



**Lippo Limited**

**力寶有限公司**

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



**2016**  
INTERIM REPORT



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The Directors of Lippo Limited (the "Company") are pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2016.

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th September, 2016

		<b>Unaudited</b>	
		<b>six months ended 30th September,</b>	
		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	4	<b>1,421,397</b>	2,519,846
Cost of sales	5	<b>(723,150)</b>	(1,512,971)
<b>Gross profit</b>		<b>698,247</b>	1,006,875
Administrative expenses		<b>(396,366)</b>	(439,312)
Other operating expenses		<b>(225,723)</b>	(291,996)
Net gain on disposal of subsidiaries	19	<b>332,031</b>	211,655
Net fair value gain on investment properties		<b>13,600</b>	1,745
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	5	<b>79,897</b>	(187,520)
Provision for impairment losses on properties under development	6	<b>(100,000)</b>	(60,428)
Provision for impairment losses on intangible assets	7	<b>–</b>	(113,434)
Finance costs		<b>(17,947)</b>	(22,019)
Share of results of associates		<b>2,522</b>	(17,865)
Share of results of joint ventures	8	<b>126,227</b>	(117,255)
<b>Profit/(Loss) before tax</b>	5	<b>512,488</b>	(29,554)
Income tax	9	<b>(24,768)</b>	(66,437)
<b>Profit/(Loss) for the period</b>		<b>487,720</b>	(95,991)
<b>Attributable to:</b>			
Equity holders of the Company		<b>307,808</b>	(49,680)
Non-controlling interests		<b>179,912</b>	(46,311)
		<b>487,720</b>	(95,991)
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings/(Loss) per share attributable to equity holders of the Company</b>	10		
Basic and diluted		<b>62</b>	(10)

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2016

	Note	Unaudited six months ended 30th September, 2016 HK\$'000	2015 HK\$'000 (Restated) <sup>(1)</sup>
<b>Profit/(Loss) for the period</b>		<b>487,720</b>	(95,991)
<b>Other comprehensive income/(loss)</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Changes in fair value		8,881	(1,780)
Adjustments for disposal		1,381	69
Income tax effect		–	288
		<b>10,262</b>	(1,423)
Share of other comprehensive loss of joint ventures		<b>(167,119)</b>	(287,244)
Share of exchange differences on translation of foreign associates		<b>(335)</b>	2,566
Exchange differences on translation of foreign operations		<b>(68,207)</b>	(167,792)
Adjustments relating to disposal of subsidiaries:			
Exchange differences on translation of foreign operations		<b>(1,570)</b>	202
Available-for-sale financial assets		–	(2,775)
Income tax effect		–	333
	19	<b>(1,570)</b>	(2,240)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax		<b>(226,969)</b>	(456,133)
<b>Total comprehensive income/(loss) for the period</b>		<b>260,751</b>	(552,124)
<b>Attributable to:</b>			
Equity holders of the Company		<b>167,632</b>	(324,577)
Non-controlling interests		<b>93,119</b>	(227,547)
		<b>260,751</b>	(552,124)

<sup>(1)</sup> Refer to Note 26

# Condensed Consolidated Statement of Financial Position

As at 30th September, 2016

	Note	30th September, 2016 HK\$'000 (Unaudited)	31st March, 2016 HK\$'000 (Audited)
<b>Non-current assets</b>			
Intangible assets		202,215	208,721
Exploration and evaluation assets		1,350	1,017
Fixed assets		257,720	295,416
Investment properties		1,377,002	1,372,632
Interests in associates		474,163	476,597
Interests in joint ventures	8	9,301,228	9,274,038
Available-for-sale financial assets		186,185	180,491
Loans and advances		3,787	3,679
Debtors, prepayments and deposits	12	40,507	46,582
Other financial asset		24,812	25,295
Deferred tax assets		7,538	8,028
		<b>11,876,507</b>	<b>11,892,496</b>
<b>Current assets</b>			
Properties held for sale		108,491	146,556
Properties under development		156,816	260,063
Inventories		210,895	248,774
Loans and advances		83,434	84,267
Debtors, prepayments and deposits	12	564,089	701,179
Financial assets at fair value through profit or loss		724,319	822,130
Other financial assets		2,147	18
Tax recoverable		2,958	5,143
Client trust bank balances		285,922	295,784
Restricted cash		16,653	19,580
Cash and bank balances		3,303,881	2,941,113
		<b>5,459,605</b>	<b>5,524,607</b>
Assets classified as held for sale	13	–	39,543
		<b>5,459,605</b>	<b>5,564,150</b>
<b>Current liabilities</b>			
Bank and other borrowings	14	745,477	402,095
Creditors, accruals and deposits received	15	1,276,621	1,268,665
Other financial liabilities		1,566	4,168
Tax payable		304,004	325,890
		<b>2,327,668</b>	<b>2,000,818</b>
Liabilities directly associated with assets classified as held for sale	13	–	1,302
		<b>2,327,668</b>	<b>2,002,120</b>
<b>Net current assets</b>		<b>3,131,937</b>	<b>3,562,030</b>
<b>Total assets less current liabilities</b>		<b>15,008,444</b>	<b>15,454,526</b>

Condensed Consolidated Statement of Financial Position (Continued)  
As at 30th September, 2016

	Note	30th September, 2016 HK\$'000 (Unaudited)	31st March, 2016 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Bank and other borrowings	14	316,529	886,826
Creditors, accruals and deposits received	15	23,619	25,711
Deferred tax liabilities		60,856	67,785
		<b>401,004</b>	980,322
<b>Net assets</b>			
		<b>14,607,440</b>	14,474,204
<b>Equity</b>			
Equity attributable to equity holders of the Company			
Share capital	16	986,598	986,598
Reserves	18	8,260,897	8,156,446
		<b>9,247,495</b>	9,143,044
Non-controlling interests		<b>5,359,945</b>	5,331,160
		<b>14,607,440</b>	14,474,204

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2016

	Unaudited												
	Attributable to equity holders of the Company											Non-controlling interests	Total equity
	Share capital	Share option reserve	Special capital reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total		
HK\$'000	HK\$'000	(Note 18 (a)) HK\$'000	(Note 18 (b)) HK\$'000	(Note 18 (c)) HK\$'000	HK\$'000	HK\$'000	(Note 18 (d)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st April, 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
Profit for the period	-	-	-	-	-	-	-	-	-	307,808	307,808	179,912	487,720
Other comprehensive income/ (loss) for the period:													
Available-for-sale financial assets:													
Changes in fair value	-	-	-	-	-	6,037	-	-	-	-	6,037	2,844	8,881
Adjustments for disposal	-	-	-	-	-	909	-	-	-	-	909	472	1,381
Share of other comprehensive loss of joint ventures	-	-	-	-	-	(1,440)	-	(4,471)	(104,002)	-	(109,913)	(57,206)	(167,119)
Share of exchange differences on translation of foreign associates	-	-	-	-	-	-	-	-	(236)	-	(236)	(99)	(335)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(35,855)	-	(35,855)	(32,352)	(68,207)
Adjustments relating to disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,118)	-	(1,118)	(452)	(1,570)
Total comprehensive income/ (loss) for the period	-	-	-	-	-	5,506	-	(4,471)	(141,211)	307,808	167,632	93,119	260,751
Changes in non-controlling interests without change in control (Note 20)	-	-	-	-	-	-	-	-	-	11,979	11,979	(22,135)	(10,156)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	-	1,075	43	(26,963)	(25,845)	(13,409)	(39,254)
Disposal of subsidiaries with loss of control (Note 19)	-	-	-	-	-	-	-	-	-	-	-	4,298	4,298
Transfer of share option reserve upon disposal of a subsidiary	-	(923)	-	-	-	-	-	-	-	923	-	-	-
2015/2016 final dividend declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	(49,315)	(49,315)	-	(49,315)
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(33,088)	(33,088)
<b>At 30th September, 2016</b>	<b>986,598</b>	<b>-</b>	<b>1,709,202</b>	<b>-</b>	<b>-</b>	<b>146,880</b>	<b>-</b>	<b>(22,167)</b>	<b>60,724</b>	<b>6,366,258</b>	<b>9,247,495</b>	<b>5,359,945</b>	<b>14,607,440</b>
At 1st April, 2015	986,598	944	1,709,202	11,752	1,470	258,057	20,153	4,306	197,233	6,108,109	9,297,824	5,511,081	14,808,905
As previously reported	-	-	-	-	-	-	-	-	(3,581)	191,626	188,045	97,564	285,609
Prior year adjustments (Note 26)	-	-	-	-	-	-	-	-	-	-	-	-	-
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 period	-	-	-	-	-	-	-	-	-	(49,680)	(49,680)	(46,311)	(95,991)
Other comprehensive income/ (loss) for the period:													
Available-for-sale financial assets:													
Changes in fair value	-	-	-	-	-	(1,237)	-	-	-	-	(1,237)	(543)	(1,780)
Adjustments for disposal	-	-	-	-	-	45	-	-	-	-	45	24	69
Income tax effect	-	-	-	-	-	190	-	-	-	-	190	98	288
Share of other comprehensive loss of joint ventures (restated)	-	-	-	-	-	(12,232)	-	2,397	(181,318)	-	(191,153)	(96,091)	(287,244)
Share of exchange differences on translation of foreign associates	-	-	-	-	-	-	-	-	1,828	-	1,828	738	2,566
Exchange differences on translation of foreign operations	-	(53)	-	-	-	-	-	-	(83,042)	-	(83,095)	(84,697)	(167,792)
Adjustments relating to disposal of a subsidiary	-	-	-	-	-	(1,608)	-	-	133	-	(1,475)	(765)	(2,240)
Total comprehensive income/ (loss) for the period (restated)	-	(53)	-	-	-	(14,842)	-	2,397	(262,399)	(49,680)	(324,577)	(227,547)	(552,124)
Share of equity movements arising on equity transactions of joint ventures	-	1,425	-	-	-	-	-	615	19	27,983	30,042	15,587	45,629
Transfer of reserves upon disposal of a subsidiary	-	-	-	(11,752)	(1,470)	-	(20,153)	-	-	33,375	-	-	-
2014/2015 final dividend declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	(49,315)	(49,315)	-	(49,315)
Dividends and distribution declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(48,917)	(48,917)
<b>At 30th September, 2015 (restated)</b>	<b>986,598</b>	<b>2,316</b>	<b>1,709,202</b>	<b>-</b>	<b>-</b>	<b>243,215</b>	<b>-</b>	<b>7,318</b>	<b>(68,728)</b>	<b>6,262,098</b>	<b>9,142,019</b>	<b>5,347,768</b>	<b>14,489,787</b>



