes assessment about the decline in value of available-for-sale financial assets to determine whether there is an impairment that should be recognised in the statement of profit or loss. Impairment losses of HK$124,631,000 (2015 — HK$31,647,000) were provided for available-for-sale financial assets for the year. The carrying amount of available-for-sale financial assets as at 31st March, 2016 was HK$180,491,000 (2015 — HK$229,695,000).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of the Group's deferred tax assets, and recognised and unrecognised tax losses at the end of the reporting period are disclosed in Note 33 to the financial statements.

Fair value of retained interest resulting from the partial disposal of a subsidiary

The retained interest resulting from the partial disposal of a subsidiary is recognised at fair value based on valuation methodologies and techniques that involved the use of expertise of external, independent and professionally qualified valuers. The judgements and assumptions used in that valuation have an effect on the financial statements.

4. SEGMENT INFORMATION

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

(a) the property investment segment includes investments relating to 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 customer 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 the Group's 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) and comprises segment results of the Company and its subsidiaries, the Group's share of results of associates and joint ventures.

Segment results are measured consistently with the Group's profit/(loss) before tax except that the Group's share of results of associates and joint ventures, unallocated corporate expenses and certain finance costs are excluded from such measurement.

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

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

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

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Year ended 31st March, 2016

	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	88,164	1,225,954	24,593	33,026	17,969	8,062	2,433,376	–	25,542	–	3,856,686
Inter-segment	5,974	–	–	–	634	–	–	–	974	(7,582)	–
Total	94,138	1,225,954	24,593	33,026	18,603	8,062	2,433,376	–	26,516	(7,582)	3,856,686
Segment results	119,502	732,805	24,395	(139,401)	(8,799)	216,085	(189,781)	(336,126)	2,864	(464)	421,080
	(Note (a))	*(Note (b))*				*(Note (c))*	*(Note (d))*	*(Note (e))*			
Unallocated corporate expenses											(281,077)
Finance costs											(39,769)
Share of results of associates	–	(18,104)	–	–	–	–	–	(2,405)	(1,435)	–	(21,944)
Share of results of joint ventures	(305,646)	2,909	–	–	–	(12,662)	3,858	–	–	–	(311,541)
Loss before tax											(233,251)
Segment assets	1,623,442	489,201	1,577,809	2,007,725	357,768	25,295	1,448,117	68,748	23,633	–	7,621,738
Interests in associates	6,465	450,341	–	–	–	–	–	2,715	17,076	–	476,597
Interests in joint ventures	9,011,691	16,258	–	–	–	235,397	10,692	–	–	–	9,274,038
Unallocated assets											84,273
Total assets											17,456,646
Segment liabilities	265,025	311,548	–	189,256	339,080	270,630	508,545	98,715	30,204	(619,435)	1,393,568
Unallocated liabilities											1,588,874
Total liabilities											2,982,442
Other segment information:											
Capital expenditure *(Note (f))*	11	8	–	–	12	999	49,085	1,484	109	–	51,708
Depreciation	(6,007)	(456)	–	–	(1,095)	(504)	(73,168)	(122)	(660)	–	(82,012)
Amortisation of intangible assets	–	–	–	–	–	–	(11,690)	–	–	–	(11,690)
Interest income	41,144	–	24,593	7,335	–	6,791	1,512	–	1,003	–	82,378
Finance costs	–	–	–	–	(29)	–	(1,545)	–	–	–	(1,574)
Gain on disposal of:											
Subsidiaries	–	428,613	–	–	–	202,355	–	–	1,722	–	632,690
Available-for-sale financial assets	–	–	–	1,872	–	–	–	–	–	–	1,872
Write-back of provision/(Provisions) for impairment losses on:											
Intangible assets	–	–	–	–	–	–	(207,988)	–	–	–	(207,988)
Exploration and evaluation assets	–	–	–	–	–	–	–	(1,468)	–	–	(1,468)
Fixed assets	–	–	–	–	–	–	(8,392)	–	–	–	(8,392)
Associates	–	–	–	–	–	–	(1,528)	(33,397)	–	–	(34,925)
A joint venture	–	2,076	–	–	–	–	–	–	–	–	2,076
Available-for-sale financial assets	–	–	–	–	–	–	–	(124,631)	–	–	(124,631)
Properties under development	–	(134)	–	–	–	–	–	–	–	–	(134)
Properties held for sale	(904)	–	–	–	–	–	–	–	–	–	(904)
Inventories	–	–	–	–	–	–	(22,736)	–	–	–	(22,736)
Loans and receivables	–	–	–	–	(282)	(779)	(3,935)	(159,453)	–	–	(164,449)
Fixed assets written off	–	–	–	–	–	–	(14,859)	–	–	–	(14,859)
Realised translation losses reclassified to the statement of profit or loss relating to cessation of foreign operations	–	–	–	–	–	–	(4,944)	–	–	–	(4,944)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	(64,637)	–	(152,474)	–	12,709	(3,034)	–	–	–	(207,436)
Net fair value gain on investment properties	50,837	–	–	–	–	–	–	–	–	–	50,837
Unallocated:											
Capital expenditure *(Note (f))*											363
Depreciation											(8,340)
Finance costs											(39,769)

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Year ended 31st March, 2015 (restated)

	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	56,117	123,888	72,572	22,560	19,403	22,280	2,627,085	–	30,290	–	2,974,195
Inter-segment	14,447	–	–	–	1,178	–	–	–	1,904	(17,529)	–
Total	70,564	123,888	72,572	22,560	20,581	22,280	2,627,085	–	32,194	(17,529)	2,974,195
Segment results	902,430	(28,714)	72,406	3,031	(10,045)	2,104	(7,699)	(134,283)	618	(1,735)	798,113
	(Note (a))	*(Note (b))*				*(Note (c))*	*(Note (d))*	*(Note (e))*			
Unallocated corporate expenses											(303,686)
Finance costs											(37,483)
Share of results of associates	–	43,546	–	–	–	–	(24)	(1,028)	(13,525)	–	28,969
Share of results of joint ventures	661,708	15,726	–	–	–	–	5,488	–	–	–	682,922
Profit before tax											1,168,835
Segment assets	1,637,683	1,690,656	4,133,628	661,143	378,315	510,223	1,699,970	37,728	22,312	–	10,771,658
Interests in associates	6,180	462,134	–	–	–	–	1,538	38,552	18,798	–	527,202
Interests in joint ventures	8,123,683	18,658	–	–	–	–	12,412	–	–	–	8,154,753
Unallocated assets											103,318
Total assets											19,556,931
Segment liabilities	611,734	1,271,753	–	326,980	336,253	450,669	532,257	395,782	432,411	(1,991,016)	2,366,823
Unallocated liabilities											2,095,594
Total liabilities											4,462,417
Other segment information:											
Capital expenditure *(Note (f))*	19,810	278	–	–	1,909	427	98,830	3,316	218	–	124,788
Depreciation	(2,640)	(927)	–	–	(1,044)	(1,301)	(81,014)	(149)	(563)	–	(87,638)
Amortisation of intangible assets	–	–	–	–	–	–	(16,885)	–	–	–	(16,885)
Interest income	–	–	72,572	6,186	–	18,566	139	–	6,647	–	104,110
Finance costs	–	–	–	–	(22)	–	(2,231)	–	–	–	(2,253)
Gain/(Loss) on disposal of:											
Subsidiaries	799,793	–	–	–	–	–	10,457	–	2,305	–	812,555
An investment property	395	–	–	–	–	–	–	–	–	–	395
Available-for-sale financial assets	–	–	–	(7)	–	–	–	–	–	–	(7)
Write-back of provision/(Provisions) for impairment losses on:											
Intangible assets	–	–	–	–	–	–	(2,792)	–	–	–	(2,792)
Exploration and evaluation assets	–	–	–	–	–	–	–	(95,410)	–	–	(95,410)
Associates	–	–	–	–	–	–	–	(7,988)	(6,986)	–	(14,974)
A joint venture	–	233	–	–	–	–	–	–	–	–	233
Available-for-sale financial assets	–	–	–	(3,187)	–	–	(8,918)	(19,542)	–	–	(31,647)
Properties under development	–	(60,216)	–	–	–	–	–	–	–	–	(60,216)
Properties held for sale	(889)	–	–	–	–	–	–	–	–	–	(889)
Inventories	–	–	–	–	–	–	(12,845)	–	–	–	(12,845)
Loans and receivables	(200)	–	–	–	724	(487)	(4,704)	–	(2,572)	–	(7,239)
Fixed assets written off	–	–	–	–	–	–	(332)	–	–	–	(332)
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(4,934)	–	–	(1,809)	–	–	–	(6,743)
Net fair value gain on investment properties	74,647	–	–	–	–	–	–	–	–	–	74,647
Unallocated:											
Capital expenditure *(Note (f))*											53,607
Depreciation											(7,041)
Finance costs											(37,483)

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Note:

(a) The amount included net fair value gain on investment properties of HK$50,837,000 (2015 — HK$74,647,000). The amount in 2015 also included gain on disposal of subsidiaries of HK$799,793,000.

(b) The amount included gain on disposal of subsidiaries of HK$428,613,000 (2015 — Nil).

(c) The amount included gain on disposal of a subsidiary of HK$202,355,000 (2015 — Nil).

(d) The amount included provision for impairment losses on intangible assets of HK$207,988,000 (2015 — HK$2,792,000).

(e) The amount included provisions for impairment losses on associates, available-for-sale financial assets, loans and receivables and exploration and evaluation assets of HK$33,397,000 (2015 — HK$7,988,000), HK$124,631,000 (2015 — HK$19,542,000), HK$159,453,000 (2015 — Nil) and HK$1,468,000 (2015 — HK$95,410,000), respectively.

(f) Capital expenditure includes additions to fixed assets, investment properties and exploration and evaluation assets.

Geographical information

(a) Revenue from external customers

	2016 HK$'000	2015 HK$'000
Hong Kong	**383,614**	413,928
Macau	**1,213,943**	27,875
Mainland China	**58,729**	197,709
Republic of Singapore	**1,641,640**	1,687,675
Malaysia	**538,178**	631,658
Other	**20,582**	15,350
	3,856,686	2,974,195

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

(b) Non-current assets

	2016 HK$'000	2015 HK$'000 (Restated)
Hong Kong	**1,136,835**	1,185,755
Macau	**235,397**	203,233
Mainland China	**279,677**	289,289
Republic of Singapore	**9,791,494**	9,128,096
Malaysia	**21,798**	47,119
Other	**171,437**	243,719
	11,636,638	11,097,211

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

Information about a major customer

Revenue of approximately HK$421,580,000 for the year ended 31st March, 2016 (2015 — HK$426,274,000) was derived from sales by the food businesses segment to a single customer.

Notes to the Financial Statements *(continued)*

5. REVENUE

Revenue represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from 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 is as follows:

	2016 HK$'000	2015 HK$'000
Property rental income	**47,020**	56,117
Sales of properties *(Note)*	**1,225,954**	123,888
Interest income	**75,587**	85,544
Dividend income	**27,320**	14,394
Corporate finance and securities broking	**17,969**	19,403
Banking business	**8,062**	22,280
Sales of goods	**1,640,670**	1,754,966
Sales of food and beverage	**618,948**	708,795
Fees charged to food court tenants	**140,082**	137,080
Other	**55,074**	51,728
	3,856,686	2,974,195

Note: The revenue from sale of properties for the year ended 31st March, 2016 mainly came from sales of properties of the property development project in Macau which was completed during the year (2015 — sale of properties of the property development project in Beijing).

Revenue attributable to the banking business represents revenue generated from The Macau Chinese Bank Limited ("MCB"), a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China.

In July 2015, the Group completed the disposal of an aggregate of 49 per cent. equity interest in MCB (the "MCB First Disposal") 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 change of composition of the board of directors and the quorum of directors' meeting, MCB has become a joint venture of the Group since then. Revenue attributable to the banking business up to completion of the MCB First Disposal is analysed as follows:

	2016 HK$'000	2015 HK$'000
Interest income	**6,791**	18,566
Commission income	**1,271**	3,714
	8,062	22,280

Notes to the Financial Statements *(continued)*

6. PROFIT/(LOSS) BEFORE TAX

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

	2016 HK$'000	2015 HK$'000
Cost of sales:		
Cost of properties sold *(Note (a))*	**(815,243)**	(65,505)
Cost of inventories sold	**(1,347,362)**	(1,480,582)
Other	**(41,457)**	(50,687)
	(2,204,062)	(1,596,774)
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	**(155,201)**	(1,841)
Debt securities	**8,736**	–
Investment funds	**(77,766)**	(3,212)
	(224,231)	(5,053)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**354**	(1,345)
Derivative financial instruments	**16,441**	(345)
	(207,436)	(6,743)
Employee benefit expense *(Note (b))*:		
Wages and salaries	**(534,752)**	(630,289)
Retirement benefit costs *(Note (c))*	**(39,487)**	(47,910)
Total staff costs	**(574,239)**	(678,199)
Interest income:		
Available-for-sale financial assets	**1,921**	6,186
Financial assets at fair value through profit or loss	**5,414**	–
Loans and advances	**42,147**	6,647
Banking business	**6,791**	18,566
Other	**26,105**	72,711
Gain/(Loss) on disposal of:		
Available-for-sale financial assets	**1,872**	(7)
An investment property	**–**	395
Fixed assets	**(446)**	(22)
Write-back of provision/(Provisions) for impairment losses on *(Note (d))*:		
Fixed assets	**(8,392)**	–
A joint venture	**2,076**	233
Properties held for sale	**(904)**	(889)
Inventories	**(22,736)**	(12,845)
Fixed assets written off	**(14,859)**	(332)
Interest expense attributable to the banking business	**(1,928)**	(5,121)
Depreciation	**(90,352)**	(94,679)
Amortisation of intangible assets *(Note (e))*	**(11,690)**	(16,885)
Foreign exchange losses — net	**(54,307)**	(15,338)
Realised translation losses reclassified to the statement of profit or loss relating to cessation of foreign operations	**(4,944)**	–
Auditors' remuneration	**(11,581)**	(13,125)
Operating lease rentals:		
Minimum lease payments	**(238,919)**	(262,542)
Contingent rents	**(14,601)**	(15,713)
Direct operating expenses arising on rental-earning investment properties	**(6,617)**	(7,060)

Notes to the Financial Statements *(continued)*

6. PROFIT/(LOSS) BEFORE TAX *(continued)*

Note:

(a) The amount for the year ended 31st March, 2016 mainly represented cost of properties sold of the property development project in Macau which was completed during the year (2015 — cost of properties sold of the property development project in Beijing).

(b) The amounts include Directors' emoluments disclosed in Note 7 to the financial statements.

(c) The Group had no forfeited voluntary contributions available to offset future employer contributions against the pension schemes at the year end.

(d) The amounts are included in "Other operating expenses" in the consolidated statement of profit or loss.

(e) The amounts are included in "Administrative expenses" in the consolidated statement of profit or loss.

7. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2016 HK$'000	2015 HK$'000
Directors' fees	**5,987**	4,339
Basic salaries, allowances and benefits in kind	**9,265**	10,166
Discretionary bonuses paid and payable	**10,084**	10,360
Retirement benefit costs	**145**	847
	25,481	25,712

The emoluments paid to each of the Directors during the year ended 31st March, 2016 are as follows:

2016	Directors' fees HK$'000	Basic salaries, allowances and benefits in kind HK$'000	Discretionary bonuses paid and payable HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors:					
Stephen Riady	648	7,883	8,084	109	16,724
John Luen Wai Lee	697	1,382	2,000	36	4,115
	1,345	9,265	10,084	145	20,839
Non-executive directors:					
Leon Nim Leung Chan	1,110	–	–	–	1,110
Jark Pui Lee	216	–	–	–	216
	1,326	–	–	–	1,326
Independent non-executive directors:					
Edwin Neo	1,084	–	–	–	1,084
King Fai Tsui	1,104	–	–	–	1,104
Victor Ha Kuk Yung	1,128	–	–	–	1,128
	3,316	–	–	–	3,316
	5,987	9,265	10,084	145	25,481

Notes to the Financial Statements *(continued)*

7. DIRECTORS' EMOLUMENTS *(continued)*

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

2015	Directors' fees HK$'000	Basic salaries, allowances and benefits in kind HK$'000	Discretionary bonuses paid and payable HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors:					
Stephen Riady	153	7,264	8,000	86	15,503
John Luen Wai Lee	212	1,848	2,000	36	4,096
Jark Pui Lee	17	1,054	360	725	2,156
	382	10,166	10,360	847	21,755
Non-executive director:					
Leon Nim Leung Chan	985	–	–	–	985
Independent non-executive directors:					
Edwin Neo	1,028	–	–	–	1,028
King Fai Tsui	960	–	–	–	960
Victor Ha Kuk Yung	984	–	–	–	984
	2,972	–	–	–	2,972
	4,339	10,166	10,360	847	25,712

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

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

8. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year included two Directors (2015 — one Director), details of whose emoluments are set out in Note 7 to the financial statements. Details of the emoluments of the remaining three (2015 — four) non-director, highest paid employees for the year are as follows:

	2016 HK$'000	2015 HK$'000
Basic salaries, allowances and benefits in kind	**6,628**	10,876
Discretionary bonuses paid and payable	**22,400**	71,316
Retirement benefit costs	**87**	104
	29,115	82,296

Notes to the Financial Statements *(continued)*

8. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS *(continued)*

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

Emoluments bands (HK$):	**2016 Number of employees**	2015 Number of employees
3,000,001 – 3,500,000	**2**	–
5,000,001 – 5,500,000	**–**	1
6,500,001 – 7,000,000	**–**	1
19,000,001 – 19,500,000	**–**	1
22,000,001 – 22,500,000	**1**	–
50,500,001 – 51,000,000	**–**	1
	3	4

9. PROVISIONS FOR IMPAIRMENT LOSSES ON ASSOCIATES, AVAILABLE-FOR-SALE FINANCIAL ASSETS AND LOANS AND RECEIVABLES

The provisions for impairment losses on associates, available-for-sale financial assets, and loans and receivables for the year mainly related to the Group's interests in relation to CS Mining, LLC ("CS Mining"). CS Mining owns and controls a number of copper ore deposits located in the State of Utah in the U.S. (the "Mineral Deposits"), and is engaged in the business of mining and processing primarily copper.

The Group is directly and indirectly interested in approximately 28 per cent. of all issued and outstanding class A units in Skye Mineral Partners, LLC ("Skye") and approximately 27 per cent. of the total issued and outstanding units in Skye. Such equity investments were held through interests in associates and available-for-sale financial assets with carrying amounts of HK$28,353,000 and HK$124,631,000, respectively, before such impairment as at 31st March, 2016. Skye owns the majority shares of CS Mining. Besides, the Group has outstanding senior secured loans (the "Secured Loans") and unsecured loans (the "Unsecured Loans") due from CS Mining with carrying amounts of HK$180,193,000 and HK$36,829,000, respectively, before such impairment as at 31st March, 2016. The Secured Loans were the sole investments of Waterloo Street Limited ("Waterloo"), an indirect non wholly-owned subsidiary of the Company which was acquired by the Group. The Secured Loans carry interest at a rate based on US$ London Interbank Offered Rate plus a margin varying from 6 per cent. to 10 per cent. and are secured by, inter alia, certain properties, mining deposits and other assets owned by CS Mining. The Unsecured Loans carry interest at a rate of 10 per cent. per annum. Both the Secured Loans and the Unsecured Loans are currently in default. For segment reporting purpose, all the above investments are included in the Group's mineral exploration and extraction business segment.

Notes to the Financial Statements *(continued)*

9. PROVISIONS FOR IMPAIRMENT LOSSES ON ASSOCIATES, AVAILABLE-FOR-SALE FINANCIAL ASSETS AND LOANS AND RECEIVABLES *(continued)*

Due to the deadlock among the investors of Skye, CS Mining is unable to secure further funding from its parent company for its operation. Based on the current predicament of CS Mining, the risk of it going into bankruptcy or receivership in the near future and the decline in copper prices, the management considered that the various investments relating to CS Mining had indicators of impairment. For the purpose of impairment testing as at 31st March, 2016, the management has performed the assessment with reference to the recoverable amount of the Group's interests in CS Mining based on fair value less costs of disposal. The assessment was performed by reference to an independent valuation of the Mineral Deposits taking into account the recent transaction values of similar mineral properties in an open market which is comparable to those reflective of the deposits of CS Mining, giving rise to the recent transaction yardstick of US$165 per tonne to US$654 per tonne of contained copper. Key assumptions of the valuation include the transaction values and the quantity of resources. Given that each transaction may have its own specific criteria, term and conditions, the determination of the recoverable amount is relatively sensitive to such implications and changes in these key assumptions.

As a result of the risk of CS Mining going into bankruptcy or receivership in the near future and the uncertainties on the results of the court cases which involved CS Mining and the various parties (details as disclosed in Note 48 to the financial statements), the management has assessed the impairment required for the year ended 31st March, 2016 with reference to the potential recoverable amount upon sale of the business on a liquidation basis. Currently, apart from the Secured Loans and the Unsecured Loans, CS Mining is indebted to another lender a secured convertible loan in a principal amount of approximately HK$155,000,000 (which is in dispute) and other trade creditors. As the valuation of the Mineral Deposits of CS Mining cannot cover all its creditors' claims, full provision for impairment loss was made against the Group's equity investments, comprising of HK$28,353,000 and HK$124,631,000 for the interests in associates and available-for-sale financial assets, respectively. Besides, after taking into account the uncertainty on the estimated final payments receivable by the secured and unsecured creditors, the Group considered it could have a reasonable chance to receive approximately HK$58,151,000 in respect of the Secured Loans which constituted a priority claim over the unsecured creditors upon liquidation. The management has also considered that it is unlikely that the Secured Loans will be recharacterised as equity or equitably subordinated to the claims of CS Mining's other creditors after consultation with the US lawyer. Hence, provisions for impairment on loans and receivables in a total of HK$159,453,000 are charged to the consolidated statement of profit or loss for the year, including the full provision for impairment loss on the Unsecured Loans.

The fair value hierarchy for the valuation is Level 3.

Notes to the Financial Statements *(continued)*

10. FINANCE COSTS

	2016 HK$'000	2015 HK$'000
Interest on bank and other borrowings	**47,260**	53,601
Interest on finance leases	**84**	133
Total interest	**47,344**	53,734
Less: Interest capitalised	**(6,001)**	(13,998)
	41,343	39,736

The amount excluded interest expense incurred by a banking subsidiary of the Group.

11. SHARE OF RESULTS OF JOINT VENTURES

Lippo ASM Asia Property Limited ("LAAPL") is a material joint venture of the Group, further details are given in Note 20 to the financial statements. For the year ended 31st March, 2016, the Group's share of loss in LAAPL amounted to approximately HK$306,288,000 (2015 — share of profit of HK$660,109,000, restated with details disclosed in Note 49 to the financial statements). The share of loss recognised during the year was mainly attributable to the impairment loss on a property under development, the impairment loss on goodwill arising from the acquisition of a subsidiary and finance costs incurred by the joint ventures. The restated share of profit for the year ended 31st March, 2015 was mainly attributable to the net fair value gain on properties and investment portfolio, profit from the pre-sale units of a property development project upon completion and the share of gain from a bargain purchase in relation to the acquisition of shares in a listed company by its joint venture during the last year.

12. INCOME TAX

	2016 HK$'000	2015 HK$'000
Hong Kong:		
Charge for the year	**4,887**	7,822
Overprovision in prior years	**(256)**	(10)
Deferred *(Note 33)*	**(1,326)**	(846)
	3,305	6,966
Overseas:		
Charge for the year	**127,561**	197,076
Overprovision in prior years	**(5,060)**	(7,805)
Deferred *(Note 33)*	**(15,087)**	(50,743)
	107,414	138,528
Total charge for the year	**110,719**	145,494

Notes to the Financial Statements *(continued)*

12. INCOME TAX *(continued)*

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2015 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

	2016 HK$'000	2015 HK$'000 (Restated)
Profit/(Loss) before tax	**(233,251)**	1,168,835
Tax at the statutory tax rate of 16.5 per cent. (2015 — 16.5 per cent.)	**(38,486)**	192,857
Effect of different tax rates in other jurisdictions	**(27,042)**	(43,475)
Adjustments in respect of current tax of previous years	**(5,316)**	(7,815)
Profits and losses attributable to joint ventures and associates	**55,025**	(117,462)
Income not subject to tax	**(77,453)**	(57,109)
Expenses not deductible for tax	**162,572**	141,024
Effect of partial tax exemption and tax relief	**(4,170)**	(5,480)
Deferred tax on royalty income	**(509)**	(573)
Effect of withholding tax on the distributable profits of the Group's subsidiary in mainland China	**12,247**	3,638
Benefits from tax losses/temporary differences previously unrecognised	**(1,711)**	(2,939)
Tax losses/temporary differences not recognised	**33,953**	34,377
Land appreciation tax	**2,146**	11,268
Tax effect of land appreciation tax	**(537)**	(2,817)
Tax charge at the Group's effective rate	**110,719**	145,494

For the companies operating in the Republic of Singapore, Macau and mainland China, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 17 per cent., 12 per cent. and 25 per cent. (2015 — 17 per cent., 12 per cent. and 25 per cent.), respectively.

The share of tax charge attributable to associates and joint ventures amounting to HK$888,000 (2015 — HK$4,167,000) and HK$117,161,000 (2015 — HK$156,781,000), respectively, is included in "Share of results of associates" and "Share of results of joint ventures" on the face of the consolidated statement of profit or loss.

13. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (2015 — approximately 493,154,000 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31st March, 2016 and 2015.

14. DIVIDENDS

	2016 HK$'000	2015 HK$'000
Interim dividend, declared, of HK3 cents (2015 — HK3 cents) per ordinary share	**14,795**	14,795
Final dividend, proposed, of HK10 cents (2015 — HK10 cents) per ordinary share	**49,315**	49,315
	64,110	64,110

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

Notes to the Financial Statements *(continued)*

15. INTANGIBLE ASSETS

	Goodwill HK$'000	Trademarks and trademark licence agreement HK$'000	Other intangible assets HK$'000	Total HK$'000
2016				
Cost:				
At 1st April, 2015	**364,294**	**299,362**	**165,392**	**829,048**
Disposal of subsidiaries *(Note 38)*	**(74,815)**	**–**	**–**	**(74,815)**
Exchange adjustments	**2,557**	**5,744**	**3,173**	**11,474**
At 31st March, 2016	**292,036**	**305,106**	**168,565**	**765,707**
Accumulated amortisation and impairment losses:				
At 1st April, 2015	**191,337**	**22,408**	**116,515**	**330,260**
Amortisation provided for the year	**–**	**–**	**11,690**	**11,690**
Impairment during the year	**8,112**	**181,927**	**17,949**	**207,988**
Disposal of subsidiaries *(Note 38)*	**(3,330)**	**–**	**–**	**(3,330)**
Exchange adjustments	**2,283**	**5,099**	**2,996**	**10,378**
At 31st March, 2016	**198,402**	**209,434**	**149,150**	**556,986**
Net book value:				
At 31st March, 2016	**93,634**	**95,672**	**19,415**	**208,721**
2015				
Cost:				
At 1st April, 2014	384,584	327,565	180,974	893,123
Exchange adjustments	(20,290)	(28,203)	(15,582)	(64,075)
At 31st March, 2015	364,294	299,362	165,392	829,048
Accumulated amortisation and impairment losses:				
At 1st April, 2014	201,525	21,665	110,223	333,413
Amortisation provided for the year	–	–	16,885	16,885
Impairment during the year	–	2,792	–	2,792
Exchange adjustments	(10,188)	(2,049)	(10,593)	(22,830)
At 31st March, 2015	191,337	22,408	116,515	330,260
Net book value:				
At 31st March, 2015	172,957	276,954	48,877	498,788

15. INTANGIBLE ASSETS *(continued)*

Trademarks relate to the "Food Junction" trademarks. Trademark licence agreement relates to the right to use the "Delifrance" trademark granted under a licence agreement. The useful lives of these trademarks and the trademark licence agreement are estimated to be indefinite. The value of the trademark licence agreement was fully impaired during the year ended 31st March, 2016.

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

Unpatented technology relates to Delifrance's Modified Sons Vide Process for the Group's food retail business, which allows for the preparation of food to reduce wastage significantly, increases the shelf life of the food items, and reduces the time required to reheat food significantly.

Customer relationships relate to tenancy agreements between the stallholders and the food court operators in the food court business. The remaining amortisation period is 2 years (2015 — 3 years).

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

As at 31st March, 2016, the carrying amount of goodwill acquired through business combination allocated to the food businesses for impairment testing was HK$93,634,000 (2015 — HK$101,472,000). The balance as at 31st March, 2015 also included goodwill acquired through business combination allocated to the banking business of HK$71,485,000, which was disposed of during the year.

Notes to the Financial Statements *(continued)*

15. INTANGIBLE ASSETS *(continued)*

Impairment testing of goodwill, trademarks and trademark licence agreement for the food businesses

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

	Goodwill HK$'000	Trademarks and trademark licence agreement HK$'000	Compounded revenue growth rate per cent.	Long-term growth rate per cent.	Pre-tax discount rate per annum per cent.
At 31st March, 2016					
Auric Chun Yip Sdn Bhd *(Note (a))*	**14,701**	**–**	**4.6**	**3.0**	**11.5**
Auric Pacific Food Processing Sdn Bhd *(Note (a))*	**906**	**–**	**5.8**	**3.0**	**17.7**
Edmontor Investments Pte Ltd	**–**	**–**	**0.6**	**2.6**	**14.7**
Food Junction Holdings Limited *(Note (b))*	**58,003**	**95,672**	**0.2**	**3.3**	**13.4**
All Around Limited *(Note (c))*	**20,024**	**–**	**5.3**	**–**	**11.9**
	93,634	**95,672**			
At 31st March, 2015					
Auric Chun Yip Sdn Bhd *(Note (a))*	15,776	–	10.9	3.0	14.4
Auric Pacific Food Processing Sdn Bhd *(Note (a))*	975	–	12.9	3.0	17.7
Edmontor Investments Pte Ltd	8,164	183,083	16.3	3.3	18.5
Food Junction Holdings Limited *(Note (b))*	56,911	93,871	15.7	3.1	18.5
All Around Limited *(Note (c))*	19,646	–	0.9	2.5	12.6
	101,472	276,954			

The intangible assets' recoverable amounts have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a period of five years (2015 — five years). Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and the target growth rates.

Note:

(a) For the years ended 31st March, 2016 and 2015, it was assessed that there were no impairment of the goodwill acquired for Auric Chun Yip Sdn Bhd and Auric Pacific Food Processing Sdn Bhd as their recoverable amounts were in excess of their carrying values.

(b) For the years ended 31st March, 2016 and 2015, impairment assessment had been performed for the goodwill and trademarks acquired for Food Junction Holdings Limited ("FJH") and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.

(c) For the years ended 31st March, 2016 and 2015, impairment assessment review had been performed for the goodwill acquired by FJH in All Around Limited and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.

15. INTANGIBLE ASSETS *(continued)*

Impairment testing of goodwill, trademarks and trademark licence agreement for the food businesses *(continued)*

Key assumptions used in the value in use calculations

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

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

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

Impairment loss recognised

For the year ended 31st March, 2016, the market's response to the brand revitalisation program for food retail business fell well below expectations. The increasing presence and intense competition from new brands with similar product offerings, lower demand as well as rising operating costs negatively affected the performance. Consequently, management performed a business and operations review to rationalise operations including closure of non-performing stores in Singapore, Malaysia, Hong Kong and mainland China which resulted in significant deterioration in operating results. The rationalisation also resulted in a halt in new store expansion. Arising from these, prior year assumptions on growth rates and discount rate were reassessed and reduced to reflect the current assessment of future outlook in the goodwill impairment test. This resulted in the recognition of an impairment loss of HK$207,988,000 (2015 — Nil) on the goodwill, trademark licence agreement and the unpatented technology in the consolidated statement of profit or loss. For the year ended 31st March, 2015, impairment assessment had been performed for the trademark of Malones Holdings Pte Ltd and an impairment loss of HK$2,792,000 was recognised as the Group intended to discontinue the restaurant in mainland China.