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2016

	Note	Unaudited six months ended 30th September,	
		2016 HK\$'000	2015 HK\$'000
Net cash flows from/(used in) operating activities		475,321	(190,765)
Cash flows from investing activities			
Payments to acquire available-for-sale financial assets		(2,520)	(133,749)
Advances to joint ventures		(192,235)	(1,000,482)
Disposal of subsidiaries, net of cash and cash equivalents disposed of	19	366,203	109,079
Increase in time deposits with original maturity of more than three months		(46,459)	–
Other cash flows arising from investing activities		(12,744)	13,716
Net cash flows from/(used in) investing activities		112,245	(1,011,436)
Cash flows from financing activities			
Drawdown of bank loans		153,098	246,950
Repayment of bank loans		(379,550)	(776,022)
Advances from shareholders of a joint venture		–	270,630
Acquisition of non-controlling interests		(10,156)	–
Other cash flows arising from financing activities		(14,923)	2,042
Net cash flows used in financing activities		(251,531)	(256,400)
Net increase/(decrease) in cash and cash equivalents		336,035	(1,458,601)
Cash and cash equivalents at beginning of period		2,941,113	4,444,370
Exchange realignments		(19,726)	(58,356)
Cash and cash equivalents at end of period		3,257,422	2,927,413
Analysis of balances of cash and cash equivalents:			
Cash and bank balances		3,303,881	2,927,413
Time deposits with original maturity of more than three months		(46,459)	–
		3,257,422	2,927,413

# Notes to the Interim Financial Statements

## 1. BASIS OF PREPARATION

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31st March, 2016.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31st March, 2016, except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “revised HKFRSs”) as disclosed in Note 2 to the interim financial statements.

The financial information relating to the year ended 31st March, 2016 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st March, 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

## 2. CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

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

The Group has not adopted any new and revised HKFRSs that have been issued but are not yet effective for the year ending 31st March, 2017.

### 3. SEGMENT INFORMATION

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

- (a) the property investment segment includes 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 consumer food and non-food products, food manufacturing and retailing, the management of restaurants and food court operations;
- (h) the mineral exploration and extraction segment includes mineral exploration, extraction and processing; and
- (i) the "other" segment comprises principally the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services.

Management monitors the results of 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.

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

## Notes to the Interim Financial Statements (Continued)

### 3. SEGMENT INFORMATION (Continued)

Six months ended 30th September, 2016

	Property investment	Property development	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Food businesses	Mineral exploration and extraction	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>											
External	60,040	83,029	5,286	16,535	8,512	-	1,238,625	-	9,370	-	1,421,397
Inter-segment	2,988	-	-	-	391	-	-	-	237	(3,616)	-
<b>Total</b>	<b>63,028</b>	<b>83,029</b>	<b>5,286</b>	<b>16,535</b>	<b>8,903</b>	<b>-</b>	<b>1,238,625</b>	<b>-</b>	<b>9,607</b>	<b>(3,616)</b>	<b>1,421,397</b>
<b>Segment results</b>	<b>400,549</b>	<b>(63,306)</b>	<b>5,286</b>	<b>89,057</b>	<b>(4,863)</b>	<b>(483)</b>	<b>63,593</b>	<b>(10,957)</b>	<b>(2,153)</b>	<b>-</b>	<b>476,723</b>
	(Note (a))	(Note (b))									
Unallocated corporate expenses											(75,256)
Finance costs											(17,728)
Share of results of associates	-	2,995	-	-	-	-	-	(801)	328	-	2,522
Share of results of joint ventures	123,262	11	-	-	-	1,322	1,632	-	-	-	126,227
<b>Profit before tax</b>											<b>512,488</b>
<b>Other segment information:</b>											
Capital expenditure (Note (e))	317	-	-	-	-	-	12,696	346	4	-	13,363
Depreciation	(2,993)	(76)	-	-	(249)	-	(30,781)	(50)	(237)	-	(34,386)
Amortisation of intangible assets	-	-	-	-	-	-	(3,940)	-	-	-	(3,940)
Interest income	41,300	-	5,286	2,241	-	-	1,271	-	554	-	50,652
Finance costs	-	-	-	-	-	-	(166)	-	(53)	-	(219)
Gain/(Loss) on disposal of:											
Subsidiaries	332,286	-	-	-	-	-	-	1,568	(1,823)	-	332,031
Available-for-sale financial assets	-	-	-	(1,412)	-	-	-	-	-	-	(1,412)
Write-back of provision/(Provisions) for impairment losses on:											
Fixed assets	-	-	-	-	-	-	(10,153)	-	-	-	(10,153)
A joint venture	-	2,062	-	-	-	-	-	-	-	-	2,062
Available-for-sale financial assets	-	-	-	-	-	-	(5,354)	-	-	-	(5,354)
Properties under development	-	(100,000)	-	-	-	-	-	-	-	-	(100,000)
Inventories	-	-	-	-	-	-	(18,182)	-	-	-	(18,182)
Loans and receivables	-	-	-	-	-	-	(2,823)	-	-	-	(2,823)
Fixed assets written off	-	-	-	-	-	-	(727)	-	-	-	(727)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	80,728	-	(483)	(348)	-	-	-	79,897
Net fair value gain on investment properties	13,600	-	-	-	-	-	-	-	-	-	13,600
Unallocated:											
Capital expenditure (Note (e))											3,123
Depreciation											(3,685)
Finance costs											(17,728)