Sensitivity to changes in assumptions

For the year ended 31st March, 2016, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the business units to materially exceed their recoverable amounts.

Notes to the Financial Statements *(continued)*

15. INTANGIBLE ASSETS *(continued)*

Impairment testing of goodwill, trademarks and trademark licence agreement for the food businesses *(continued)*

Sensitivity to changes in assumptions (continued)

For the year ended 31st March, 2015, Edmontor Investments Pte Ltd's recoverable amount exceeded its carrying amount by HK$73,115,000. The implication of reasonably possible changes in the key assumptions for recoverable amount is presented below:

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

16. EXPLORATION AND EVALUATION ASSETS

	2016 HK$'000	2015 HK$'000
Cost:		
Balance at beginning of year	**111,256**	123,739
Additions during the year	**1,484**	3,316
Exchange adjustments	**(2,516)**	(15,799)
Balance at end of year	**110,224**	111,256
Accumulated impairment losses:		
Balance at beginning of year	**110,216**	28,444
Impairment during the year	**1,468**	95,410
Exchange adjustments	**(2,477)**	(13,638)
Balance at end of year	**109,207**	110,216
Net book value	**1,017**	1,040

During the year, impairment loss of HK$1,468,000 (2015 — HK$95,410,000) was charged to the consolidated statement of profit or loss. This impairment was based on identified indicators of impairment that resulted from a downturn in the junior mining exploration sector, unfavorable changes in the project economics, inability to raise financing necessary to continue exploration or further development and significant decreases in the current or expected future prices of mineral resources.

Notes to the Financial Statements *(continued)*

17. FIXED ASSETS

	Leasehold land and buildings HK$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK$'000	Yacht HK$'000	Construction in progress HK$'000	Total HK$'000
2016					
Cost or valuation:					
At 1st April, 2015	245,710	589,601	52,262	783	888,356
Additions during the year *(Note)*	29	48,204	–	2,354	50,587
Disposals during the year	–	(15,870)	–	–	(15,870)
Write-off during the year	–	(58,815)	–	–	(58,815)
Disposal of subsidiaries *(Note 38)*	(12,352)	(21,753)	–	–	(34,105)
Reclassification to assets held for sale *(Note 29)*	(48,723)	(3,100)	–	–	(51,823)
Exchange adjustments	1,839	2,624	1,003	16	5,482
At 31st March, 2016	186,503	540,891	53,265	3,153	783,812
Accumulated depreciation and impairment losses:					
At 1st April, 2015	108,812	366,091	3,073	287	478,263
Depreciation provided for the year	5,102	80,057	5,193	–	90,352
Impairment during the year	–	8,392	–	–	8,392
Disposals during the year	–	(14,632)	–	–	(14,632)
Write-off during the year	–	(43,956)	–	–	(43,956)
Disposal of subsidiaries *(Note 38)*	(4,446)	(17,458)	–	–	(21,904)
Reclassification to assets held for sale *(Note 29)*	(9,419)	(3,100)	–	–	(12,519)
Exchange adjustments	1,369	2,833	192	6	4,400
At 31st March, 2016	101,418	378,227	8,458	293	488,396
Net book value:					
At 31st March, 2016	85,085	162,664	44,807	2,860	295,416

Notes to the Financial Statements *(continued)*

17. FIXED ASSETS *(continued)*

	Leasehold land and buildings HK$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK$'000	Yacht HK$'000	Construction in progress HK$'000	Total HK$'000
2015					
Cost or valuation:					
At 1st April, 2014	317,245	597,330	–	2,300	916,875
Additions during the year *(Note)*	–	122,040	52,262	490	174,792
Disposals during the year	(61,283)	(54,861)	–	–	(116,144)
Write-off during the year	–	(45,337)	–	(1,869)	(47,206)
Reclassification	–	62	–	(62)	–
Exchange adjustments	(10,252)	(29,633)	–	(76)	(39,961)
At 31st March, 2015	245,710	589,601	52,262	783	888,356
Accumulated depreciation and impairment losses:					
At 1st April, 2014	154,500	401,213	–	2,226	557,939
Depreciation provided for the year	6,225	85,165	3,289	–	94,679
Disposals during the year	(45,350)	(53,829)	–	–	(99,179)
Write-off during the year	–	(45,005)	–	(1,869)	(46,874)
Exchange adjustments	(6,563)	(21,453)	(216)	(70)	(28,302)
At 31st March, 2015	108,812	366,091	3,073	287	478,263
Net book value:					
At 31st March, 2015	136,898	223,510	49,189	496	410,093

Note: The amounts include HK$2,526,000 (2015 — HK$4,221,000) of reinstatement costs for dismantling, removal and restoration of fixed assets. Cash payments of HK$48,061,000 (2015 — HK$150,969,000) were made to purchase fixed assets during the year. No addition (2015 — HK$1,297,000) for obligations under finance leases was recognised during the year. The amounts as at 31st March, 2015 also included reclassification from deposits paid of HK$18,305,000.

The carrying amount of the Group's fixed assets held under finance leases included in the total amount of furniture, fixtures, plant and equipment at 31st March, 2016 was amounted to HK$2,309,000 (2015 — HK$2,834,000). Leased assets are pledged as security for the related finance lease obligations as set out in Note 30 to the financial statements.

Certain leasehold land and buildings have been mortgaged to secure banking facilities made available to the Group as set out in Note 30 to the financial statements.

During the year ended 31st March, 2016, an impairment loss of HK$8,392,000 (2015 — Nil) and write-off of HK$14,859,000 (2015 — HK$332,000) were recognised in the consolidated statement of profit or loss, mainly due to the closure of certain retail operations of the Group's food businesses.

18. INVESTMENT PROPERTIES

	2016 HK$'000	2015 HK$'000
Balance at beginning of year	**1,483,869**	2,353,558
Additions during the year	**–**	287
Disposal during the year	**–**	(5,041)
Disposal of subsidiaries *(Note 38)*	**(150,350)**	(933,840)
Fair value adjustments	**50,837**	74,647
Exchange adjustments	**(11,724)**	(5,742)
Balance at end of year	**1,372,632**	1,483,869

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 30 to the financial statements.

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

Based on professional valuations as at 31st March, 2016 made by Asian Appraisal Company, Inc., CBRE, Inc., Dalia Assis, RHL Appraisal Limited and Vigers Appraisal and Consulting Limited, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK$1,372,632,000 (2015 — HK$1,483,869,000).

Notes to the Financial Statements *(continued)*

18. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31st March, 2016				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	**–**	**–**	**1,028,360**	**1,028,360**
Mainland China and overseas	**–**	**–**	**344,272**	**344,272**
	–	**–**	**1,372,632**	**1,372,632**
At 31st March, 2015				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	–	–	1,017,750	1,017,750
Mainland China and overseas	–	–	466,119	466,119
	–	–	1,483,869	1,483,869

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2015 — Nil).

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

	Completed investment properties 2016 HK$'000	Completed investment properties 2015 HK$'000	Investment properties under development 2015 HK$'000
Carrying amount at beginning of year	**1,483,869**	2,124,065	229,493
Additions	**–**	287	–
Disposals	**(150,350)**	(709,217)	(229,664)
Net gain from fair value adjustments	**50,837**	74,647	–
Exchange adjustments	**(11,724)**	(5,913)	171
Carrying amount at end of year	**1,372,632**	1,483,869	–

18. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

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

Class of property	Valuation techniques	Significant unobservable inputs	Range
Completed investment properties in:			
Hong Kong	Market approach	Price per square metre	HK$122,000 to HK$430,000 (2015 — HK$122,000 to HK$260,000)
Mainland China and overseas	Market approach	Price per square metre	HK$13,000 to HK$80,000 (2015 — HK$7,500 to HK$76,000)
	Income approach	Rental per square metre per month	HK$110 to HK$3,100 (2015 — HK$126 to HK$258)
		Capitalisation rate	5.0 per cent. to 9.2 per cent. (2015 — 4.5 per cent. to 5.0 per cent.)

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

Under the income approach, fair value is estimated on the basis of capitalisation of the net income and has allowed for outgoings and, in appropriate cases, made provisions for reversionary income potential. The key inputs were market rent and the capitalisation rate. A significant increase/decrease in the market rent in isolation would result in a significant increase/decrease in the fair value of the investment properties and a significant increase/decrease in the capitalisation rate in isolation would result in a significant decrease/increase in the fair value of the investment properties.

Notes to the Financial Statements *(continued)*

19. INTERESTS IN ASSOCIATES

	2016 HK$'000	2015 HK$'000
Share of net assets	**504,965**	524,094
Goodwill	**470**	470
Due from associates	**142,303**	144,406
	647,738	668,970
Provisions for impairment losses	**(171,141)**	(141,768)
	476,597	527,202

The balances with the associates include a loan of HK$36,488,000 (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. The amounts due from associates are considered as part of the Group's net investments in the associates.

Impairment loss of HK$34,925,000 (2015 — HK$14,974,000) has been charged to the consolidated statement of profit or loss for the year, which included the provision for impairment loss of HK$28,353,000 relating to investments in Skye with further details disclosed in Note 9 to the financial statements.

Details of the principal associates are set out on pages 165 and 166.

Greenix Limited and its subsidiaries, which are considered material associates of the Group, are engaged in property development in Singapore and are accounted for using the equity method.

The following table illustrates the summarised consolidated financial information of Greenix Limited adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	2016 HK$'000	2015 HK$'000
Current assets	**907,042**	887,452
Current liabilities	**(6,358)**	(20,900)
Non-current liabilities	**(88,289)**	(86,628)
Net assets	**812,395**	779,924
Reconciliation to the Group's interest in the associate:		
Group's share of net assets of the associate	**406,197**	389,962
Due from the associate	**44,144**	43,314
Carrying amount of the investment	**450,341**	433,276
Revenue for the year	**20,636**	110,074
Profit and total comprehensive income for the year	**17,068**	35,832

19. INTERESTS IN ASSOCIATES *(continued)*

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

	2016 HK$'000	2015 HK$'000
Share of the associates' profit/(loss) for the year	**(30,478)**	11,053
Share of the associates' other comprehensive loss for the year	**(1,003)**	(1,258)
Share of the associates' total comprehensive income/(loss) for the year	**(31,481)**	9,795
Aggregate carrying amount of the Group's interests in the associates	**26,256**	93,926

20. INTERESTS IN JOINT VENTURES

	2016 HK$'000	2015 HK$'000 (Restated)[1]
Share of net assets	**7,989,071**	8,026,054
Due from joint ventures	**1,299,522**	145,330
	9,288,593	8,171,384
Provisions for impairment losses	**(14,555)**	(16,631)
	9,274,038	8,154,753

[1] Refer to Note 49

At 31st March, 2016, the amount due from joint ventures included balances of HK$1,215,358,000 (2015 — HK$71,634,000), which are unsecured, bear interest at rates ranging from nil to 6.5 per cent. (2015 — rates ranging from nil to 9.5 per cent.) per annum and are repayable in October 2017 (2015 — October 2015). The amount due from joint ventures also included balances of HK$53,614,000 (2015 — Nil), which are unsecured, bear interest at rates ranging from nil to 6.5 per cent. per annum and are repayable on demand. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment. The amounts due from joint ventures are considered as part of the Group's net investments in the joint ventures.

During the year, the Directors reviewed the carrying amount of the joint ventures with reference to their business performances prepared by the investees' management. Reversal of impairment loss of HK$2,076,000 (2015 — HK$233,000) has been credited to the consolidated statement of profit or loss for the year.

The Group's trade receivable and trade payable balances with joint ventures are disclosed in Notes 23 and 31 to the financial statements, respectively.

Details of the principal joint ventures are set out on page 167.

LAAPL is considered a material joint venture of the Group and is accounted for using the equity method. 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. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

Notes to the Financial Statements *(continued)*

20. INTERESTS IN JOINT VENTURES *(continued)*

The following table illustrates the summarised financial information of LAAPL adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	2016 HK$'000	2015 HK$'000 (Restated)
Non-current assets	**43,937,321**	35,766,878
Cash and cash equivalents	**1,531,343**	1,891,722
Other current assets	**6,475,088**	7,063,661
Current assets	**8,006,431**	8,955,383
Financial liabilities, excluding trade and other payables	**(6,619,553)**	(6,374,791)
Other current liabilities	**(1,378,201)**	(1,602,066)
Current liabilities	**(7,997,754)**	(7,976,857)
Non-current financial liabilities, excluding trade and other payables and provisions	**(21,333,011)**	(14,760,601)
Other non-current liabilities	**(1,179,487)**	(719,957)
Non-current liabilities	**(22,512,498)**	(15,480,558)
Net assets	**21,433,500**	21,264,846
Reconciliation to the Group's interest in the joint venture:		
Net assets	**21,433,500**	21,264,846
Less: Non-controlling interests	**(13,295,812)**	(12,845,312)
Net assets attributable to equity holders of the joint venture	**8,137,688**	8,419,534
Group's share of net assets of the joint venture	**7,671,927**	7,937,563
Due from the joint venture	**1,268,972**	101,818
Adjustment of unrealised gain	**(12,954)**	(12,954)
Carrying amount of the investment	**8,927,945**	8,026,427
Revenue	**2,671,786**	3,341,666
Interest income	**53,147**	53,026
Depreciation and amortisation	**(144,220)**	(139,976)
Interest expenses	**(1,083,053)**	(793,844)
Tax	**(192,550)**	(258,903)
Profit/(Loss) for the year attributable to equity holders of the joint venture	**(324,946)**	700,320
Other comprehensive loss for the year attributable to equity holders of the joint venture	**(187,586)**	(546,413)
Total comprehensive income/(loss) for the year attributable to equity holders of the joint venture	**(512,532)**	153,907

Notes to the Financial Statements *(continued)*

20. INTERESTS IN JOINT VENTURES *(continued)*

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

	2016 HK$'000	2015 HK$'000
Share of the joint ventures' profit/(loss) for the year	**(5,253)**	22,813
Share of the joint ventures' other comprehensive loss for the year	**(3,751)**	(3,568)
Share of the joint ventures' total comprehensive income/(loss) for the year	**(9,004)**	19,245
Aggregate carrying amount of the Group's interests in the joint ventures	**346,093**	128,326

As at 31st March, 2016, the Group's share of joint ventures' own capital commitment amounted to HK$580,181,000 (2015 — HK$840,282,000).

In March 2016, Hongkong Chinese Limited ("HKC"), a listed subsidiary of the Company entered into an undertaking pursuant to which, amongst other things, it agreed that it or its wholly-owned subsidiary shall provide funding to certain subsidiaries of LAAPL (the "LAAPL Subsidiaries") to enable them to take up in full their respective entitlements under the rights issue (the "OUE H-Trust Rights Issue") of OUE Hospitality Trust ("OUE H-Trust") for an aggregate subscription amount of approximately S$18,400,000 (equivalent to approximately HK$105,600,000). OUE H-Trust is a subsidiary of LAAPL listed on the Main Board of the Singapore Exchange Securities Trading Limited. Besides, Hennessy Holdings Limited ("Hennessy"), a subsidiary of the Company, which holds stapled securities of OUE H-Trust has also provided an undertaking pursuant to which, amongst other things, take up its entitlement under the OUE H-Trust Rights Issue of approximately S$3,000,000 (equivalent to approximately HK$17,227,000).

In order to provide the funding required by the LAAPL Subsidiaries under the OUE H-Trust Rights Issue, in March 2016, a wholly-owned subsidiary of HKC (the "HKC Subsidiary") entered into the exchangeable loan agreements (the "EL Agreements") with each of the LAAPL Subsidiaries to make available to the LAAPL Subsidiaries loan facilities in an aggregate amount of approximately S$18,400,000 (equivalent to approximately HK$105,600,000) (the "Exchangeable Loans"). The Exchangeable Loans were drawn by the LAAPL Subsidiaries after the end of the reporting period.

In April 2016, the OUE H-Trust Rights Issue was successfully completed and the LAAPL Subsidiaries and Hennessy were issued with the new stapled securities in OUE H-Trust they entitled under the OUE H-Trust Rights Issue. Subsequently, the LAAPL Subsidiaries exercised their respective exchange right under each of the EL Agreements and settled the outstanding amount of the Exchangeable Loans in full by transferring all the new stapled securities in OUE H-Trust they received under the OUE H-Trust Rights Issue to the HKC Subsidiary in accordance with the terms of the EL Agreements.

Notes to the Financial Statements *(continued)*

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK$'000	2015 HK$'000
Financial assets stated at fair value:		
Equity securities	**38**	55
Debt securities	**11,961**	97,641
Investment funds	**87,524**	19,628
	99,523	117,324
Financial assets stated at cost:		
Equity securities	**288,383**	201,685
Investment funds	**109,493**	112,482
	397,876	314,167
Provisions for impairment losses	**(316,908)**	(201,796)
	80,968	112,371
	180,491	229,695
Less: Amount classified under current portion	**–**	(24,047)
Non-current portion	**180,491**	205,648

The debt securities as at 31st March, 2016 are non-interest bearing. As at 31st March, 2015, the debt securities bore interest at effective rates ranging from nil to 14 per cent. per annum.

During the year, the gross loss in respect of the Group's available-for-sale financial assets recognised in consolidated other comprehensive income amounted to HK$2,668,000 (2015 — HK$533,000), of which loss of HK$70,000 (2015 — HK$4,000) was reclassified from consolidated other comprehensive income to the consolidated statement of profit or loss for the year upon disposal.

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

Apart from the above, certain available-for-sale financial assets issued by private entities are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

During the year, the Directors reviewed the carrying amount of available-for-sale financial assets with reference to their business performances prepared by the investees' management. Impairment loss of HK$124,631,000 (2015 — HK$31,647,000, which included a reclassification from other comprehensive income of HK$3,187,000) has been charged to the consolidated statement of profit or loss for the year. Further details of the impairment loss for the year are disclosed in Note 9 to the financial statements.

22. LOANS AND ADVANCES

The loans and advances to customers of the Group bear interest rates ranging from 1.7 per cent. to 10.5 per cent. (2015 — 1.8 per cent. to 14.0 per cent.) per annum. Certain balances arising from securities broking operations are secured by clients' securities being held as collateral with a carrying amount of HK$56,979,000 (2015 — HK$78,376,000). At 31st March, 2015, certain balances arising from banking operation were secured by clients' properties, deposits and securities being held as collateral with a carrying amount of HK$816,998,000.

At the end of the reporting period, the overdue or impaired balances related to securities broking, money lending and mining exploration and extraction businesses. Movements in the allowance for bad and doubtful debts during the year are as follows:

	2016 HK$'000	2015 HK$'000
Balance at beginning of year	**7,290**	6,845
Impairment losses recognised *(Note)*	**159,653**	487
Impairment allowance released	**–**	(10)
Amount written off as uncollectible	**(6,073)**	(32)
Disposal of a subsidiary	**(1,789)**	–
Balance at end of year	**159,081**	7,290

Note: The amount mainly included impairment loss on the Secured Loans and the Unsecured Loans of HK$158,871,000, details of which are disclosed in Note 9 to the financial statements.

Except for the above, the remaining balances are neither overdue nor impaired and are related to a range of customers for whom there is no recent history of default.

23. 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:

	2016 HK$'000	2015 HK$'000
Outstanding balances with ages:		
Repayable on demand	**10,580**	10,293
Within 30 days	**206,719**	150,798
Between 31 and 60 days	**111,178**	111,699
Between 61 and 90 days	**61,514**	92,569
Between 91 and 180 days	**24,363**	26,312
Over 180 days	**1,812**	715
	416,166	392,386

Notes to the Financial Statements *(continued)*

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

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

Included in the trade debtors is an amount of HK$4,050,000 (2015 — HK$5,382,000) due from joint ventures of the Group. The amount due from the joint ventures arose from sales made to and management services provided to the joint ventures, and is unsecured, non-interest-bearing and repayable within normal trade credit terms and is to be settled in cash.

At the end of the reporting period, the individually impaired trade and other receivables mainly related to securities broking operation, property development projects and the food businesses segment with an aggregate carrying amount of HK$35,246,000 (2015 — HK$40,668,000). The Group does not hold sufficient collateral or other credit enhancements over these balances. Movements in the allowance for bad and doubtful debts for these individually impaired receivables during the year are as follows:

	2016 HK$'000	2015 HK$'000
Balance at beginning of year	**40,014**	45,746
Impairment losses recognised	**4,796**	7,476
Impairment allowance released	**–**	(714)
Amount written off as uncollectible	**(8,935)**	(9,496)
Exchange adjustments	**(1,104)**	(2,998)
Balance at end of year	**34,771**	40,014

As at 31st March, 2016, trade and other receivables of HK$138,076,000 (2015 — HK$118,694,000) were past due but not impaired. These relate to a number of independent customers that have a good track record with the Group. The aged analysis of these balances is as follows:

	2016 HK$'000	2015 HK$'000
Outstanding balances with ages:		
Within 30 days	**108,058**	91,340
Between 31 and 60 days	**15,973**	14,076
Between 61 and 90 days	**5,402**	8,447
Between 91 and 180 days	**4,973**	3,095
Over 180 days	**3,670**	1,736
	138,076	118,694

Notes to the Financial Statements *(continued)*

24. PROPERTIES UNDER DEVELOPMENT

	2016 HK$'000	2015 HK$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	**1,676,195**	1,388,644
Additions during the year	**63,535**	292,874
Disposal of subsidiaries *(Note 38)*	**(535,099)**	–
Reclassified to properties held for sale	**(842,960)**	–
Exchange adjustments	**(42,319)**	(5,323)
Balance at end of year	**319,352**	1,676,195
Provisions for impairment losses:		
Balance at beginning of year	**(261,077)**	(202,303)
Impairment during the year	**(134)**	(60,216)
Disposal of subsidiaries *(Note 38)*	**189,191**	–
Exchange adjustments	**12,731**	1,442
Balance at end of year	**(59,289)**	(261,077)
	260,063	1,415,118

As at 31st March, 2016, all properties under development are expected to be recovered for more than twelve months after the end of the reporting period.

As at 31st March, 2015, certain properties under development had been mortgaged to secure banking facilities made available to the Group as set out in Note 30 to the financial statements. The bank loans were fully repaid during the year.

25. INVENTORIES

	2016 HK$'000	2015 HK$'000
Raw materials and stores	**11,559**	19,934
Finished goods and goods for sale	**237,215**	254,694
	248,774	274,628

Notes to the Financial Statements *(continued)*

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 HK$'000	2015 HK$'000
Held for trading:		
Equity securities	**342,384**	494,778
Debt securities	**192,821**	–
Investment funds	**286,925**	18,483
	822,130	513,261

27. OTHER FINANCIAL ASSETS/LIABILITIES

	2016		2015	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Non-current portion:				
Derivative financial instrument:				
Put Option *(Note)*	**25,295**	**–**	–	–
Current portion:				
Derivative financial instrument:				
Option	**18**	**–**	169	–
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**–**	**4,168**	–	4,522
	18	**4,168**	169	4,522
	25,313	**4,168**	169	4,522

Note: As provided in the Shareholders' Agreement for the joint arrangement for investment in MCB, 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 exercise a put option to require one of the shareholders of MCB 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.

28. RESTRICTED CASH

The balance included bank deposits pledged to secure banking facilities made available to the Group and as securities for bankers' guarantees issued as set out in Notes 30 and 41 to the financial statements, respectively.

Notes to the Financial Statements *(continued)*

29. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

During the year, the Group entered into a sale and purchase agreement with an independent third party to dispose of Superform Investment Limited ("Superform"), a subsidiary of the Company which owns an office floor of Lippo Centre (the "Superform Disposal"). The cash consideration of the Superform Disposal was approximately HK$371,704,000 and the disposal was completed in May 2016. The assets and liabilities attributable to Superform, included in the Group's property investment business for segment reporting purposes, have been classified as assets and liabilities held for sale and are presented separately in the consolidated statement of financial position. The consideration of the disposal exceeds the carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities classified as held for sale are as follows:

	Note	2016 HK$'000
Fixed assets	17	**39,304**
Deposits paid		**239**
Total assets classified as held for sale		**39,543**
Accrual		**65**
Deferred tax liabilities	33	**1,237**
Total liabilities classified as held for sale		**1,302**
Net assets		**38,241**

There are no cumulative income or expenses included in other comprehensive income relating to the disposal assets classified as held for sale.

The fixed assets have been mortgaged to secure banking facilities made available to the Group as set out in Note 30 to the financial statements.

Notes to the Financial Statements *(continued)*

30. BANK AND OTHER BORROWINGS

	2016 HK$'000	2015 HK$'000
Current portion:		
Bank loans:		
Secured *(Note (a))*	**385,000**	1,271,370
Unsecured	**16,612**	37,879
Obligations under finance leases *(Note (b))*	**483**	614
	402,095	1,309,863
Non-current portion:		
Secured bank loans *(Note (a))*	**885,000**	485,000
Obligations under finance leases *(Note (b))*	**1,826**	2,220
	886,826	487,220
	1,288,921	1,797,083
Bank and other borrowings by currency:		
Hong Kong dollar	**1,270,000**	1,752,583
Renminbi	**–**	3,787
Malaysian Ringgit	**13,180**	18,176
Singapore dollar	**5,741**	22,537
	1,288,921	1,797,083
Bank loans repayable:		
Within one year	**401,612**	1,309,249
In the second year	**885,000**	80,000
In the third to fifth years, inclusive	**–**	405,000
	1,286,612	1,794,249
Other borrowings repayable:		
Within one year	**483**	614
In the second year	**482**	473
In the third to fifth years, inclusive	**1,344**	1,415
After five years	**–**	332
	2,309	2,834

The Group's bank loans bear interest at floating rates ranging from 2.2 per cent. to 4.3 per cent. (2015 — 2.2 per cent. to 7.1 per cent.) per annum.

Notes to the Financial Statements *(continued)*

30. 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$3,178,402,000 (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$977,800,000 (2015 — HK$979,750,000) and HK$96,694,000 (2015 — HK$99,292,000), respectively; and

(iii) certain bank deposits of the Group with a carrying amount of HK$2,962,000 (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 2.6 per cent. (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$2,309,000 (2015 — HK$2,834,000).

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

	2016		2015	
	Present value of minimum lease payments HK$'000	**Minimum lease payments HK$'000**	Present value of minimum lease payments HK$'000	Minimum lease payments HK$'000
Within one year	**483**	**558**	614	716
In the second year	**482**	**551**	473	541
In the third to fifth years, inclusive	**1,344**	**1,545**	1,415	1,628
After five years	**–**	**–**	332	383
	2,309	**2,654**	2,834	3,268
Future finance charges		**(345)**		(434)
		2,309		2,834

Notes to the Financial Statements *(continued)*

31. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised deposits received for the further disposal of a 31 per cent. equity interest in MCB (the "MCB Second Disposal"), which is subject to the approval of The Monetary Authority of Macau of HK$270,630,000 (2015 — Nil), sale deposits of HK$1,515,000 (2015 — HK$426,706,000) received from the property development project in Macau, which was completed during the year, 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, is as follows:

	2016 HK$'000	2015 HK$'000
Outstanding balances with ages:		
Repayable on demand	**288,677**	308,577
Within 30 days	**222,158**	199,813
Between 31 and 60 days	**17,548**	22,739
Between 61 and 90 days	**5,111**	1,741
Between 91 and 180 days	**5,754**	11,838
Over 180 days	**2,342**	3,307
	541,590	548,015

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$336,481,000 (2015 — HK$333,434,000). As at 31st March, 2016, total client trust bank balances amounted to HK$295,784,000 (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.

Included in the trade creditors is an amount of HK$9,306,000 (2015 — Nil) due to a joint venture of the Group. The balance is unsecured, non-interest-bearing and repayable within normal trade credit terms.

32. CURRENT, FIXED, SAVINGS AND OTHER DEPOSITS OF CUSTOMERS

As at 31st March, 2015, the current, fixed, savings and other deposits of customers attributable to MCB bore interest at effective rates ranging from 0.01 per cent. to 3.0 per cent. per annum. In July 2015, the Group completed the MCB First Disposal and MCB has become a joint venture of the Group since then.

33. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Fair value gains on available-for-sale financial assets HK$'000	Tax losses HK$'000	Provision and accruals HK$'000	Others HK$'000	Total HK$'000
2016							
At 1st April, 2015	**17,336**	**68,835**	**884**	**(1,293)**	**(7,334)**	**19,241**	**97,669**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 12)*	**(2,324)**	**(9,166)**	**–**	**1,017**	**(1,394)**	**(4,546)**	**(16,413)**
Deferred tax credited to equity during the year	**–**	**–**	**(557)**	**–**	**–**	**–**	**(557)**
Reclassification to assets held for sale *(Note 29)*	**(1,308)**	**–**	**–**	**71**	**–**	**–**	**(1,237)**
Disposal of subsidiaries *(Note 38)*	**(497)**	**(16,117)**	**(327)**	**–**	**–**	**–**	**(16,941)**
Exchange adjustments	**134**	**(2,826)**	**–**	**–**	**197**	**(269)**	**(2,764)**
At 31st March, 2016	**13,341**	**40,726**	**–**	**(205)**	**(8,531)**	**14,426**	**59,757**
2015							
At 1st April, 2014	26,623	122,385	1,909	(4,260)	(7,805)	75,867	214,719
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 12)*	(3,786)	8,122	–	30	(283)	(55,672)	(51,589)
Deferred tax credited to equity during the year	–	–	(1,025)	–	–	–	(1,025)
Disposal of subsidiaries *(Note 38)*	(4,461)	(61,782)	–	2,937	–	–	(63,306)
Exchange adjustments	(1,040)	110	–	–	754	(954)	(1,130)
At 31st March, 2015	17,336	68,835	884	(1,293)	(7,334)	19,241	97,669

Notes to the Financial Statements *(continued)*

33. DEFERRED TAX *(continued)*

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

	2016 HK$'000	2015 HK$'000
Deferred tax assets	**(8,028)**	(6,812)
Deferred tax liabilities	**67,785**	104,481
Net deferred tax liabilities	**59,757**	97,669

The Group has tax losses of HK$1,537,985,000 (2015 — HK$1,498,544,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for tax losses of HK$36,116,000 (2015 — HK$163,019,000) which will expire in one to five years (2015 — one to twenty years). Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group also has unrecognised deferred tax assets in respect of unabsorbed capital allowances of HK$4,850,000 (2015 — HK$46,592,000) available for offset future taxable income, subject to compliance with the relevant rules and procedures and agreement of the respective tax authorities. The Group did not recognise those deferred tax assets as it is not probable that taxable profits will be available against which the unabsorbed capital allowances can be utilised.

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

As at 31st March, 2016, except for withholding tax provided for under deferred tax liabilities, there were no significant unrecognised deferred tax liabilities (2015 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

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

34. SHARE CAPITAL

	2016 HK$'000	2015 HK$'000
Issued and fully paid:		
493,154,032 (2015 — 493,154,032) ordinary shares	**986,598**	986,598

There was no movement in share capital during the years ended 31st March, 2016 and 2015.

35. 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.

Notes to the Financial Statements *(continued)*

35. 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 year, there were no outstanding options granted under the Share Option Scheme to subscribe for shares in the Company.

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

(b) Share Option 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 year, 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 year.