## Notes to the Interim Financial Statements (Continued)

### 3. SEGMENT INFORMATION (Continued)

Six months ended 30th September, 2015

	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
<b>Revenue</b>											
External	31,324	1,172,634	19,073	19,125	10,294	8,062	1,247,116	-	12,218	-	2,519,846
Inter-segment	5,931	-	-	-	162	-	-	-	750	(6,843)	-
<b>Total</b>	<b>37,255</b>	<b>1,172,634</b>	<b>19,073</b>	<b>19,125</b>	<b>10,456</b>	<b>8,062</b>	<b>1,247,116</b>	<b>-</b>	<b>12,968</b>	<b>(6,843)</b>	<b>2,519,846</b>
<b>Segment results</b>	<b>29,959</b>	<b>289,320</b>	<b>18,991</b>	<b>(176,303)</b>	<b>(3,495)</b>	<b>213,697</b>	<b>(111,574)</b>	<b>(7,445)</b>	<b>(3,899)</b>	<b>(464)</b>	<b>248,787</b>
	(Note (a))	(Note (b))				(Note (c))	(Note (d))				
Unallocated corporate expenses											(122,113)
Finance costs											(21,108)
Share of results of associates		(16,781)	-	-	-	-	-	(1,570)	486	-	(17,865)
Share of results of joint ventures	(120,241)	40	-	-	-	331	2,615	-	-	-	(117,255)
<b>Loss before tax</b>											<b>(29,554)</b>
<b>Other segment information:</b>											
Capital expenditure (Note (e))	8	-	-	-	12	999	28,608	423	39	-	30,089
Depreciation	(2,965)	(313)	-	-	(561)	(504)	(39,577)	(59)	(345)	-	(44,324)
Amortisation of intangible assets	-	-	-	-	-	-	(7,940)	-	-	-	(7,940)
Interest income	5,664	-	19,073	4,106	-	6,791	108	-	481	-	36,223
Finance costs	-	-	-	-	(26)	-	(885)	-	-	-	(911)
Gain on disposal of:											
A subsidiary	-	-	-	-	-	211,655	-	-	-	-	211,655
Available-for-sale financial assets	-	-	-	1,872	-	-	-	-	-	-	1,872
Write-back of provision/(Provisions) for impairment losses on:											
Intangible assets	-	-	-	-	-	-	(113,434)	-	-	-	(113,434)
An associate	-	-	-	-	-	-	(1,548)	-	-	-	(1,548)
A joint venture	-	1,250	-	-	-	-	-	-	-	-	1,250
Properties under development	-	(60,428)	-	-	-	-	-	-	-	-	(60,428)
Inventories	-	-	-	-	-	-	(9,772)	-	-	-	(9,772)
Loans and receivables	-	-	-	-	-	(779)	(664)	-	-	-	(1,443)
Fixed assets written off	-	-	-	-	-	-	(11,117)	-	-	-	(11,117)
Net fair value gain/(loss) on financial instruments											
at fair value through profit or loss	-	-	-	(186,232)	-	1,021	(2,309)	-	-	-	(187,520)
Net fair value gain on investment properties	1,745	-	-	-	-	-	-	-	-	-	1,745
Unallocated:											
Capital expenditure (Note (e))											23
Depreciation											(4,199)
Finance costs											(21,108)

#### Note:

- The amount included gain on disposal of a subsidiary of HK\$332,286,000 (2015 — Nil).
- The amount included provision for impairment losses on properties under development of HK\$100,000,000 (2015 — HK\$60,428,000).
- The amount for the six months ended 30th September, 2015 included gain on disposal of a subsidiary of HK\$211,655,000.
- The amount for the six months ended 30th September, 2015 included provision for impairment losses on intangible assets of HK\$113,434,000.
- Capital expenditure includes additions to fixed assets, investment properties and exploration and evaluation assets.

**4. REVENUE**

Revenue represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from underwriting and securities broking, gross interest income, commissions, dealing income and other revenue from a then 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:

	<b>Six months ended 30th September,</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Property rental income	<b>18,740</b>	25,660
Sales of properties (Note)	<b>83,029</b>	1,172,634
Interest income	<b>50,652</b>	29,432
Dividend income	<b>14,678</b>	16,216
Corporate finance and securities broking	<b>8,512</b>	10,294
Banking business	–	8,062
Sales of goods	<b>884,910</b>	837,909
Sales of food and beverage	<b>271,694</b>	325,970
Fees charged to food court tenants	<b>70,499</b>	69,927
Other	<b>18,683</b>	23,742
	<b>1,421,397</b>	2,519,846

Note: The revenue mainly came from sales of properties of the property development project in Macau which was completed during the six months ended 30th September, 2015.

Notes to the Interim Financial Statements (Continued)

**5. PROFIT/(LOSS) BEFORE TAX**

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

	<b>Six months ended 30th September,</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Cost of sales:		
Cost of properties sold (Note)	<b>(35,366)</b>	(804,446)
Cost of inventories sold	<b>(619,770)</b>	(629,179)
Other	<b>(68,014)</b>	(79,346)
	<b>(723,150)</b>	(1,512,971)
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	<b>70,106</b>	(100,256)
Debt securities	<b>195</b>	(107)
Investment funds	<b>10,973</b>	(90,450)
	<b>81,274</b>	(190,813)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	<b>(321)</b>	536
Derivative financial instruments	<b>(1,056)</b>	2,757
	<b>79,897</b>	(187,520)
Interest income:		
Financial assets at fair value through profit or loss	<b>1,363</b>	2,185
Available-for-sale financial assets	<b>878</b>	1,921
Loans and advances	<b>41,854</b>	6,145
Banking business	<b>–</b>	6,791
Other	<b>6,557</b>	19,181
Gain/(Loss) on disposal of available-for-sale financial assets	<b>(1,412)</b>	1,872
Write-back of provision/(Provisions) for impairment losses on:		
Fixed assets	<b>(10,153)</b>	–
An associate	<b>–</b>	(1,548)
A joint venture	<b>2,062</b>	1,250
Available-for-sale financial assets	<b>(5,354)</b>	–
Inventories	<b>(18,182)</b>	(9,772)
Loans and receivables	<b>(2,823)</b>	(1,443)
Fixed assets written off	<b>(727)</b>	(11,117)
Interest expense attributable to the banking business	<b>–</b>	(1,928)
Depreciation	<b>(38,071)</b>	(48,523)
Amortisation of intangible assets	<b>(3,940)</b>	(7,940)
Foreign exchange losses — net	<b>(1,398)</b>	(55,197)

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

**6. PROVISION FOR IMPAIRMENT LOSSES ON PROPERTIES UNDER DEVELOPMENT**

The Group has interests in a property development project in Taizhou City, Jiangsu Province, mainland China (the "Taizhou Project"). In view of the poor market conditions in the region, the Group intends to slow down the development of the Taizhou Project and a provision for impairment loss on properties under development of HK\$100,000,000 was charged to the consolidated statement of profit or loss for the six months ended 30th September, 2016 with reference to the recoverable amount of such properties under development.

Provision for impairment loss of HK\$60,428,000 for the six months ended 30th September, 2015 was related to a property development project in Huai'an City, mainland China, which was sold in the second half of the last financial year.

**7. PROVISION FOR IMPAIRMENT LOSSES ON INTANGIBLE ASSETS**

The provision for the six months ended 30th September, 2015 mainly represented the provision for impairment losses on goodwill and trademark licence agreement relating to the food businesses segment as a result from the businesses and operations review exercise to rationalise and streamline its non-performing business and investments.

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

Interests in joint ventures mainly included the Group's interest in Lippo ASM Asia Property Limited ("LAAPL"). LAAPL is a joint venture set up to hold the controlling stake in OUE Limited ("OUE"), a listed company in Singapore. OUE focuses its business across commercial, hospitality, retail and residential property segments. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

For the six months ended 30th September, 2016, the Group's share of profit in LAAPL amounted to approximately HK\$124,273,000 (2015 — share of loss of HK\$124,884,000). The share of profit recognised during the six months ended 30th September, 2016 was mainly resulted from the reversal of impairment loss and profit from disposal of OUE's properties under development and net fair value gain from investments designated at fair value through profit or loss. The share of loss for the six months ended 30th September, 2015 was mainly attributable to net fair value loss on investments designated at fair value through profit or loss. As at 30th September, 2016, the Group's interest in LAAPL was approximately HK\$8,957,829,000 (31st March, 2016 — HK\$8,927,945,000).



**9. INCOME TAX**

	Six months ended 30th September,	
	2016 HK\$'000	2015 HK\$'000
Hong Kong:		
Charge for the period	3,320	2,123
Underprovision in prior periods	75	–
Deferred	(2,194)	(582)
	<b>1,201</b>	1,541
Overseas:		
Charge for the period	24,714	88,244
Underprovision in prior periods	1,044	1,164
Deferred	(2,191)	(24,512)
	<b>23,567</b>	64,896
Total charge for the period	<b>24,768</b>	66,437

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

**10. 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 period 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 period.

*(b) Diluted earnings/(loss) per share*

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2016 and 2015.

**11. INTERIM DIVIDEND**

	<b>Six months ended 30th September,</b>	
	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
Interim dividend, declared, of HK3 cents (2015 — HK3 cents) per ordinary share	<b>14,795</b>	14,795

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

**12. DEBTORS, PREPAYMENTS AND DEPOSITS**

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

	<b>30th September,</b>	31st March,
	<b>2016</b>	2016
	<b>HK\$'000</b>	HK\$'000
Outstanding balances with ages:		
Repayable on demand	<b>13,283</b>	10,580
Within 30 days	<b>221,989</b>	206,719
Between 31 and 60 days	<b>85,075</b>	111,178
Between 61 and 90 days	<b>50,638</b>	61,514
Between 91 and 180 days	<b>16,866</b>	24,363
Over 180 days	<b>63</b>	1,812
	<b>387,914</b>	416,166

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

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

**13. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE**

During the year ended 31st March, 2016, 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 in Hong Kong (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, had been classified as assets and liabilities held for sale and are presented separately in the consolidated statement of financial position as at 31st March, 2016.