(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 year, 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 year.

35. 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 had an exercise price of $0.30 Canadian dollar ("C$") per share (subject to adjustment) and were subject to the Vesting Period. As at 1st April, 2015, all the above ANR Options were vested.

Notes to the Financial Statements *(continued)*

35. 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 year, movements in the ANR Options granted under the Terminated ANR Stock Option Plan are summarised as follows:

				Number of ANR Options		
Participants	Date of grant	Expiry date	Exercise price per share (subject to adjustment) C$	Balance as at 1st April, 2015	Lapsed during the year	Balance as at 31st March, 2016
Eligible persons	17th February, 2011	17th February, 2016	0.30	350,000	(350,000)	–
Weighted average exercise price per ANR Share (C$)				0.30	0.30	–

During the year, 350,000 ANR Options to subscribe for 350,000 ANR Shares, remained unexercised, expired on 17th February, 2016 and lapsed accordingly.

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

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 was 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 might, in its absolute discretion, select and subject to such conditions as it might think fit. The purpose of the ANR Share Option Scheme was 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 was 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 should be granted on and after the tenth anniversary of the ANR Adoption Date. The options could be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which date should not be later than the day last preceding the tenth anniversary of the date of grant. No option might be exercised by an ANR Eligible Employee until such ANR Eligible Employee had been in continuous employment with Asia Now or its subsidiary or had 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 was not an ANR Eligible Employee, the ANR Board might in its absolute discretion specify such minimum period for which an option must be held before such option could be exercised. In respect of an ANR Eligible Person (whether or not an ANR Eligible Employee), the ANR Board might in its absolute discretion make the exercise of an option conditional on the achievement of minimum performance target(s). No grantee of option was required to pay for the grant of the relevant option.

35. 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 might 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 might be granted under the ANR Share Option Scheme should 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 might 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 should 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, were 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 should be subject to a limit that it should 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 should be determined by the ANR Board in its absolute discretion but in any event should not be less than the highest of (i) the closing price of the ANR Shares on the date of grant of the option, as stated in the daily quotations sheets of the TSXVE or the Toronto Stock Exchange, as applicable, being the stock exchange on which the ANR Shares were 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 meant the last closing price of the ANR Shares on the Toronto Stock Exchange before the date the option was 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 year. There are no outstanding options granted under the ANR Share Option Scheme to subscribe for ANR Shares.

Following the entering into 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 were suspended from trading. The receivership of Asia Now was subsequent completed in April 2016.

Notes to the Financial Statements *(continued)*

36. RESERVES

The amounts of the Group's reserves and movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on pages 50 and 51.

Included in the retained profits of the Group as at 31st March, 2016 was an amount of final dividend for the year then ended of HK$49,315,000 (2015 — HK$49,315,000) proposed after the end of the reporting period.

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 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.

37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

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

	2016	2015
Percentage of ownership interest held by non-controlling interests:		
HKC	**34.2 per cent.**	34.2 per cent.
LCR	**28.8 per cent.**	28.8 per cent.

	2016 HK$'000	2015 HK$'000 (Restated)[1]
Profit/(Loss) for the year allocated to non-controlling interests:		
HKC	**71,635**	229,207
LCR	**(229,036)**	51,116
Dividends/Distributions paid to non-controlling interests:		
HKC	**44,480**	171,977
LCR	**40,986**	42,863
Accumulated balances of non-controlling interests at the end of the reporting period:		
HKC	**3,666,723**	3,668,200
LCR	**1,663,835**	1,939,840

(1) Refer to Note 49

Notes to the Financial Statements *(continued)*

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

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

	HKC	
	2016	2015
	HK$'000	HK$'000
		(Restated)[1]
Revenue	**1,326,874**	228,679
Share of results of joint ventures	**(317,997)**	675,834
Total expenses	**(802,974)**	(239,118)
Profit for the year	**205,903**	665,395
Total comprehensive income for the year	**47,182**	84,248
Current assets	**1,574,818**	3,648,430
Non-current assets	**9,842,106**	9,075,224
Current liabilities	**(812,817)**	(2,141,044)
Non-current liabilities	**(23,526)**	(50,742)
Net cash flows from/(used in) operating activities	**478,977**	(442,878)
Net cash flows from/(used in) investing activities	**(1,085,293)**	863,060
Net cash flows used in financing activities	**(210,096)**	(32,560)
Net increase/(decrease) in cash and cash equivalents	**(816,412)**	387,622

	LCR	
	2016	2015
	HK$'000	HK$'000
Revenue	**2,531,572**	2,749,696
Total expenses	**(2,980,861)**	(2,414,207)
Profit/(Loss) for the year	**(449,289)**	335,489
Total comprehensive income/(loss) for the year	**(496,494)**	140,536
Current assets	**3,729,638**	4,236,187
Non-current assets	**1,975,675**	2,275,614
Current liabilities	**(835,513)**	(1,147,710)
Non-current liabilities	**(581,796)**	(456,798)
Net cash flows used in operating activities	**(354,314)**	(228,467)
Net cash flows from/(used in) investing activities	**(33,948)**	1,503,950
Net cash flows used in financing activities	**(241,057)**	(172,328)
Net increase/(decrease) in cash and cash equivalents	**(629,319)**	1,103,155

(1) Refer to Note 49

Notes to the Financial Statements *(continued)*

38. DISPOSAL OF SUBSIDIARIES

	2016 HK$'000	2015 HK$'000
Net assets disposed of:		
Goodwill	**71,485**	–
Fixed assets	**12,201**	15,959
Investment properties	**150,350**	933,840
Available-for-sale financial assets	**84,294**	–
Properties under development	**345,908**	–
Loans and advances	**363,609**	–
Debtors, prepayments and deposits	**14,426**	22,384
Cash and bank balances	**284,926**	129,418
Treasury bills	**38,800**	–
Creditors, accruals and deposits received	**(13,820)**	(3,683)
Current, fixed, savings and other deposits of customers	**(501,532)**	–
Tax payables	**(227)**	(3)
Deferred tax liabilities	**(16,941)**	(63,306)
	833,479	1,034,609
Release of cumulative exchange differences on translation of foreign operations	**(10,047)**	(78,620)
Release of cumulative changes in fair value of available-for-sale financial assets, net of income tax effect	**(2,388)**	–
	(12,435)	(78,620)
	821,044	955,989
Gain on disposal	**632,690**	812,555
	1,453,734	1,768,544
Satisfied by:		
Cash consideration received	**850,018**	1,768,544
Increase in interest in a joint venture	**248,556**	–
Financial assets at fair value through profit or loss	**342,574**	–
Other financial asset	**12,586**	–
	1,453,734	1,768,544

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

	2016 HK$'000	2015 HK$'000
Cash consideration received	**850,018**	1,768,544
Cash and bank balances disposed of	**(284,926)**	(129,418)
Treasury bills disposed of	**(38,800)**	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**526,292**	1,639,126

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

Major changes in non-controlling interests are as follows:

2016

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") to appoint a 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 the appointment of receiver. 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 were suspended from trading. The receivership of Asia Now was subsequently completed in April 2016.

In December 2015, the Court approved China Gold's acquisition of all the assets (tangible and intangible) of Asia Now, a 52.2 per cent. owned direct subsidiary of China Gold, including without limitation, all the issued and outstanding shares of ANRL, a wholly-owned subsidiary of Asia Now, at approximately C$2,200,000 (equivalent to approximately HK$13,200,000). The asset purchase was completed on 31st December, 2015 and the Group's interest in ANRL increased from 52.2 per cent. to 100 per cent. since then. The Group recognised an increase of non-controlling interests of HK$4,440,000 and a decrease in retained profits of HK$4,440,000.

2015

In August 2014, Hennessy 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 31st March, 2015. 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.

Notes to the Financial Statements *(continued)*

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit/(loss) before tax to cash generated from/(used in) operations

	Note	2016 HK$'000	2015 HK$'000 (Restated)
Profit/(Loss) before tax		**(233,251)**	1,168,835
Adjustments for:			
Share of results of associates		**21,944**	(28,969)
Share of results of joint ventures		**311,541**	(682,922)
Loss/(Gain) on disposal of:			
Fixed assets	6	**446**	22
An investment property	6	**–**	(395)
Subsidiaries	38	**(632,690)**	(812,555)
Available-for-sale financial assets	6	**(1,872)**	7
Provisions/(Write-back of provision) for impairment losses on:			
Intangible assets		**207,988**	2,792
Exploration and evaluation assets		**1,468**	95,410
Fixed assets	6	**8,392**	–
Associates		**34,925**	14,974
A joint venture	6	**(2,076)**	(233)
Available-for-sale financial assets		**124,631**	31,647
Properties under development		**134**	60,216
Properties held for sale	6	**904**	889
Inventories	6	**22,736**	12,845
Loans and receivables		**164,449**	7,239
Fixed assets written off	6	**14,859**	332
Realised translation losses reclassified to the statement of profit or loss	6	**4,944**	–
Net fair value loss on financial instruments at fair value through profit or loss		**207,436**	6,743
Net fair value gains on investment properties		**(50,837)**	(74,647)
Finance costs		**41,343**	39,736
Interest income		**(82,378)**	(104,110)
Dividend income	5	**(27,320)**	(14,394)
Depreciation	6	**90,352**	94,679
Amortisation of intangible assets	6	**11,690**	16,885
		239,758	(164,974)
Decrease in properties held for sale		**812,301**	63,394
Increase in properties under development		**(63,535)**	(292,874)
Decrease/(Increase) in inventories		**8,387**	(30,773)
Decrease/(Increase) in loans and advances		**9,579**	(34,287)
Increase in debtors, prepayments and deposits		**(118,972)**	(18,939)
Increase in financial instruments at fair value through profit or loss		**(190,526)**	(173,517)
Decrease/(Increase) in client trust bank balances		**29,139**	(13,753)
Decrease in restricted cash		**–**	78,476
Decrease in creditors, accruals and deposits received		**(497,262)**	(186,389)
Increase in current, fixed, savings and other deposits of customers		**56,950**	112,402
Increase/(Decrease) in other financial liabilities		**3,883**	(12,821)
Cash generated from/(used in) operations		**289,702**	(674,055)

Notes to the Financial Statements *(continued)*

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Major non-cash transactions

At completion of the MCB 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 HK$270,630,000) was advanced to the Group by the new shareholders of MCB for 10 years. Upon signing of the disposal agreements for the MCB Second Disposal, the new shareholders had fully paid the aggregate consideration as deposit, by the set-off of the outstanding loan amount under the Loan Agreement and the Loan Agreement was terminated.

41. CONTINGENT LIABILITIES

Save as disclosed elsewhere in the financial statements, the Group had the following contingent liabilities at the end of the reporting period:

(a) Bankers' guarantee

	2016 HK$'000	2015 HK$'000
Secured bankers' guarantee *(Note (i))*	**28,886**	35,490
Unsecured bankers' guarantee *(Note (ii))*	**14,635**	5,702
	43,521	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 31st March, 2016, fixed deposits of approximately HK$16,618,000 (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.

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

As at 31st March, 2015, the Group had contingent liabilities relating to MCB of HK$36,247,000 comprising guarantees and other endorsements of HK$34,273,000 and liabilities under letters of credit on behalf of customers of HK$1,974,000. MCB has become a joint venture of the Group after the MCB First Disposal. As at 31st March, 2016, the Group's share of contingent liabilities relating to MCB amounted to HK$18,840,000, comprising share of guarantees and other endorsements of HK$17,636,000 and share of liabilities under letters of credit on behalf of customers of HK$1,204,000.

(c) Guarantee to a joint venture

As at 31st March, 2015, the Group provided a guarantee of up to a maximum US$84 million to a joint venture, guaranteeing its payment obligations to its trade creditors. The guarantee was expired during the year.

Notes to the Financial Statements *(continued)*

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties and properties held for sale under operating lease arrangements with leases negotiated for terms ranging from one to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. Besides, the Group licenses the use of food and beverage stalls within food courts to individual third party tenants and a subsidiary company. Such licences are in general for a period of one to two years and are not cancellable. In the course of a financial year, there may be terminations and renewals of such licences and the Group has accounted for the licence fee in respect of the non-cancellable leases as at the end of the reporting period. Licences that expired and not renewed during the financial year were not accounted for. Some of the leases provide for variable rent. During the year, the contingent rents recognised as income amounted to HK$29,673,000 (2015 — HK$28,048,000).

As at 31st March, 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2016 **HK$'000**	2015 HK$'000
Within one year	**120,053**	123,352
In the second to fifth years, inclusive	**43,349**	63,749
	163,402	187,101

(b) As lessee

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

As at 31st March, 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016 **HK$'000**	2015 HK$'000
Within one year	**157,328**	147,312
In the second to fifth years, inclusive	**250,865**	280,261
After five years	**23,050**	20,075
	431,243	447,648

43. COMMITMENTS

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

	2016 HK$'000	2015 HK$'000
Commitments in respect of property, plant and equipment and properties under development:		
Contracted, but not provided for	**67,186**	187,111
Other commitments:		
Contracted, but not provided for *(Note)*	**209,169**	370,639
	276,355	557,750

Note: The balance as at 31st March, 2016 mainly included commitments in relation to OUE H-Trust Rights Issue as disclosed in Note 20 to the financial statements of approximately HK$123 million (2015 — Nil) and commitments for available-for-sale financial assets of HK$64 million (2015 — HK$18 million). The balance as at 31st March, 2015 mainly included commitments in relation to investments of an integrated resort project of approximately HK$277 million.

44. RELATED PARTY TRANSACTIONS

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

(a) During the year, the Group paid rental expenses (including service charges) of HK$3,460,000 (2015 — HK$3,727,000) to a joint venture of the Group. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 14th July, 2018. The Group expects the total future minimum lease payables for the years ending 31st March, 2017, 31st March, 2018 and 31st March 2019 to be approximately HK$3,174,000, HK$3,174,000 and HK$926,000, respectively.

(b) During the year, the Group paid rental expenses (including service charges) of HK$567,000 (2015 — HK$1,000,000) to a joint venture of Group. The rental was determined by reference to the then prevailing open market rentals. Such lease was terminated during the year.

(c) During the year, the Group paid rental expenses (including service charges) of HK$3,850,000 (2015 — HK$2,074,000) to a joint venture of the Group. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31st May, 2017. The Group expects the total future minimum lease payables for the years ending 31st March, 2017 and 31st March, 2018 to be approximately HK$3,538,000 and HK$590,000, respectively.

(d) During the year, the Group sold food and beverage products of HK$1,300,000 (2015 — HK$1,218,000) to a joint venture of the Group. The sales were made on normal commercial terms in line with, and with reference to, the industry practice.

(e) During the year, the Group generated sales of HK$14,115,000 (2015 — HK$15,912,000) from a joint venture. The prices and terms of sales are on normal commercial terms and are comparable to, or no more favourable than the prices and terms offered to other customers who are independent third parties of similar credit standing, trading volume and trading record.

Notes to the Financial Statements *(continued)*

44. RELATED PARTY TRANSACTIONS *(continued)*

(f) During the year, the Group received project management income of HK$1,782,000 (2015 — HK$731,000) and interest income of HK$41,144,000 (2015 — HK$5,911,000) from certain joint ventures of the Group.

(g) During the year, the Group received service fee income and commission income and handling fee of HK$927,000 (2015 — Nil) and HK$204,000 (2015 — Nil), respectively from a joint venture of the Group.

(h) As at 31st March, 2016, the Group had balances with its associates and joint ventures, further details of which are set out in Notes 19, 20, 23 and 31 to the financial statements.

(i) The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 7 to the financial statements.

The above transactions were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules.

45. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 31st March, 2016					
Available-for-sale financial assets	–	–	180,491	–	180,491
Financial assets at fair value through profit or loss	822,130	–	–	–	822,130
Loans and advances	–	87,946	–	–	87,946
Financial assets included in debtors, prepayments and deposits	–	714,756	–	–	714,756
Other financial assets	–	–	–	25,313	25,313
Client trust bank balances	–	295,784	–	–	295,784
Restricted cash	–	19,580	–	–	19,580
Cash and bank balances	–	2,941,113	–	–	2,941,113
	822,130	4,059,179	180,491	25,313	5,087,113

Notes to the Financial Statements *(continued)*

45. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

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

Financial assets *(continued)*

	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Derivative financial instrument HK$'000	Total HK$'000
At 31st March, 2015					
Available-for-sale financial assets	–	–	229,695	–	229,695
Financial assets at fair value through profit or loss	513,261	–	–	–	513,261
Loans and advances	–	401,767	–	–	401,767
Financial assets included in debtors, prepayments and deposits	–	583,937	–	–	583,937
Other financial asset	–	–	–	169	169
Client trust bank balances	–	324,982	–	–	324,982
Restricted cash	–	92,799	–	–	92,799
Treasury bills	–	38,800	–	–	38,800
Cash and bank balances	–	4,405,570	–	–	4,405,570
	513,261	5,847,855	229,695	169	6,590,980

Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
At 31st March, 2016			
Bank and other borrowings	**–**	**1,288,921**	**1,288,921**
Financial liabilities included in creditors, accruals and deposits received	**–**	**949,348**	**949,348**
Other financial liabilities	**4,168**	**–**	**4,168**
	4,168	**2,238,269**	**2,242,437**
At 31st March, 2015			
Bank and other borrowings	–	1,797,083	1,797,083
Financial liabilities included in creditors, accruals and deposits received	–	1,028,816	1,028,816
Current, fixed, savings and other deposits of customers	–	444,582	444,582
Other financial liabilities	4,522	–	4,522
	4,522	3,270,481	3,275,003

Notes to the Financial Statements *(continued)*

46. 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	
	2016 HK$'000	2015 HK$'000	**2016 HK$'000**	2015 HK$'000
Financial assets				
Available-for-sale financial assets	**99,523**	117,324	**99,523**	117,324
Financial assets at fair value through profit or loss	**822,130**	513,261	**822,130**	513,261
Other financial assets	**25,313**	169	**25,313**	169
	946,966	630,754	**946,966**	630,754
Financial liabilities				
Other financial liabilities	**4,168**	4,522	**4,168**	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 approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates on or near to the end of the reporting period and the Group's non-performance risk is considered to be minimal.

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 because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably.

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

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

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

The fair values of listed equity investments, debt securities, investment funds and derivative financial instruments are based on quoted market prices.

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

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

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.

For unlisted available-for-sale investment funds and investment funds at fair value through profit or loss classified under Level 3 of the fair value measurement hierarchy, the fair values are determined based on the net asset values of those investment funds. When the net asset value increases/decreases 3 per cent. (2015 — 3 per cent.), the fair value will be increased/decreased by HK$2,874,000 (2015 — HK$886,000).

The fair value of the Put Option is 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 the Put Option used in Level 3 fair value measurements as at 31st March, 2016:

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Other financial asset: Put Option	Monte-Carlo simulation method	Volatility of underlying shares	26.4 per cent. to 27.4 per cent. (2015 — N/A)	When the volatility of the underlying shares increases/decreases 5 per cent., the fair value will be increased/decreased by HK$1,313,000 and HK$394,000, respectively

Notes to the Financial Statements *(continued)*

46. 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			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31st March, 2016				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	**38**	**–**	**–**	**38**
Debt securities	**–**	**11,961**	**–**	**11,961**
Investment funds	**–**	**–**	**87,524**	**87,524**
Financial assets at fair value through profit or loss:				
Equity securities	**342,384**	**–**	**–**	**342,384**
Debt securities	**192,821**	**–**	**–**	**192,821**
Investment funds	**274,566**	**4,074**	**8,285**	**286,925**
Other financial assets:				
Derivative financial instruments	**–**	**18**	**25,295**	**25,313**
	809,809	**16,053**	**121,104**	**946,966**
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**–**	**4,168**	**–**	**4,168**
At 31st March, 2015				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	55	–	–	55
Debt securities	86,068	11,573	–	97,641
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 asset:				
Derivative financial instrument	–	169	–	169
	583,506	17,727	29,521	630,754
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

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

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

	Available-for-sale investment funds HK$'000	Investment funds at fair value through profit or loss HK$'000	Other financial assets HK$'000
2016			
At 1st April, 2015	**17,023**	**12,498**	**–**
Total gains/(losses) recognised in the statement of profit or loss	**–**	**(1,545)**	**12,709**
Total losses recognised in other comprehensive income	**(2,428)**	**–**	**–**
Additions	**73,828**	**–**	**12,586**
Disposals	**(898)**	**(2,668)**	**–**
Exchange adjustments	**(1)**	**–**	**–**
At 31st March, 2016	**87,524**	**8,285**	**25,295**
2015			
At 1st April, 2014	10,768	18,903	–
Total losses recognised in the statement of profit or loss	(3,187)	(1,412)	–
Total gains recognised in other comprehensive income	2,354	–	–
Additions	7,335	–	–
Disposals	(247)	(4,986)	–
Exchange adjustments	–	(7)	–
At 31st March, 2015	17,023	12,498	–

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2015 — 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.

Notes to the Financial Statements *(continued)*

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group, which are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the financial statements.

(a) Credit risk

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

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

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

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

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

	2016 **HK$'000**	2015 HK$'000
By geographical area:		
Hong Kong	**53,537**	122,164
Macau	**–**	294,683
Mainland China	**613**	99
Republic of Singapore	**256,509**	252,693
Malaysia	**118,900**	108,075
United States of America	**58,151**	–
Others	**16,402**	16,439
	504,112	794,153

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

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

(b) Liquidity risk

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

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. As at 31st March, 2016, approximately 31 per cent. (2015 — 73 per cent.) of the Group's debts would mature in less than one year based on the carrying values of bank and other borrowings.

An analysis of the maturity profile of liabilities of the Group analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

	Repayable on demand HK$'000	3 months or less HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	After 5 years HK$'000	Total HK$'000
At 31st March, 2016						
Bank and other borrowings	**–**	**331,756**	**70,414**	**887,096**	**–**	**1,289,266**
Creditors, accruals and deposits received	**297,350**	**322,296**	**329,702**	**–**	**–**	**949,348**
Other financial liabilities	**4,168**	**–**	**–**	**–**	**–**	**4,168**
Bankers' guarantee	**–**	**5,869**	**9,825**	**27,827**	**–**	**43,521**
	301,518	**659,921**	**409,941**	**914,923**	**–**	**2,286,303**
At 31st March, 2015						
Bank and other borrowings	–	637,788	672,177	487,169	383	1,797,517
Creditors, accruals and deposits received	316,773	378,733	333,310	–	–	1,028,816
Current, fixed, savings and other deposits of customers	155,195	210,579	78,808	–	–	444,582
Other financial liabilities	4,522	–	–	–	–	4,522
Bankers' guarantee	–	16,592	1,792	22,808	–	41,192
	476,490	1,243,692	1,086,087	509,977	383	3,316,629

Notes to the Financial Statements *(continued)*

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

(c) Interest rate risk

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

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

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

	2016			2015		
	Increase/ (Decrease) in basis points	**Increase/ (Decrease) in profit before tax HK$'000**	**Increase/ (Decrease) in equity HK$'000**	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity HK$'000
Hong Kong dollar	**+50**	**(3,041)**	**(3,041)**	+50	(4,162)	(4,162)
United States dollar	**+50**	**(5,519)**	**(5,519)**	+50	622	(759)
Singapore dollar	**+50**	**1,076**	**1,076**	+50	1,145	1,145
Renminbi	**+50**	**2,581**	**2,581**	+50	15,010	14,807
Hong Kong dollar	**–50**	**3,041**	**3,041**	–50	4,162	4,162
United States dollar	**–50**	**5,956**	**5,956**	–50	(622)	873
Singapore dollar	**–50**	**(1,076)**	**(1,076)**	–50	(1,145)	(1,145)
Renminbi	**–50**	**(2,581)**	**(2,581)**	–50	(15,010)	(14,804)

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

(d) Foreign currency risk

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

The Group monitors the relative foreign exchange positions of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

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

	Increase/(Decrease) in profit before tax	
	2016	2015
	HK$'000	HK$'000
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (2015 — 3 per cent.)	**3,903**	6,805
— weakened 3 per cent. (2015 — 3 per cent.)	**(3,903)**	(6,805)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (2015 — 3 per cent.)	**10,722**	9,432
— weakened 3 per cent. (2015 — 3 per cent.)	**(10,722)**	(9,432)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (2015 — 3 per cent.)	**2,199**	49,505
— weakened 3 per cent. (2015 — 3 per cent.)	**(2,199)**	(49,505)

At the end of the reporting period, the cash and bank balances of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK$509,881,000 (2015 — HK$1,386,289,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

Notes to the Financial Statements *(continued)*

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

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets classified as available-for-sale financial assets (Note 21), financial assets at fair value through profit or loss (Note 26) and other financial assets (Note 27) as at 31st March, 2016. The Group's listed financial assets are mainly listed on the Hong Kong, Singapore, New York and London stock exchanges and are valued at quoted market prices at the end of the reporting period.

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

	31st March, 2016	High/Low 2016	31st March, 2015	High/Low 2015
Hong Kong — Hang Seng Index	20,777	28,589/18,278	24,901	25,363/21,680
Republic of Singapore — Straits Times Index	2,841	3,550/2,528	3,447	3,469/3,150
New York — NYSE Composite Index	10,207	11,255/8,938	10,899	11,143/9,886
London — FTSE All-Share Index	3,395	4,032/3,031	3,664	3,811/3,245

The senior management of the Group regularly reviews and monitors the mix of securities in the Group's investment portfolio based on the fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

The following table demonstrates the sensitivity to every 3 per cent. change in the fair values of the equity investments and investment funds, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the investment revaluation reserve and no account is given for factors such as impairment which might impact on the statement of profit or loss.

	2016		2015	
	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity* HK$'000	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity* HK$'000
Available-for-sale financial assets				
United States of America	–	88	–	146
Global and others	–	2,539	–	445
	–	2,627	–	591
Financial instruments at fair value through profit or loss				
Hong Kong	3,016	–	4,991	–
Republic of Singapore	7,100	–	9,838	–
United States of America	2,495	–	–	–
Global and others	6,898	–	384	–
	19,509	–	15,213	–

* Excluding retained profits

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

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission (the "SFC") and are required to comply with certain minimum capital requirements according to the rules of the SFC. Management monitors, on a daily basis, these subsidiaries' liquid capital to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rule.

Under the terms of Macau banking legislation, MCB is required to transfer to a legal reserve an amount equal to a minimum of 20 per cent. of its annual profit after tax until the amount of the reserve is equal to 50 per cent. of its issued and fully paid up share capital. Thereafter, transfers must continue at a minimum annual rate of 10 per cent. of its annual profit after tax until the reserve is equal to MCB's issued and fully paid up share capital. This reserve is only distributable in accordance with certain limited circumstances prescribed by statute. MCB monitors solvency ratio under the requirement of Autoridade Monetaria de Macau, the Monetary Authority of Macau, and keeps the ratio at not less than 8 per cent. throughout the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2016 and 2015.

The Group monitors capital using a gearing ratio, which is calculated by dividing its total borrowings, net of non-controlling interests, by total shareholders' equity. Total borrowings include current and non-current bank and other borrowings. Total shareholders' equity represents equity attributable to equity holders of the Company.

	2016 HK$'000	2015 HK$'000 (Restated)
Bank and other borrowings *(Note 30)*	**1,288,921**	1,797,083
Less: Non-controlling interests in bank and other borrowings	**(171,801)**	(335,444)
Bank and other borrowings, net of non-controlling interests	**1,117,120**	1,461,639
Equity attributable to equity holders of the Company	**9,143,044**	9,485,869
Gearing ratio	**12.2 per cent.**	15.4 per cent.

Notes to the Financial Statements *(continued)*

48. EVENTS AFTER THE REPORTING PERIOD

The Group had the following material events after the reporting period:

(a) Events in relation to the OUE H-Trust Rights Issue, details of which were disclosed in Note 20 to the financial statements. It is expected that a fair value gain on financial assets at fair value through profit or loss of HK$35,624,000 shall be recorded in the consolidated statement of profit or loss for the year ended 31st March, 2017 upon receipt of the new stapled securities of OUE H-Trust by the Group.

(b) The Superform Disposal, details of which were disclosed in Note 29 to the financial statements. It is expected that the Superform Disposal would give rise to a gain on disposal of approximately HK$331,660,000, which shall be recorded in the consolidated statement of profit or loss for the year ending 31st March, 2017.

(c) In February 2016, a lender of CS Mining issued a notice to Waterloo of its intention to institute enforcement proceedings against CS Mining. The lender had granted a secured convertible loan to CS Mining in a principal amount of approximately US$20 million (the "Loan") that it claimed was due and payable. A complaint was filed by Waterloo against the lender of the Loan to claim that the lender has failed to honor its contractual obligation to take all necessary steps to convert the Loan into an equity interest in CS Mining's parent company and release the security over CS Mining's assets, and to seek a permanent injunction restraining the lender from taking any action to foreclose the security. The lender filed an answer to the complaint in March 2016, to which Waterloo responded and filed an amended complaint in April 2016. Subsequently, the lender delivered notice of its intention to foreclose its purported liens on CS Mining property.

In May 2016, certain investors of Skye in which the Group has equity interests (the "Group Entities") filed a petition against other investors of Skye to seek appointment of a custodian or receiver for the purpose of breaking the deadlock among the members of Skye and apply for an order to stay creditors action against CS Mining. However, as a result of the Involuntary Petition (as defined below), the hearing of this case has been adjourned, pending CS Mining's response to the Involuntary Petition.

In early June 2016, an involuntary bankruptcy petition was filed by certain creditors against CS Mining pursuant to Chapter 11 of the United States Bankruptcy Code (the "Involuntary Petition"). Such Involuntary Petition triggered an automatic stay to protect against any enforcement or collection actions against CS Mining, including the lender action mentioned above.

Also, in early June 2016, a complaint was filed by certain investors of Skye against the Group Entities, Waterloo and others in a court in the United States claiming, among others, damages allegedly suffered by CS Mining in relation to the acquisition by Waterloo of the Secured Loans (the "Complaint"). The Complaint has not been served on any of the Group Entities. As advised by the U.S. counsel of the Group, it is believed that there are valid grounds for dismissal of the Complaint. The Group is considering further actions to be taken in respect of the Involuntary Petition and the Complaint.

Notes to the Financial Statements *(continued)*

49. COMPARATIVE AMOUNTS

In February 2015, a joint venture of OUE, which in turn is a subsidiary of LAAPL, a principal joint venture of HKC, acquired an equity interest in a listed company (the "Acquisition"). As at 31st March, 2015, the purchase price allocation review in respect of the Acquisition was not completed. Such purchase price allocation review was completed during the year ended 31st March, 2016 and OUE recorded a share of gain from a bargain purchase in relation to the Acquisition. This gain from a bargain purchase represents the excess of fair value of assets and liabilities acquired over the consideration paid.

As a consequence, the Group has made certain adjustments to retrospectively adjust the impact of the Acquisition, which led to an increase in share of profit of joint ventures of HK$291,048,000 and net profit attributable to equity holders of HK$191,626,000 in the consolidated statement of profit or loss for the year ended 31st March, 2015, an increase in interests in joint ventures of HK$285,609,000 and a decrease in the exchange equalisation reserve of HK$3,581,000 in the Group's consolidated statement of financial position as at 31st March, 2015. As a result, the equity attributable to equity holders of the Company and non-controlling interests were increased by HK$188,045,000 and HK$97,564,000, respectively as at 31st March, 2015 and the earnings per share attributable to equity holders of the Company was increased by HK39 cents for the year ended 31st March, 2015.

Besides, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and disclosures.