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

	31st March, 2016 HK\$'000
Fixed assets	39,304
Deposits paid	239
Total assets classified as held for sale	39,543
Accrual	65
Deferred tax liabilities	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.

## 14. BANK AND OTHER BORROWINGS

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
Current portion:		
Bank loans:		
Secured (Note (a))	655,000	385,000
Unsecured	90,000	16,612
Obligations under finance leases (Note (b))	477	483
	<b>745,477</b>	402,095
Non-current portion:		
Bank loans:		
Secured (Note (a))	255,000	885,000
Unsecured	60,000	–
Obligations under finance leases (Note (b))	1,529	1,826
	<b>316,529</b>	886,826
	<b>1,062,006</b>	1,288,921
Bank and other borrowings by currency:		
Hong Kong dollar	1,060,000	1,270,000
Malaysian Ringgit	2,006	13,180
Singapore dollar	–	5,741
	<b>1,062,006</b>	1,288,921
Bank loans repayable:		
Within one year	745,000	401,612
In the second year	315,000	885,000
	<b>1,060,000</b>	1,286,612
Other borrowings repayable:		
Within one year	477	483
In the second year	477	482
In the third to fifth years, inclusive	1,052	1,344
	<b>2,006</b>	2,309

The Group's bank loans bear interest at floating rates ranging from 2.2 per cent. to 2.8 per cent. (31st March, 2016 — 2.2 per cent. to 4.3 per cent.) per annum.

**14. 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\$2,978,014,000 (31st March, 2016 — HK\$3,178,402,000);
  - (ii) first legal mortgages over certain investment properties and leasehold land and buildings of the Group with carrying amounts of HK\$991,400,000 (31st March, 2016 — HK\$977,800,000) and HK\$56,711,000 (31st March, 2016 — HK\$96,694,000), respectively; and
  - (iii) certain bank deposits of the Group with a carrying amount of HK\$1,004,000 (31st March, 2016 — HK\$2,962,000).
- (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. (31st March, 2016 — 2.5 per cent. to 2.6 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\$2,006,000 (31st March, 2016 — HK\$2,309,000).

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

Creditors, accruals and deposits received mainly comprised deposit received for the further disposal of a 31 per cent. equity interest in a joint venture of HK\$270,630,000 (31st March, 2016 — HK\$270,630,000) and trade creditors relating to food businesses, securities broking operation and property development projects.

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

	<b>30th September, 2016 HK\$'000</b>	31st March, 2016 HK\$'000
Outstanding balances with ages:		
Repayable on demand	<b>292,515</b>	288,677
Within 30 days	<b>180,354</b>	222,158
Between 31 and 60 days	<b>31,634</b>	17,548
Between 61 and 90 days	<b>11,716</b>	5,111
Between 91 and 180 days	<b>8,294</b>	5,754
Over 180 days	<b>1,870</b>	2,342
	<b>526,383</b>	541,590

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\$303,907,000 (31st March, 2016 — HK\$336,481,000). As at 30th September, 2016, total client trust bank balances amounted to HK\$285,922,000 (31st March, 2016 — HK\$295,784,000).

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.

**16. SHARE CAPITAL**

	<b>30th September, 2016</b>	31st March, 2016
	<b>HK\$'000</b>	HK\$'000
<b>Issued and fully paid:</b>		
493,154,032 (31st March, 2016 — 493,154,032) ordinary shares	<b>986,598</b>	986,598

**17. 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.

**17. SHARE OPTION SCHEMES** (*Continued*)

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

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

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

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

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

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

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

**17. SHARE OPTION SCHEMES** (Continued)

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

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

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

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

A share option scheme of Asia Now Resources Corp. (“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 board of directors of Asia Now (the “ANR Board”) was entitled at any time to offer to grant an option to subscribe for common shares in the capital of Asia Now (the “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.



**17. SHARE OPTION SCHEMES** (Continued)

(d) *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 TSX Venture Exchange of Canada 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):

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

No option of Asia Now was granted, exercised, cancelled or lapsed under the ANR Share Option Scheme during the period. There are no outstanding options granted under the ANR Share Option Scheme to subscribe for ANR Shares.

The receivership of Asia Now was completed in April 2016.

## 18. RESERVES

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

*Note:*

(a) *Special capital reserve*

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

(b) *Legal reserve*

The legal reserve represents the part of reserve generated by The Macau Chinese Bank Limited ("MCB"), a joint venture of the Group and previously a subsidiary of the Company, 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.

**19. DISPOSAL OF SUBSIDIARIES**

The gain on disposal of subsidiaries for the six months ended 30th September, 2016 mainly included gain on disposal of Superform of HK\$332,286,000. The following table summarises the consideration received and the amounts of net assets disposed of:

	<b>Six months ended 30th September,</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net assets disposed of:		
Goodwill	–	71,485
Fixed assets	<b>39,448</b>	10,994
Investment properties	–	121,250
Available-for-sale financial assets	–	84,355
Loans and advances	–	363,609
Debtors, prepayments and deposits	<b>448</b>	13,586
Cash and bank balances	<b>3,502</b>	279,634
Treasury bills	–	38,800
Creditors, accruals and deposits received	<b>(7,215)</b>	(5,847)
Current, fixed, savings and other deposits of customers	–	(501,532)
Tax payable	–	(227)
Deferred tax liabilities	<b>(1,237)</b>	(13,456)
Non-controlling interests	<b>4,298</b>	–
	<b>39,244</b>	462,651
Release of cumulative exchange differences on translation of foreign operations	<b>(1,570)</b>	202
Release of cumulative changes in fair value of available-for-sale financial assets, net of income tax effect	–	(2,442)
	<b>(1,570)</b>	(2,240)
	<b>37,674</b>	460,411
Gain on disposal	<b>332,031</b>	211,655
	<b>369,705</b>	672,066
Satisfied by:		
Cash consideration received	<b>369,705</b>	427,513
Increase in interests in a joint venture (Note)	–	231,170
Other financial asset	–	13,383
	<b>369,705</b>	672,066

Note: The Group engaged an external valuer to perform fair value assessment on the net assets acquired. The initial accounting for interests in a joint venture was in progress during the six months ended 30th September, 2015 and was completed as at 31st March, 2016.

## Notes to the Interim Financial Statements (Continued)

### 19. DISPOSAL OF SUBSIDIARIES (Continued)

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

	Six months ended 30th September,	
	2016 HK\$'000	2015 HK\$'000
Cash consideration received	369,705	427,513
Cash and bank balances disposed of	(3,502)	(279,634)
Treasury bills disposed of	–	(38,800)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<b>366,203</b>	109,079

### 20. CHANGES IN NON-CONTROLLING INTERESTS WITHOUT CHANGE IN CONTROL

In August 2016, the Company acquired an aggregate of 50,780,000 shares in LCR from third party investors at an aggregate consideration of HK\$10,156,000. As a result, the Group's effective interest in LCR was increased from approximately 71.24 per cent. as at 31st March, 2016 to approximately 71.79 per cent. as at 30th September, 2016. The Group recognised a decrease in non-controlling interests of HK\$22,135,000 and an increase in retained profits of HK\$11,979,000.

During the six months ended 30th September, 2015, there was no change in ownership interest without change in control.

### 21. CONTINGENT LIABILITIES

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

	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
	Secured bankers' guarantee (Note (a))	19,569
Unsecured bankers' guarantee (Note (b))	18,886	14,635
	<b>38,455</b>	43,521

Note:

- (a) The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used in the food businesses segment. As at 30th September, 2016, fixed deposits of approximately HK\$15,649,000 (31st March, 2016 — HK\$16,618,000) were pledged to banks as security for bankers' guarantees issued.
- (b) The Group had bankers' guarantees issued to suppliers in the ordinary course of business and in lieu of rental and utility deposits for the premises used in the food businesses segment.

## 22. COMMITMENTS

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

	<b>30th September, 2016 HK\$'000</b>	31st March, 2016 HK\$'000
Commitments in respect of property, plant and equipment and properties under development:		
Contracted, but not provided for	<b>53,373</b>	67,186
Other commitments:		
Contracted, but not provided for (Note)	<b>81,961</b>	209,169
	<b>135,334</b>	276,355

Note: The balance as at 30th September, 2016 mainly included commitments for available-for-sale financial assets of approximately HK\$63 million (31st March, 2016 — HK\$64 million). The balance as at 31st March, 2016 also included commitments in relation to OUE H-Trust Rights Issue of approximately HK\$123 million with further details disclosed in Note 23(d) to the interim financial statements.