Notes to the Financial Statements *(continued)*

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2016 HK$'000	2015 HK$'000
Non-current assets		
Fixed assets	**758**	1,339
Interests in subsidiaries	**3,519,507**	3,636,650
Available-for-sale financial assets	**1,200**	1,200
	3,521,465	3,639,189
Current assets		
Amounts due from joint ventures	**10,102**	4,137
Debtors, prepayments and deposits	**2,288**	2,518
Cash and bank balances	**104,098**	94,097
	116,488	100,752
Current liabilities		
Bank loans	**345,000**	645,000
Creditors, accruals and deposits received	**2,507**	2,423
	347,507	647,423
Net current liabilities	**(231,019)**	(546,671)
Total assets less current liabilities	**3,290,446**	3,092,518
Non-current liabilities		
Bank loans	**375,000**	115,000
Net assets	**2,915,446**	2,977,518
Equity		
Share capital	**984,440**	984,440
Reserves *(Note)*	**1,931,006**	1,993,078
	2,915,446	2,977,518

John Luen Wai Lee
Director

Stephen Riady
Director

Notes to the Financial Statements *(continued)*

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Special capital reserve *(Note 36(a))* HK$'000	Retained profits HK$'000	Total HK$'000
2016			
At 1st April, 2015	**1,709,202**	**283,876**	**1,993,078**
Profit for the year and total comprehensive income for the year	**–**	**2,038**	**2,038**
2014/2015 final dividend declared and paid to shareholders of the Company	**–**	**(49,315)**	**(49,315)**
2015/2016 interim dividend declared and paid to shareholders of the Company	**–**	**(14,795)**	**(14,795)**
At 31st March, 2016	**1,709,202**	**221,804**	**1,931,006**
2015			
At 1st April, 2014	1,709,202	336,838	2,046,040
Profit for the year and total comprehensive income for the year	–	11,148	11,148
2013/2014 final dividend declared and paid to shareholders of the Company	–	(49,315)	(49,315)
2014/2015 interim dividend declared and paid to shareholders of the Company	–	(14,795)	(14,795)
At 31st March, 2015	1,709,202	283,876	1,993,078

Included in the retained profits of the Company as at 31st March, 2016 was an amount of final dividend for the year then ended of HK$49,315,000 (2015 — HK$49,315,000) proposed after the end of the reporting period.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29th June, 2016.

Particulars of Principal Subsidiaries

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31ST MARCH, 2016 ARE AS SET OUT BELOW.

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Acematic Limited	British Virgin Islands	US$1	100	100	Investment holding
Lippo Finance Holdings Limited	British Virgin Islands	US$50,000	100	100	Investment holding
Creaworld (Holdings) Company Limited	Hong Kong	HK$2	–	100	Investment holding
福建華陽湄洲開發有限公司 (Fujian Creaworld Meizhou Development Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	HK$100,000,000*	–	100	Property investment and property development
Hennessy Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Lippo Korea Holdings Pte. Limited**	Republic of Singapore	S$2	–	100	Investment holding
Lippo Investments Management Limited	Hong Kong	HK$59,600,000	–	100	Fund Management
Lippo Worldwide Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
Skyscraper Realty Limited	British Virgin Islands	US$10	–	100	Investment holding
Lippo China Resources Limited *(listed on The Stock Exchange of Hong Kong Limited)*	Hong Kong	HK$1,704,031,044.03	–	71.2	Investment holding
Admiralty Development Limited	Hong Kong	HK$446,767,129	–	71.2	Property investment
Ally Wise Capital Limited	British Virgin Islands	US$1	–	71.2	Investment
Apexwin Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Ardent Properties Pty Limited**	Australia	A$10	–	71.2	Property investment
Asia Now Resources Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Broadwell Asia Limited	British Virgin Islands	US$1	–	71.2	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Cajan Enterprises Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Capital Wave Limited	British Virgin Islands	US$1	–	71.2	Investment
Caross Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Carvio Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Castar Assets Limited	British Virgin Islands	US$1	–	71.2	Property investment
Chalton Assets Limited	British Virgin Islands	US$1	–	71.2	Property investment
China Chance Investments Limited	Hong Kong	HK$10	–	71.2	Investment holding
China Gold Pte. Ltd.**	Republic of Singapore	S$1	–	71.2	Investment holding
China Pacific Electric Limited	British Virgin Islands	US$100	–	71.2	Investment holding
Continental Equity Inc.	British Virgin Islands	US$1	–	71.2	Investment
Direct Union Limited	British Virgin Islands	US$1	–	71.2	Investment
Dragon Board Holdings Limited	British Virgin Islands	S$1	–	71.2	Investment holding
Energetic Holdings Limited	British Virgin Islands	US$1	–	71.2	Property investment
Ethnos Ltd.**	Israel	NIS100	–	71.2	Property investment
Fortune Finance Investment Limited	British Virgin Islands	US$1	–	71.2	Investment
Fortune Star Asia Limited	Hong Kong	HK$1	–	71.2	Investment
Frontop Limited	British Virgin Islands	US$1	–	71.2	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited)** — wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	–	71.2	Property management
Gabarro Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Gain Motion International Limited	Hong Kong	HK$1	–	71.2	Investment
Golden Rain Holdings Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Golden Sunshine Worldwide Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Golden Super Holdings Limited	British Virgin Islands	US$1	–	71.2	Investment
Goldmax Pacific Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Gothic Investments Limited	Samoa	US$1	–	71.2	Property investment
Grandbeam Limited	Hong Kong	HK$1	–	71.2	Investment holding
Grand Vista Limited	British Virgin Islands	US$1	–	71.2	Investment holding
HKCL Investments Pte. Ltd.**	Republic of Singapore	S$2	–	71.2	Property development
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US$1	–	71.2	Securities investment
Istan Assets Limited	British Virgin Islands	US$1	–	71.2	Property investment
Keytime Holdings Limited	British Virgin Islands	US$1	–	71.2	Property investment
Kingz Ltd	British Virgin Islands	US$1	–	71.2	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
LCR Ltd.	British Virgin Islands	US$1	–	71.2	Intellectual property
LCR Management Limited	Hong Kong	HK$1	–	71.2	Management services
Laurel Century Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Lippo Consortium Pte. Limited**	Republic of Singapore	S$2	–	71.2	Property development
Lippo Energy Group Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Lippo Group International Pte. Limited**	Republic of Singapore	S$2	–	71.2	Investment holding
Lippo Property Management Limited	British Virgin Islands/ Hong Kong	US$1	–	71.2	Investment holding
力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$29,330,000*	–	71.2	Property development
Lippo Resources Investments Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Lippo Retail Holdings Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Mantor Assets Limited	British Virgin Islands	US$1	–	71.2	Property investment
Masstrong Limited	Hong Kong	HK$1	–	71.2	Investment holding
Mastafield Limited	British Virgin Islands/ Hong Kong	US$1	–	71.2	Property investment
Maxfit Holding Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Netscope Limited	British Virgin Islands	US$1	–	71.2	Investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Oriental Coronet Limited	British Virgin Islands	US$1	–	71.2	Investment
PacNet Holdings Limited	British Virgin Islands	US$1	–	71.2	Investment holding
PacNet Capital (U.S.) Limited	United States of America	US$1.121	–	71.2	Investment holding
Pantogon Holdings Pte Ltd**	Republic of Singapore	S$1,000,000	–	71.2	Investment holding
Polarstar Capital Limited	British Virgin Islands	US$1	–	71.2	Investment
莆田力寶商業顧問有限公司 (Putian Lippo Commercial Consultants Limited)** — wholly foreign-owned enterprise##	People's Republic of China	RMB2,000,000*	–	71.2	Commercial consulting
莆田塔林基礎建設有限公司 (Putian Talin Infrastructure Co. Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	US$300,000*	–	71.2	Property services
Powerful Arch Limited	British Virgin Islands	US$1	–	71.2	Investment
Queenz Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Radical Profits Limited	British Virgin Islands	US$1	–	71.2	Property investment
Reiley Inc.	British Virgin Islands	US$1	–	71.2	Investment holding
Rickon Holdings Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Sanfield Australia Pty Ltd**	Australia	A$2	–	71.2	Investment holding
Season Spark Limited	British Virgin Islands/ Hong Kong	US$1	–	71.2	Investment
Serene Yield Limited	British Virgin Islands/ Hong Kong	US$1	–	71.2	Property investment
Sincere Wish Global Limited	British Virgin Islands	US$1	–	71.2	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Star Trendy Limited	British Virgin Islands/ Hong Kong	US$1	–	71.2	Property holding
Starford Corporation Limited	Hong Kong	HK$1	–	71.2	Investment
Super Assets Company Limited	Samoa	US$1	–	71.2	Investment holding
Super Equity International Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Superform Investment Limited	Hong Kong	HK$100 and HK$2 non-voting deferred shares	–	71.2	Property investment
Superonic Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Tamsett Holdings Limited	British Virgin Islands	US$1	–	71.2	Investment holding
Topstar China Limited	Hong Kong	HK$1	–	71.2	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US$1	–	71.2	Property investment
Vitaland Limited	Hong Kong	HK$1	–	71.2	Investment holding
Waterloo Street Limited	British Virgin Islands	US$1	–	71.2	Financing
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	71.2	Property investment
Win Joyce Limited	Hong Kong	HK$2	–	71.2	Money lending and investment holding
Wollora Assets Limited	British Virgin Islands	US$1	–	71.2	Property investment
World Grand Holding Limited	British Virgin Islands	US$1	–	71.2	Investment
Writring Investments Limited	Hong Kong	HK$2	–	71.2	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Lippo Select HK & Mainland Property ETF** *(an exchange traded fund listed on The Stock Exchange of Hong Kong Limited)*	Hong Kong	N/A	–	66.8@	Investment
Jeremiah Holdings Limited	British Virgin Islands	S$1,298,645	–	42.7	Investment holding
Nine Heritage Pte Ltd**	Republic of Singapore	S$1,000,000	–	34.2	Investment holding
Asia Now Resources Corp.** *(listed on NEX of TSX Venture Exchange of Canada)* *(in receivership)*	Canada	C$30,634,413	–	37.2	Exploration of mineral resources
Auric Pacific Group Limited** *(listed on Singapore Exchange Securities Trading Limited)*	Republic of Singapore	S$64,460,182	–	28.1	Investment holding
Auric Pacific Food Industries Pte Ltd**	Republic of Singapore	S$54,400,000	–	28.1	General wholesale trade in food products
Auric Pacific Marketing Pte Ltd**	Republic of Singapore	S$10,000,000	–	28.1	General wholesale trade and distribution
Centurion Marketing Pte Ltd**	Republic of Singapore	S$500,000	–	28.1	Wholesale of other specific commodities
Edmontor Investments Pte Ltd**	Republic of Singapore	S$47,367,335	–	28.1	Investment holding and wholesale trade

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Delifrance Asia Ltd**	Republic of Singapore	S$180,581,000	–	28.1	Management and holding company, development and sale of franchising activities
Delifrance Singapore Pte Ltd**	Republic of Singapore	S$4,000,002	–	28.1	Manufacture and sale of French bakery and pastry products, and the operation of café-bakeries, bakery corners and restaurants
Delifrance (HK) Limited**	Hong Kong	HK$12,000,000	–	28.1	Manufacture and sale of French bakery and pastry products and the operation of café-bakeries and kiosks
Delifrance (Malaysia) Sdn. Bhd.**	Malaysia	RM7,500,000	–	28.1	Manufacturing and sale of French bakery and pastry products and the operation of café-bakeries
上海德利法蘭新食品有限公司 (Shanghai Delifrance Foodstuff Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	US$1,880,000*	–	28.1	Sale of bakery and pastry products and the operation of café-bakeries

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Auric Pacific (M) Sdn. Bhd.**	Malaysia	RM1,000,000	–	28.1	Marketing and distribution of food products
Auric Chun Yip Sdn. Bhd.**	Malaysia	RM12,000,000	–	28.1	Supply of bakery, confectionery materials and other general products
Auric Pacific Food Processing Sdn. Bhd.**	Malaysia	RM1,200,000	–	28.1	Manufacturer of and dealer in butter, margarine and related confectionery products
Auric Pacific Food Manufacturing Pte. Ltd.**	Republic of Singapore	S$10,000,000	–	28.1	Manufacturer of bakery and pastry products
Cuisine Continental (HK) Limited**	Hong Kong	HK$3,000,000	–	28.1	Retailing of food and beverage products and services
Auric Pacific Investment Pte. Ltd.**	Republic of Singapore	S$2	–	28.1	Investment holding
Auric Pacific Realty Pte. Ltd.**	Republic of Singapore	S$1	–	28.1	Property developers and investment
Top-One Foods Pte Ltd** (formerly known as Auric Pacific Fine Wines Pte. Ltd.)	Republic of Singapore	S$2	–	28.1	Wholesale and retail of wine
Food Junction Holdings Limited**	Republic of Singapore	S$14,296,468.20	–	27.5	Investment holding and provision of management services to its subsidiaries, fast food restaurants and general wholesale trade

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Food Junction International Pte Ltd**	Republic of Singapore	S$400,000	–	27.5	Fast food restaurants and general wholesale trade
Food Junction Management Pte Ltd**	Republic of Singapore	S$1,489,000	–	27.5	Operation and management of food court and fast food restaurants, and general wholesale trade
Food Junction Singapore Pte Ltd**	Republic of Singapore	S$400,000	–	27.5	Fast food restaurants and general wholesale trade
Star Party Pte. Ltd.**	Republic of Singapore	S$200,000	–	27.5	Sale of food and beverages
LP + Tetsu Pte. Ltd.**	Republic of Singapore	S$200,000	–	27.5	Sale of food and beverages, and management of restaurants, cafés and bars
Lifestyle Dining Pte. Ltd.**	Republic of Singapore	S$250,000	–	27.5	Sale of food and beverages
邁博餐飲管理（上海）有限公司 (Maibo Restaurant Management (Shanghai) Co., Ltd)** — wholly foreign-owned enterprise##	People's Republic of China	US$140,000*	–	27.5	Management and operation of restaurants in Shanghai
福將坊（北京）餐飲有限公司 (Food Junction Beijing Co., Ltd)** — wholly foreign-owned enterprise##	People's Republic of China	US$3,000,000	–	27.5	Management of food courts and operation of food outlets