## 23. RELATED PARTY TRANSACTIONS

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

- (a) During the period, the Group paid rental expenses (including service charges) of HK\$3,874,000 (2015 — HK\$3,828,000) to certain joint ventures of the Group. The rentals were determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group generated sales of HK\$5,957,000 (2015 — HK\$7,853,000) from a joint venture of the Group. The prices and terms of sales are on normal commercial terms and are comparable to, or no more favorable than the prices and terms offered to other customers who are independent third parties of similar credit standing, trading volume and trading record.
- (c) During the period, the Group received interest income of HK\$41,300,000 (2015 — HK\$5,664,000) from a joint venture of the Group.

**23. RELATED PARTY TRANSACTIONS** (Continued)

- (d) During the period, certain subsidiaries of LAAPL (the "LAAPL Subsidiaries"), joint ventures of the Group and Hennessy Holdings Limited ("Hennessy"), a wholly-owned subsidiary of the Company, took up in full their respective pro-rata entitlements to the rights issue ("OUE H-Trust Rights Issue") of OUE Hospitality Trust ("OUE H-Trust") at aggregate subscription amount of approximately S\$18,400,000 (equivalent to approximately HK\$105,600,000) and S\$3,000,000 (equivalent to approximately HK\$17,227,000), respectively. OUE H-Trust, being a subsidiary of LAAPL, is listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The subscription amount of the LAAPL Subsidiaries of approximately S\$18,400,000 (equivalent to approximately HK\$105,600,000) was funded by a wholly-owned subsidiary of HKC in April 2016 by way of interest free exchangeable loans in exchange for the OUE H-Trust stapled securities subscribed by the LAAPL Subsidiaries under the rights issue (the "Exchangeable Loans"). Subsequent to completion of the rights issue in April 2016, the exchange right under the Exchangeable Loans was exercised to fully settle the Exchangeable Loans.

- (e) As at 30th September, 2016, the Group had amounts due from associates of HK\$141,817,000 (31st March, 2016 — HK\$142,303,000). The balances with the associates included a loan of HK\$36,500,000 (31st March, 2016 — HK\$36,488,000), which bears interest at 8.5 per cent. per annum and is repayable on demand. The remaining balances with the associates are unsecured, interest-free and have no fixed terms of repayment.
- (f) As at 30th September, 2016, the Group had trade receivables due from joint ventures of HK\$4,354,000 (31st March, 2016 — HK\$4,050,000) and amounts due from joint ventures of HK\$1,411,140,000 (31st March, 2016 — HK\$1,299,522,000), respectively.

The trade receivables due from joint ventures mainly arose from sales made to certain joint ventures of the Group, and are unsecured, non-interest-bearing and repayable within normal trade credit terms and is to be settled in cash.

The amounts due from joint ventures included balances of HK\$1,327,326,000 (31st March, 2016 — HK\$1,215,358,000), which are unsecured, bear interest at rates ranging from nil to 6.5 per cent. per annum and are repayable in 2017. The amounts due from joint ventures also included balances of HK\$54,743,000 (31st March, 2016 — HK\$53,614,000), 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.

- (g) As at 30th September, 2016, the Group had trade payables due to a joint venture of HK\$8,113,000 (31st March, 2016 — HK\$9,306,000). The balance is unsecured, interest-free and repayable within the normal trade credit terms.

**24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

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

	Carrying amounts		Fair values	
	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000	30th September, 2016 HK\$'000	31st March, 2016 HK\$'000
<b>Financial assets</b>				
Available-for-sale financial assets	102,510	99,523	102,510	99,523
Financial assets at fair value through profit or loss	724,319	822,130	724,319	822,130
Other financial assets:				
Put Option (Note)	24,812	25,295	24,812	25,295
Other derivative financial instruments	2,147	18	2,147	18
	<b>853,788</b>	<b>946,966</b>	<b>853,788</b>	<b>946,966</b>
<b>Financial liabilities</b>				
Other financial liabilities	1,566	4,168	1,566	4,168

Note: As provided in the shareholders' agreement for the joint arrangement for investment in MCB (the "Shareholders' Agreement"), in the event of the Group holding 20 per cent. or less of the issued share capital of MCB, the Group will be entitled to 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.

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

**24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)**

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.

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. (31st March, 2016 — 3 per cent.), the fair value will be increased/decreased by HK\$2,631,000 (31st March, 2016 — HK\$2,874,000).

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 30th September, 2016:

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Other financial asset:	Monte-Carlo	Volatility of	25.9 per cent. to	When the volatility of the underlying shares increase/decrease 5 per cent. (31st March, 2016 — 5 per cent.), the fair value will be increased/decreased by HK\$1,476,000 and HK\$622,000 (31st March, 2016 — HK\$1,313,000 and HK\$394,000), respectively
Put Option	simulation method	underlying shares	26.9 per cent. (31st March, 2016 — 26.4 per cent. to 27.4 per cent.)	



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

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

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>At 30th September, 2016</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial assets:				
Equity securities	36	–	–	36
Debt securities	–	22,050	–	22,050
Investment funds	–	–	80,424	80,424
Financial assets at fair value through profit or loss:				
Equity securities	334,903	–	–	334,903
Debt securities	154,574	–	–	154,574
Investment funds	223,930	3,621	7,291	234,842
Other financial assets:				
Derivative financial instruments	914	1,233	24,812	26,959
	<b>714,357</b>	<b>26,904</b>	<b>112,527</b>	<b>853,788</b>
<b>Liabilities measured at fair value</b>				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	1,566	–	1,566
<b>At 31st March, 2016</b>				
<b>Assets measured at fair value</b>				
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
	<b>809,809</b>	<b>16,053</b>	<b>121,104</b>	<b>946,966</b>
<b>Liabilities measured at fair value</b>				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	4,168	–	4,168

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

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

	Available- for-sale investment funds HK\$'000	Investment funds at fair value through profit or loss HK\$'000	Other financial asset HK\$'000	Other financial liability HK\$'000
<b>Six months ended 30th September, 2016</b>				
At 1st April, 2016	87,524	8,285	25,295	–
Total gains/(losses) recognised in the statement of profit or loss	(1,412)	81	(483)	–
Total gains recognised in other comprehensive income	563	–	–	–
Additions	9,258	–	–	–
Disposals	(201)	(1,079)	–	–
Return of capital	(15,305)	–	–	–
Exchange adjustments	(3)	4	–	–
<b>At 30th September, 2016</b>	<b>80,424</b>	<b>7,291</b>	<b>24,812</b>	<b>–</b>
<b>Six months ended 30th September, 2015</b>				
At 1st April, 2015	17,023	12,498	–	–
Total gains/(losses) recognised in the statement of profit or loss	–	(884)	1,021	–
Total losses recognised in other comprehensive income	(1,615)	–	–	–
Additions	22,635	–	13,383	(270,630)
Disposals	(108)	(1,819)	–	–
Deferred differences of fair value change (Note)	–	–	–	116,423
Exchange adjustments	(2)	(7)	–	–
<b>At 30th September, 2015</b>	<b>37,933</b>	<b>9,788</b>	<b>14,404</b>	<b>(154,207)</b>

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

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

## 25. EVENTS AFTER THE REPORTING PERIOD

The Group had the following material events after the reporting period:

- (a) In October 2016, a subsidiary of the Company entered into a loan agreement with a subsidiary of LAAPL (the "LAAPL Subsidiary"), a joint venture of the Group, pursuant to which the Group agreed to make available a loan facility of up to S\$155,000,000 (equivalent to approximately HK\$866,962,000) to the LAAPL Subsidiary. The proceeds of this loan will be used to repay part of the existing indebtedness under LAAPL and for working capital purpose.
- (b) 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. Skye is the holding company of CS Mining, LLC ("CS Mining"). The existing carrying value of the Group's investments in CS Mining mainly comprised of the value of the secured loans advanced to CS Mining. Subsequent to the end of the reporting period, a final order for a debtor-in-possession loan facility of approximately US\$7,700,000 provided to CS Mining (the "DIP Loan") was approved by the United States Bankruptcy Court for the District of Utah. The DIP Loan is secured by a lien on all assets of CS Mining, which ranks senior to the lien previously granted to Waterloo Street Limited, a subsidiary of the Company, as well as other pre-bankruptcy credit facilities. Pursuant to the terms of the DIP Loan, CS Mining has to commence and conclude a process to sell its business pursuant to certain milestones. CS Mining has filed a motion to extend its exclusive period to file a plan of reorganisation in relation to its bankruptcy petition to March 2017. In August 2016, the Group advanced an interim loan of approximately HK\$7,800,000 to CS Mining which was then fully repaid from the proceeds of the DIP Loan subsequent to the end of the reporting period.

## 26. COMPARATIVE AMOUNTS

In February 2015, a joint venture of OUE, which in turn is a subsidiary of LAAPL, a principal joint venture of the Group, acquired an equity interest in a listed company (the "Acquisition"). As at 30th September, 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 interests in joint ventures of HK\$285,609,000, an increase in retained earnings of HK\$191,626,000, a decrease in the exchange equalisation reserve of HK\$3,581,000 and an increase in non-controlling interests of HK\$97,564,000 in the Group's consolidated statement of financial position as at 1st April, 2015 and a decrease in share of exchange equalisation reserve of joint ventures of HK\$10,498,000 for the six months ended 30th September, 2015. As a result, the net other comprehensive loss for the six months ended 30th September, 2015 was increased by HK\$10,498,000, of which HK\$6,912,000 was attributable to the equity holders of the Company and HK\$3,586,000 was attributable to non-controlling interests. There was no impact for the loss and loss per share attributable to equity holders of the Company for the six months ended 30th September, 2015.

Besides, certain comparative amounts have been reclassified and restated to conform with the current period's presentation and disclosures.

# Business Review and Prospects

## Business Review

### Overview

Stepping into the second quarter of the year 2016, global financial markets continued to be volatile. Following the Brexit vote in the United Kingdom in a national referendum, there has been a period of volatility. It is expected that such uncertainty is likely to continue for some time. The devaluation of Renminbi continued to dampen investor confidence in the Asia region. The extent of and the timing on increase of U.S. interest rates have also added uncertainty in the global economy.

On the positive side, the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China, and the prevailing low interest rates and ample global liquidity environment have helped to maintain a more stable economic environment in the region. The performance of global stock markets improved in the third quarter of the year 2016.

### Results for the Period

The performance of the Group was satisfactory for the six months ended 30th September, 2016 (the "Period"). Hongkong Chinese Limited ("HKC", together with its subsidiaries, the "HKC Group"), a 65.8 per cent. listed subsidiary of the Company, recorded a consolidated profit attributable to shareholders of approximately HK\$186 million for the Period, as compared to a consolidated profit of approximately HK\$348 million for the six months ended 30th September, 2015 (the "Last Period" or "2015"). Such profit was mainly attributable to the share of profit of joint ventures of HK\$126 million principally resulted from the reversal of impairment loss and profit from disposal of development properties by OUE Limited ("OUE", together with its subsidiaries, the "OUE Group") and fair value gain from OUE's investments designated at fair value through profit or loss. Lippo China Resources Limited ("LCR", together with its subsidiaries, the "LCR Group"), a 72.6 per cent. listed subsidiary of the Company, recorded a consolidated profit attributable to shareholders of approximately HK\$286 million for the Period, as compared to a consolidated loss of approximately HK\$314 million for the Last Period. Such profit was mainly attributable to gain on disposal of subsidiaries of approximately HK\$334 million and fair value gain of approximately HK\$61 million on its investments following the recovery of the stock markets offset by the effect of provision of impairment loss on properties under development of HK\$100 million. As a result, the Group recorded a consolidated profit attributable to shareholders of approximately HK\$308 million for the Period, as compared to a consolidated loss of approximately HK\$50 million for the Last Period.

Revenue for the Period decreased to HK\$1,421 million (2015 — HK\$2,520 million). The higher revenue for 2015 was mainly contributed by a development project in Macau completed in the Last Period and all pre-sale proceeds of this development project were recognised as revenue during the Last Period. No new property development projects were completed during the Period, which accounted for the decrease in revenue.

### **Property investment**

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

The Group undertakes strategic review of its assets from time to time for maximising return to its shareholders which may include possible sale of certain properties held for investment purposes. In May 2016, the LCR Group completed the disposal of its interest in a subsidiary which was holding an office floor in Hong Kong for an aggregate consideration of HK\$372 million. Such disposal provided a good opportunity for the LCR Group to realise its investments at a profit. Accordingly, the Group recognised a gain on disposal of subsidiary of HK\$332 million and the segment profit increased to HK\$401 million (2015 — HK\$30 million) for the Period before accounting for the results from the Group's joint ventures.

Lippo ASM Asia Property Limited ("LAAPL"), a principal joint venture of HKC, is the vehicle holding the controlling stake of OUE, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and is 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 at prime locations in Singapore, Shanghai in the PRC and Los Angeles in the U.S. Asset enhancement initiatives at OUE Downtown in Singapore are near completion with new serviced residences expected to be opened in 2017. The OUE Group also completed the construction of the extension to Crowne Plaza Changi Airport Hotel ("Crowne Plaza") in Singapore which was opened during the Period. The newly operational OUE Skyspace LA at US Bank Tower in Los Angeles contributed positively to the revenue of the OUE Group. Officially opened in June 2016, OUE Skyspace LA is the observation deck at US Bank Tower that offers visitors exhilarating, 360-degree view of Los Angeles from nearly 1,000 feet above ground. Following its active marketing activities, the OUE Group registered an increase in sale of units at OUE Twin Peaks, a residential development in Singapore, during the Period. As at 30th September, 2016, LAAPL had an aggregate equity interest of approximately 68.63 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 SGX-ST. Its portfolio includes Mandarin Orchard Singapore, Mandarin Gallery and Crowne Plaza in Singapore. In April 2016, OUE H-Trust successfully completed a rights issue (the "Rights Issue") of 441,901,257 new stapled securities in OUE H-Trust (the "Rights Stapled Securities") at S\$0.54 per Rights Stapled Security and raised funds of approximately S\$238.6 million. Such funds were mainly utilised by OUE H-Trust to finance its acquisition of the extension to Crowne Plaza from OUE for a consideration of approximately S\$205 million in August 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 a wholly-owned subsidiary of HKC by way of interest free exchangeable loans (the "Exchangeable Loans") in exchange for the Rights Stapled Securities subscribed by LAAPL. After the exchange right under the Exchangeable Loans was exercised to fully settle the Exchangeable Loans, LAAPL further disposed of certain stapled securities in OUE H-Trust in September 2016. As a result, LAAPL and its subsidiaries held approximately 37.56 per cent. of the total number of stapled securities of OUE H-Trust in issue as at 30th September, 2016.

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. As at 30th September, 2016, the OUE Group held approximately 65.14 per cent. of the total number of OUE C-REIT units in issue.

The Group recorded a share of profit of HK\$124 million from its investment in LAAPL for the Period (2015 — share of loss of HK\$125 million). The share of profit recognised for the Period was mainly resulted from the reversal of impairment loss and profit from disposal of OUE Twin Peaks and net fair value gain from investments designated at fair value through profit or loss. The share of loss for the Last Period was mainly attributable to net fair value loss on investments designated at fair value through profit or loss. Besides, affected by the depreciation of the Singapore dollar during the Period, the HKC Group shared a decrease in exchange reserve on translation of LAAPL's investment of HK\$158 million during the Period. In July 2016, the HKC Group advanced a loan of approximately S\$15 million to a subsidiary of LAAPL (the "LAAPL Subsidiary"), which was applied to repay part of the indebtedness under LAAPL. As a result, the Group's total interests in LAAPL as at 30th September, 2016 increased to HK\$8.96 billion (31st March, 2016 — HK\$8.93 billion).

In October 2016, the HKC Group further agreed to make available a loan facility of up to S\$155 million to the LAAPL Subsidiary. The proceeds of this loan will be used to repay part of the existing indebtedness under LAAPL and for working capital purpose.

In light of current outlook for the gaming industry in North Asia and the volatility of the global economy, the Group entered into a memorandum of implementation (“MOI”) in August 2016 with OUE International Holdings Pte. Ltd. (“OUE International”), a wholly-owned subsidiary of OUE, Caesars Korea Holding Company, LLC (“Caesars Korea”) and an independent third party (the “Investor”) (collectively, the “Parties”) in relation to, amongst other things, the proposed disposal of interest in LOCZ Korea Corporation, directly or indirectly, by the Group and OUE International to a joint venture which was formed by Caesars Korea and the Investor (the “Proposed Disposal”). The MOI did not create legally binding obligations on the Parties in relation to the Proposed Disposal, and is subject to the entering into of an exit agreement by the Parties (the “Exit Agreement”) and the approval of Ministry of Culture, Sports and Tourism of Korea (“MCST”). Since the execution of the MOI, the Parties have been in negotiation in connection with the Group’s exit from the project 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”) and the terms of Exit Agreement (the “Exit Negotiations”). A conditional approval for the proposed change of shareholder structure in the IR Project has been granted by MCST. Whilst it was anticipated the Exit Agreement would be entered into within November 2016, the Exit Negotiations are continuing, and their outcome is dependent upon a separate set of negotiations between Caesars Korea and the Investor (the “Caesars-Investor Negotiations”). The Company understands that the Caesars-Investor Negotiations remain ongoing. Accordingly, it is unlikely that the Exit Agreement will be entered into this month.