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
PT FJ Square Indonesia**	Indonesia	US$400,000	–	27.5	Management of food courts and operation of food outlets
T & W Food Junction Sdn. Bhd.**	Malaysia	RM500,000	–	27.5	Management of food courts and operation of food outlets
Eggs & Berries (Singapore) Pte. Ltd.**	Republic of Singapore	S$500,000	–	27.5	Sale of food and beverages
Medzs (Singapore) Pte. Ltd.**	Republic of Singapore	S$200,000	–	27.5	Sale of food and beverages
The Boxing Crab Pte. Ltd.**	Republic of Singapore	S$200,000	–	27.5	Sale of food and beverages
Wan Style (Singapore) Pte. Ltd.**	Republic of Singapore	S$200,000	–	27.5	Sale of food and beverages
Zutis Pte. Ltd.**	Republic of Singapore	S$200,000	–	27.5	Sale of food and beverages, and management of restaurants, cafés and bars
LCR Catering Services Limited**	Hong Kong	HK$9,000,000	–	24.8	Owns and operates a restaurant in Hong Kong
Hongkong Chinese Limited *(listed on The Stock Exchange of Hong Kong Limited)*	Bermuda/ Hong Kong	HK$1,998,280,097	–	65.8	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Allyield Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Beaming Empire Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Capital Place International Limited**	British Virgin Islands/ Republic of the Philippines	US$50,000	–	65.8	Property investment
成都力寶置業有限公司 (Chengdu Lippo Realty Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$3,000,000*	–	65.8	Property investment and management
Conrich Inc.	British Virgin Islands	US$1	–	65.8	Investment holding
Cyberspot Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Cyfield Limited	British Virgin Islands	US$1	–	65.8	Property investment
Dragonjoy Investment Limited	Hong Kong	HK$10,000	–	65.8	Securities trading
Everwin Pacific Ltd.	British Virgin Islands	US$1	–	65.8	Property investment
Fairseas 1 Pte. Ltd**	Republic of Singapore	S$1	–	65.8	Owner of a motor yacht
Fiatsco Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Firstclass Real Estate Development Limited	Macau	MOP25,000	–	65.8	Property development
Golden Stellar Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Green Assets Investments Limited	British Virgin Islands	US$1	–	65.8	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
HCL Management Limited	Hong Kong	HK$1	–	65.8	Management services
HKC Property Investment Holdings Limited	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment holding
HKC Realty LLC**	United States of America	US$2,250,000*	–	65.8	Property investment
Hong Kong Housing Loan Limited	Hong Kong	HK$40,000,000	–	65.8	Money lending
ImPac Asset Management (HK) Limited	Hong Kong	HK$8,500,000	–	65.8	Investment advisory and asset management
ImPac Asset Management (Holdings) Ltd.	British Virgin Islands	US$2,000,100	–	65.8	Investment holding
Lippo Asia Limited	Hong Kong	HK$120,000,000	–	65.8	Investment holding
Lippo Asset Management (HK) Limited	Hong Kong	HK$400,000	–	65.8	Fund management
Lippo Futures Limited	Hong Kong	US$2,000,000	–	65.8	Commodities brokerage
Lippo Securities Holdings Limited	Hong Kong	US$23,000,000	–	65.8	Investment holding
Lippo Securities, Inc.**	Republic of the Philippines	Pesos 69,500,000	–	65.8	Investment holding
Lippo Securities Limited	Hong Kong	HK$220,000,000	–	65.8	Securities brokerage
L.S. Finance Limited	Hong Kong	HK$5,000,000	–	65.8	Money lending
Masuda Limited	British Virgin Islands	US$10,000	–	65.8	Investment holding
MGS Ltd.	British Virgin Islands	US$1	–	65.8	Investment holding
Norfyork International Limited	Hong Kong	HK$25,000,000	–	65.8	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
One Realty Pte. Limited**	Republic of Singapore	S$2	–	65.8	Investment holding and provision of project and management services
Pacific Bond Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Pacific Landmark Holdings Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Peakmillion Asia Limited	British Virgin Islands	US$1	–	65.8	Investment
Sinogain Asia Limited	British Virgin Islands	US$1	–	65.8	Property investment
Sinorite Limited	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment
Stargala Limited	British Virgin Islands	US$1	–	65.8	Property investment
Topbest Asia Inc.	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment
Uchida Limited	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment holding
Wealtop Limited	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment holding
Winluck Asia Limited	British Virgin Islands	US$1	–	65.8	Property investment
Winluck Pacific Limited	British Virgin Islands	US$1	–	65.8	Property investment
Winrider Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Wonder Plan Holdings Limited	British Virgin Islands	US$1	–	65.8	Investment
Yield Point Limited	British Virgin Islands	US$1	–	65.8	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.)** — cooperative joint venture enterprise##	People's Republic of China	US$36,000,000*	–	52.6	Property development
TechnoSolve Limited	Hong Kong	HK$26,296,000	–	45.2	Development of computer hardware and software
科慧(珠海)軟件有限公司** — wholly foreign-owned enterprise##	People's Republic of China	RMB800,000*	–	45.2	Development and sale of banking software and technical advisory
Kingtek Limited	British Virgin Islands	US$100	–	39.5	Investment holding

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*
@ *based on the interest attributable to the Group*
\## *type of legal entity*
* *paid up registered capital*
** *audited by certified public accountants other than Messrs. Ernst & Young, Hong Kong*

Note:

A$ — Australian dollars
C$ — Canadian dollars
MOP — Macau patacas
NIS — New Israeli shekels
Pesos — Philippines pesos
RM — Malaysian ringgits
RMB — People's Republic of China renminbi
S$ — Singapore dollars
US$ — United States dollars

Save for C$2,496,000 senior unsecured convertible debentures issued by Asia Now Resources Corp. (the receivership of which was completed in April 2016) to China Gold Pte. Ltd., both are subsidiaries of the Company, as at 31st March, 2016, all the subsidiaries of the Company had no loan capital or convertible loan capital.

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31ST MARCH, 2016 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group#	Principal activities
Standard Pacific Limited	Corporate	Hong Kong	HK$4,290,000	50	Investment holding
MIDAN City Development Co., Ltd.	Corporate	Republic of Korea	KRW89,266,285,000	38.5	Property development
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK$2	35.6	Property management services
Greenix Limited	Corporate	British Virgin Islands	US$100,000	32.9	Investment holding
Lippo Marina Collection Pte. Ltd.	Corporate	Republic of Singapore	S$1,000,000	32.9	Property development
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,250,000*	28.5	Water supply
DXS Capital Limited	Corporate	British Virgin Islands	US$100	28.5	Investment holding
Haranga Resources Limited	Corporate	Australia	A$40,101,717	27.8	Exploration of mineral resources
Catalyst Enterprises Limited	Corporate	British Virgin Islands	US$50,000	24.9	Investment holding
Goldfix Pacific Ltd.	Corporate	British Virgin Islands	US$16,286.6	24.2	Investment holding
Rebound Power Limited	Corporate	British Virgin Islands	US$300	*Note (b)*	Investment holding
Proton Power Asia Limited	Corporate	Hong Kong	HK$90	*Note (c)*	Investment holding
Proton Power Pte. Ltd.	Corporate	Republic of Singapore	S$1	*Note (c)*	Green energy development

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

* *paid up registered capital*

Particulars of Principal Associates *(continued)*

Note:

(a)	*A$*	—	*Australian dollars*
	KRW	—	*Korean wons*
	RMB	—	*People's Republic of China renminbi*
	S$	—	*Singapore dollars*
	US$	—	*United States dollars*

(b) *Its issued share capital comprised of (i) 100 voting, non-participating class "A" shares of US$1.00 each; (ii) 100 non-voting, participating class "B" shares of US$1.00 each; (iii) 50 non-voting, participating class "C" shares of US$1.00 each; and (iv) 50 non-voting, participating class "D" shares of US$1.00 each. The Group, through a non-wholly owned subsidiary, was interested in 50 per cent. of all the class "A" shares in issue, 100 per cent. of all the class "B" shares in issue and approximately 36.32 per cent. of all the class "C" shares in issue which entitled the Group, through a non-wholly owned subsidiary, to 50 per cent. of the voting rights and approximately 75.45 per cent. of the profit sharing of this company.*

(c) *This company is a wholly-owned subsidiary of Rebound Power Limited.*

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31ST MARCH, 2016 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Approximate percentage of equity attributable to the Group (unless otherwise stated)#	Principal activities
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S$2	35.6	Property investment and property development
The Macau Chinese Bank Limited	Corporate	Macau	MOP260,000,000	33.6	Banking
Lippo Real Estate Pte. Limited	Corporate	Republic of Singapore	S$2	32.9	Property development
Sunning Asia Limited	Corporate	British Virgin Islands	US$50,000	32.9	Investment holding
Yamoo Bay Project Limited	Corporate	British Virgin Islands	US$2	32.9	Investment holding
Lippo ASM Asia Property Limited	Corporate	Cayman Islands	US$1,200	*Note (b)*	Investment holding
LOCZ Korea Corporation	Corporate	Republic of Korea	KRW5,312,460,000	20.0*	Development of integrated resort
LOCZ Korea Investment Pte. Ltd.	Corporate	Republic of Singapore	US$51,000,000	20.0*	Investment holding
Wealthy Place Limited	Corporate	British Virgin Islands	US$2	19.7	Investment holding
Lippo Project Pte. Limited	Corporate	Republic of Singapore	S$2	19.7	Property development
Delifrance Singapore Wholesale Pte. Ltd.	Corporate	Republic of Singapore	S$800,000	13.7	Wholesale of French bakery and pastry products

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

* *based on the actual interest attributable to the Group*

Note:

(a) *KRW — Korean wons*
MOP — Macau patacas
S$ — Singapore dollars
US$ — United States dollars

(b) *Its issued share capital comprised of (i) 800 voting, non-participating class "A" shares of US$1.00 each; (ii) 200 non-voting, participating class "B" shares of US$1.00 each; and (iii) 200 non-voting, participating class "C" shares of US$1.00 each. The Group, through non-wholly owned subsidiaries, was interested in 50 per cent. of all the class "A" shares in issue and 100 per cent. of all the class "B" shares in issue which entitled the Group, through non-wholly owned subsidiaries, to 50 per cent. of the voting rights and approximately 94.26 per cent. of the profit sharing of this company.*

Particulars of Joint Operations

PARTICULARS OF JOINT OPERATIONS AS AT 31ST MARCH, 2016 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Registered capital	Approximate percentage of interest attributable to the Group#	Principal activities
雲南東鑫礦產勘查有限公司 (Yunnan Dong Xin Mineral Exploration Company Limited)	Chinese Foreign Cooperative Joint Venture Enterprise	People's Republic of China	US$14,900,000*	51.3	Exploration of mineral resources
雲南現代礦業勘查有限公司 (Yunnan Now Mineral Exploration Company Limited)	Chinese Foreign Cooperative Joint Venture Enterprise	People's Republic of China	US$6,700,000	42.8	Exploration of mineral resources

\# *represents the effective interest of the Group after non-controlling interests therein*
* *of which approximately US$14,180,000 has been injected*

Note:

US$ — United States dollars

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2016

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
		(square metres)		
Hong Kong				
Lippo Centre 89 Queensway Central Inland Lot No. 8615*	Commercial	Office: 1,941 Retail: 1,935 (net floor area)	Rental	71.2

* *The above property comprises various shop units on the podium floors and certain office floors.*

The above property is held under long term lease.

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
People's Republic of China				
19th Floor to 29th Floor and 13 car parking spaces of Lippo Tianma Plaza 1 Wuyibei Road Fuzhou, Fujian	Commercial	11,955	Rental	71.2
5 floors of Unit 1 Building 1, Lippo Tower 62 North Kehua Road Wuhou District Chengdu	Commercial	5,421	Rental	65.8

The above properties are held under medium term leases.

Schedule of Major Properties *(continued)*

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2016 *(continued)*

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
		(square metres)		
Overseas				
10 Harav Agan Street Jerusalem Block 30050 Parcel 101 Israel	Commercial	940	Rental	71.2
31st Floor Rufino Pacific Tower Ayala Avenue Corner Herrera Street, Makati Metropolitan Manila Republic of the Philippines	Commercial	885	Rental	65.8
522 S. Sepulveda Boulevard Los Angeles, CA 90049 United States of America	Commercial	925	Rental	65.8

The above properties are freehold.

Schedule of Major Properties *(continued)*

(2) PROPERTIES HELD FOR SALE AS AT 31ST MARCH, 2016

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest
		(square metres)	*(square metres)*	
People's Republic of China				
Certain residential units and car parking spaces at 83 Estrada de Cacilnas Macau	Residential	N/A	883	65.8
Certain units and car parking spaces at No. 8 Ronghua Middle Road Yizhuang Beijing Economic-Technological Development Area (北京經濟技術開發區) Beijing	Commercial/ Residential	N/A	15,385	52.6
Overseas				
Unit #03–03 The Residences Katana 20 Jalan Madge 55000 Kuala Lumpur Malaysia	Residential	N/A	360	71.2
854 West Adams Boulevard Los Angeles CA 90007 United States of America	Residential	1,142	723	65.8

Schedule of Major Properties *(continued)*

(3) PROPERTIES HELD FOR DEVELOPMENT AS AT 31ST MARCH, 2016

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest	Estimated completion date	Stage of development as at 31st March, 2016
		(square metres)	*(square metres)*			
People's Republic of China						
Meizhou Island Putian Fujian	Tourism/ Commercial	1,207,700	26,848	100	N/A	Phase I substantially completed
East of Taizhou Avenue and north of Yaocheng Avenue China Medical City (中國醫藥城) Taizhou Jiangsu Land Lot No. 321204102205GB00069	Residential	80,615	220,000	71.2	2018/2019	In planning stage
Overseas						
3 pieces of land at Minakami Heights Golf Residence Gumma Japan	Residential	12,484	N/A	65.8	N/A	Vacant land

Schedule of Major Properties *(continued)*

(4) PROPERTIES HELD AS FIXED ASSETS AS AT 31ST MARCH, 2016

Description	Use	Approximate gross floor area	Approximate percentage of Group's interest
		(square metres)	
Hong Kong			
24th Floor of Tower One Lippo Centre 89 Queensway Central Inland Lot No. 8615**	Commercial	1,307	71.2

** *An agreement for the disposal of the above property was entered into in March 2016 and such disposal was subsequently completed in May 2016.*

Description	Use	Approximate gross floor area	Approximate percentage of Group's interest
2nd Floor of Sun Court 3 Belcher's Street Kennedy Town Subsection 1 of Section C of Marine Lot No. 262, the remaining portion of Section C of Marine Lot No. 262 and the remaining portion of Marine Lot No. 262	Commercial	743	71.2
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	71.2

The above properties are held under long term leases.

Schedule of Major Properties *(continued)*

(4) PROPERTIES HELD AS FIXED ASSETS AS AT 31ST MARCH, 2016 *(continued)*

Description	Use	Approximate gross floor area	Approximate percentage of Group's interest
		(square metres)	
Overseas			
2 Senoko Avenue Singapore 758298 Lot No. MK13-2293K	Commercial	7,387	28.1
2 Enterprise Road Singapore 629814 Lot No. 354 Mukim 6	Commercial	14,085	28.1
202 Pandan Loop Singapore 128390 Lot No. MK5-6304L	Commercial	2,602	28.1

The above properties are held under long term leases.

Summary of Financial Information

	Year ended 31st March, 2016 HK$'000	Year ended 31st March, 2015 HK$'000 (Restated)	Year ended 31st March, 2014 HK$'000	Fifteen-month ended 31st March, 2013 HK$'000 (Restated)	Year ended 31st December, 2011 HK$'000
Profit/(Loss) attributable to equity holders of the Company	**(186,565)**	743,849	112,173	(10,002)	698,327
Total assets	**17,456,646**	19,556,931	19,939,519	24,331,669	19,413,227
Total liabilities	**(2,982,442)**	(4,462,417)	(4,457,266)	(8,476,618)	(4,986,843)
Net assets	**14,474,204**	15,094,514	15,482,253	15,855,051	14,426,384
Non-controlling interests	**(5,331,160)**	(5,608,645)	(6,851,092)	(7,006,489)	(5,928,198)
Equity attributable to equity holders of the Company	**9,143,044**	9,485,869	8,631,161	8,848,562	8,498,186

The Group has made certain adjustments to retrospectively adjust the financial information for the year ended 31st March, 2015 following the completion of the purchase price allocation review in respect of the acquisition of equity interest under the Group's joint venture. Details regarding the adjustments are provided in Note 49 to the financial statements for the year ended 31st March, 2016.

The financial information for the year ended 31st December, 2011 is not restated upon the adoption of HKFRS 10 *Consolidated Financial Statements*, which became effective for financial years beginning on or after 1st April, 2013 as restating the financial information would involve delay and expenses out of proportion to the benefits of the shareholders.

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 31st March, 2016 (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:

	HK$'000
Pro forma combined statement of financial position	
Intangible assets	1,194,722
Fixed assets	4,197,937
Investment properties	35,676,904
Interests in equity-accounted investees	2,405,004
Properties held for sale	6,597,210
Property under development	4,402,360
Available-for-sale financial assets	1,100,979
Financial assets at fair value through profit or loss	1,555,648
Loans and advances	701,197
Debtors, prepayments and deposits	698,980
Treasury bills	29,100
Cash and bank balances	2,997,059
Other assets	76,211
Bank and other borrowings	(29,876,481)
Creditors, accruals and deposits received	(4,748,554)
Current, fixed, savings and other deposits of customers	(1,010,143)
Tax payable	(198,891)
Shareholders' advance	(1,851,576)
Deferred tax liabilities	(764,830)
Other financial liabilities	(111,831)
Non-controlling interests	(13,328,571)
	9,742,434
Group's attributable interest *(Note)*	9,750,635

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

Lippo Limited

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)