### **Property development**

“M Residences” is a residential property development at 83 Estrada de Cacilhas, Macau, in which the HKC Group has 100 per cent. interest. “M Residences”, with a site area of approximately 3,398 square metres, has been developed into 311 residential units with a total saleable area of approximately 26,025 square metres. Occupation permit of “M Residences” was obtained in June 2015 and a substantial part of revenue was recorded in the Last Period. Hence, the segment revenue decreased to HK\$83 million (2015 — HK\$1,173 million) for the Period, mainly from the sale of remaining units of “M Residences”.

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 and a provision for impairment loss on properties under development of HK\$100 million was recorded for the Period. After taking into account the contribution from “M Residences”, the segment reported a loss of HK\$63 million for the Period (2015 — profit of HK\$289 million, which included profit from sale of units in “M Residences” after off-set by the provision for impairment loss of HK\$60 million for a property development project in Huai’an City, the PRC which was sold in year 2015).

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.

### **Food businesses**

The Group’s food businesses are mainly operated by Auric Pacific Group Limited (“Auric”, together with its subsidiaries, the “APG Group”), a subsidiary of LCR. 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\$1,239 million (2015 — HK\$1,247 million), mainly from wholesale and distribution of fast moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros.

In last year, management of the APG Group 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 and recorded an impairment of intangible assets of HK\$113 million during the Last Period. This year, arising from the continuing improvement made from rationalisation of product mix and better cost control including driving operations efficiency, the segment recorded a profit of HK\$64 million for the Period as compared to a loss of HK\$112 million for the Last Period. 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.



### Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK\$22 million during the Period (2015 — HK\$38 million), mainly attributable to the interest and dividend income received from the investment portfolio.

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. Following the improvement in the global stock market in the third quarter of the year 2016, the Group recorded net fair value gain on its investments under the securities investment segment of HK\$80.7 million for the Period as compared to net fair value loss of HK\$186.2 million for 2015. The net fair value gain of the securities investment segment for the Period included HK\$70.1 million gain on listed equity securities, HK\$0.2 million gain on bonds and HK\$11.3 million gain on investment funds, net-off with HK\$0.9 million loss on other financial instruments. As of 30th September, 2016, the Group's financial assets at fair value through profit or loss amounted to HK\$724 million (31st March, 2016 — HK\$822 million), comprising equity securities of HK\$335 million (31st March, 2016 — HK\$342 million), debt securities of HK\$155 million (31st March, 2016 — HK\$193 million) and investment funds of HK\$234 million (31st March, 2016 — HK\$287 million). As a result, the treasury and securities investments businesses recorded a net profit of HK\$94 million for the Period (2015 — loss of HK\$157 million).

Details of the major financial assets at fair value through profit or loss were as follows:

	As at 30th September, 2016		As at 31st March, 2016		Six months ended 30th September, 2016	
	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	Net fair value gain HK\$'000	Approximate percentage of fair value gain on financial assets at fair value through profit or loss
GSH Corporation Limited ("GSH")	137,031	19%	1%	107,167	29,864	37%
US Treasury N/B 0.500% 01/31/17	77,613	11%	1%	–	44	0%
US Treasury N/B 2.500% 05/15/24	33,086	5%	0%	88,555	787	1%
OUE H-Trust and OUE C-REIT	–	0%	0%	99,445	19,394	24%
Others (Note)	476,589	65%	3%	526,963	31,185	38%
	724,319	100%	5%	822,130	81,274	100%

Note: The remaining came from more than 100 securities, none of which accounted for more than 5 per cent. of the financial assets at fair value through profit or loss as at 30th September, 2016 or 6 per cent. of the net fair value gain for the Period.

As at 30th September, 2016, the fair value of the Group's equity securities in GSH amounted to HK\$137 million, representing approximately 19 per cent. of this portfolio. GSH is a Singapore listed property developer in Southeast Asia with certain properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. GSH also owns GSH Plaza in Singapore and Sutera Harbour Resort in Kota Kinabalu which comprises two five-star hotels and a golf course. This investment was made for asset diversification purpose. In line with the global stock market improvement during the Period, the share price performance of GSH was satisfactory during the Period, resulting in a fair value gain of HK\$30 million, which accounted for approximately 37 per cent. of the total net fair value gain. It is expected that its performance will be largely affected by the global stock market conditions.

The Group also made investments in money markets, including US Treasury N/B 0.500% 01/31/17 and US Treasury N/B 2.500% 05/15/24, which accounted for 11 per cent. and 5 per cent. of the portfolio, respectively. US Treasury N/B 0.500% 01/31/17 is a short duration bond. Because of the short duration, there was no material variation in price during the Period. It is expected that the principal along with the yield on the instrument would be received in full upon maturity. US Treasury N/B 2.500% 05/15/24 is a longer duration bond. Any change in yield will affect the price of this instrument. As advised by the Group's investment advisor, with better economic numbers since July 2016 and the prospect of inflation rising, yields slowly moved higher as people started pricing in more inflation into the longer dated bonds. The Group still recorded a slight fair value gain of HK\$0.8 million after it had liquidated part of the bonds during the Period. However, the Group was advised that, since the U.S. presidential election, the market has moved into a very inflationary and pro-growth mindset. If the Republican-led congress and presidency would lead to massive fiscal spending and inflation would structurally move higher, then bond yields could continue to move higher and the fair value of the investment would continue to drop. However, if the stronger U.S. dollars and higher yields act as a brake on economic growth and the deflationary forces continue to exist, then bond yields where they are offer fair value. Further inflation from what is priced in will depend on how economic data unfolds.

The Group has certain direct investments in OUE H-Trust and OUE C-REIT through its subsidiaries (the "Subsidiaries") in addition to its interests in them through LAAPL. In September 2016, all the stapled securities in OUE H-Trust and units in OUE C-REIT held by the Subsidiaries were disposed of to independent third parties through married trades for an aggregate consideration of approximately S\$33.9 million and S\$6.1 million, respectively. Such disposals provided a good opportunity for the Group to realise its direct investments in OUE H-Trust and OUE C-REIT. The Group recorded a net fair value gain of HK\$19 million from the direct investments in OUE H-Trust and OUE C-REIT during the Period, which accounted for approximately 24 per cent. of the total net fair value gain.

The Group also made a number of small investments in the technology sector through private investment funds to participate in the growing New Economy which include technological companies and communication industry, etc.

### **Banking business**

The HKC Group has an equity interest of 51 per cent. in The Macau Chinese Bank Limited (“MCB”), a licensed bank in Macau and a joint venture of HKC. MCB maintained strong growth in customer deposits and loans during the Period.

As provided in the shareholders’ agreement entered into between MCB and its shareholders in July 2015 to, amongst other things, regulate the relationships among shareholders of MCB (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 (Group) Company Limited (a shareholder of MCB holding 40 per cent. of its equity interest) to purchase all the remaining shares in MCB held by the HKC Group (the “Put Option”). The Put Option is exercisable at any time during a period of 5 years from the date when the HKC Group’s shareholding interest in MCB becomes 20 per cent. or less. The right to exercise the Put Option survives any termination or expiry of the Shareholders’ Agreement. The fair value of the Put Option was included in “Other financial asset” of the Consolidated Statement of Financial Position.

The share of results of joint venture in this segment was HK\$1.3 million for the Period (2015 — HK\$0.3 million). Due to the change in fair value of the Put Option, this segment reported a segment loss of HK\$0.5 million for the Period, as compared to a segment profit of HK\$214 million which included the gain on disposal of subsidiary of HK\$212 million for the Last Period.

### **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 continuing volatile stock markets in Hong Kong and mainland China make 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\$9 million for the Period (2015 — HK\$10 million) and the loss of this segment was HK\$5 million for the Period (2015 — HK\$3 million).

### **Mineral exploration and extraction**

Due to a deadlock among the investors of Skye Mineral Partners, LLC (“Skye”), Skye and CS Mining, LLC (“CS Mining”), a majority-owned subsidiary of Skye, were unable to secure further funding for their operations in early 2016. In June 2016, a bankruptcy petition was filed by certain creditors against CS Mining pursuant to Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”). In August 2016, the bankruptcy court of the United States (the “US Bankruptcy Court”) granted an order for relief under Chapter 11 of the Bankruptcy Code in respect of CS Mining. CS Mining has discontinued most business operations, but continues to manage its affairs as a debtor-in-possession under a chief restructuring officer. A debtor-in-possession loan facility of approximately US\$7.7 million provided to CS Mining (the “DIP Loan”) was approved by the US Bankruptcy Court. The DIP Loan is secured by a lien on all assets of CS Mining, which ranks senior to the lien previously granted to Waterloo Street Limited (“Waterloo”), a wholly-owned subsidiary of LCR, as well as other pre-bankruptcy credit facilities. Pursuant to the terms of the DIP Loan, CS Mining has to commence and conclude a process to sell its business pursuant to certain milestones (the “Sale Process”). The chief restructuring officer of CS Mining has commenced the Sale Process, which is due to be completed by January 2017 but could be extended so long as CS Mining has sufficient capital to continue operating. CS Mining has filed a motion to extend its exclusive period to file a plan of reorganisation in relation to its bankruptcy petition to March 2017.

In early June 2016, a complaint was filed by certain investors of Skye in a court in the U.S. for, among others, damages allegedly suffered by CS Mining in relation to the acquisition by Waterloo of the secured loans due from CS Mining. Subsequent to the filing of the above complaint, the action was removed to the US Bankruptcy Court. In August 2016, Waterloo and certain investors of Skye, in which the LCR Group has equity interests, filed a complaint against a lender of CS Mining (the “CS Lender”) and other parties in the US Bankruptcy Court for equitable subordination of a convertible loan due from CS Mining to the CS Lender in a principal amount of approximately US\$20 million (the “CS Loan”) and other claims arising out of the CS Lender’s failure to meet its obligations to convert the CS Loan into an equity interest in Skye. The CS Lender filed an answer and counterclaims, while the other defendants filed a motion to dismiss the complaint. While this action is ongoing, the previous action filed by Waterloo against the CS Lender in February 2016 to claim that the CS Lender has failed to honor its contractual obligation to take all necessary steps to convert the CS Loan into equity interest in Skye has been stayed. Waterloo will seek to add the contractual claims against the CS Lender to the above complaint in the US Bankruptcy Court.

In August 2016, the Group advanced an interim loan of approximately HK\$7.8 million to CS Mining which was then fully repaid from the proceeds of the DIP Loan subsequent to 30th September, 2016. The existing carrying value of the Group's investments in CS Mining amounted to approximately HK\$58 million. LCR may be required to make further provision for its investment in CS Mining depending on the outcome of the development of any material events, including the legal proceedings and the Sale Process. The 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.

### Financial Position

The Group's financial position remained healthy. As at 30th September, 2016, its total assets amounted to HK\$17.3 billion (31st March, 2016 — HK\$17.5 billion). Property-related assets amounted to HK\$11.3 billion as at 30th September, 2016 (31st March, 2016 — HK\$11.6 billion), representing 65 per cent. (31st March, 2016 — 66 per cent.) of the total assets. Total liabilities amounted to HK\$2.7 billion (31st March, 2016 — HK\$3.0 billion). The Group maintained a strong cash position. Total cash and bank balances as at 30th September, 2016 amounted to HK\$3.3 billion (31st March, 2016 — HK\$2.9 billion). Current ratio as at the end of the reporting period amounted to 2.3 (31st March, 2016 — 2.8).

As at 30th September, 2016, bank and other borrowings of the Group decreased to HK\$1,062 million (31st March, 2016 — HK\$1,289 million). Bank loans amounted to HK\$1,060 million as at 30th September, 2016 (31st March, 2016 — HK\$1,287 million), which comprised secured bank loans of HK\$910 million (31st March, 2016 — HK\$1,270 million) and unsecured bank loans of HK\$150 million (31st March, 2016 — HK\$17 million) and were mainly denominated in Hong Kong dollars. The bank loans were secured by certain properties, shares in certain subsidiaries and certain bank deposits of the Group. All of the bank borrowings carried interest at floating rates. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure.

The Group has obligations under finance leases for certain fixed assets which amounted to HK\$2 million as at 30th September, 2016 (31st March, 2016 — HK\$2 million). These obligations are secured by the rights to the leased fixed assets. As at 30th September, 2016, approximately 70 per cent. (31st March, 2016 — 31 per cent.) of the bank and other borrowings were repayable within one year. As at 30th September, 2016, the gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 10.3 per cent. (31st March, 2016 — 12.2 per cent.). The net cash position, measured as cash and bank balances less total bank and other borrowings of the Group as at 30th September, 2016 was HK\$2,242 million (31st March, 2016 — HK\$1,652 million).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK\$9.2 billion as at 30th September, 2016 (31st March, 2016 — HK\$9.1 billion). This was equivalent to HK\$18.8 per share (31st March, 2016 — HK\$18.5 per share).

In August 2016, the Company acquired an aggregate of 50,780,000 shares in LCR, representing approximately 0.6 per cent. of its issued shares, at an aggregate consideration of approximately HK\$10.2 million. Following the completion of the above acquisition, the Group's interest in LCR was increased from approximately 71.2 per cent. as at 31st March, 2016 to approximately 71.8 per cent. as at 30th September, 2016, and an increase of equity of approximately HK\$12 million was recognised directly in the reserves of the Group during the Period. In October 2016, the Group's interest in LCR was further increased to approximately 72.6 per cent. following the acquisition of 74,493,000 shares in LCR, representing approximately 0.8 per cent. of its issued shares, at an aggregate consideration of approximately HK\$18.6 million. The above shares were acquired from third party investors. The Group is confident of the long-term potential growth and development of LCR, and the above acquisitions represented a good opportunity for the Group to increase its stake in LCR.

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\$38 million as at 30th September, 2016 (31st March, 2016 — HK\$44 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 51 per cent. (31st March, 2016 — 66 per cent.) of the bankers' guarantees were secured by certain bank deposits of the Group. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31st March, 2016 — Nil).

The Group's commitments are mainly related to the property development projects and securities investments. The decrease in commitments from HK\$276 million as at 31st March, 2016 to HK\$135 million as at 30th September, 2016 was mainly due to the utilisation of the Exchangeable Loans granted to certain joint ventures of the Group during the Period. 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 2,215 employees as at 30th September, 2016 (2015 — 2,590 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK\$238 million (2015 — HK\$272 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**

Looking ahead, global economic growth is expected to remain modest in the near term. The stabilisation in global demand renders support to the economy in Asia. However, the global economy still faces considerable uncertainties, including the looming interest rate hike in the U.S., possible policy change after the U.S. presidential election, the uncertainty after the Brexit vote in the United Kingdom, geopolitical tensions as well as the pace of the economic growth of mainland China. Hopefully, the 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. The Group will also continue to take a cautious and prudent approach in managing its assets and assessing new investment opportunities to capture growth opportunities and enhance shareholders' value.

## Additional Information

### **Interim Dividend**

The Directors have resolved to declare the payment of an interim dividend of HK3 cents per share (For the six months ended 30th September, 2015 — HK3 cents per share) amounting to approximately HK\$14.8 million for the six months ended 30th September, 2016 (For the six months ended 30th September, 2015 — approximately HK\$14.8 million), which will be paid on or about Friday, 27th January, 2017 to shareholders whose names appear on the Register of Members on Friday, 13th January, 2017.

### **Closure of Register of Members**

The Register of Members of the Company will be closed from Wednesday, 11th January, 2017 to Friday, 13th January, 2017 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend for the six months ended 30th September, 2016, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 10th January, 2017.



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

As at 30th September, 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
<b>Number of ordinary shares in the Company</b>					
Stephen Riady	–	–	369,376,219	369,376,219	74.90
			<i>Note (i)</i>		
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
<b>Number of ordinary shares in Lippo China Resources Limited ("LCR")</b>					
Stephen Riady	–	–	6,595,476,389	6,595,476,389	71.79
			<i>Notes (i) and (ii)</i>		
<b>Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")</b>					
Stephen Riady	–	–	1,315,707,842	1,315,707,842	65.84
			<i>Notes (i) and (iii)</i>		
Jark Pui Lee	469	469	–	938	0.00
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

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

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

Note:

- (i) As at 30th September, 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 369,376,219 ordinary shares in, representing approximately 74.90 per cent. of the issued shares of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK\$1.00 each in, representing the entire issued shares of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.
- (ii) As at 30th September, 2016, the Company was directly and indirectly interested in an aggregate of 6,595,476,389 ordinary shares in, representing approximately 71.79 per cent. of the issued shares of, LCR.
- (iii) As at 30th September, 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.

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

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

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

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
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

As at 30th September, 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.

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

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

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

### **Updated Directors' Information**

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

On 30th June, 2016, Mr. King Fai Tsui resigned as a director and senior consultant of a registered financial services company in Hong Kong.

On 1st September, 2016, Mr. John Luen Wai Lee resigned as an independent non-executive Director of New World China Land Limited, a company previously listed on the Stock Exchange which was privatised on 4th August, 2016.

### **Share Option Schemes**

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

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

During the six months ended 30th September, 2016, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

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

As at 30th September, 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")	369,376,219	74.90
Lanius Limited ("Lanius")	369,376,219	74.90
Dr. Mochtar Riady	369,376,219	74.90
Madam Lidya Suryawaty	369,376,219	74.90

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 354,676,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 369,376,219 ordinary shares in, representing approximately 74.90 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 369,376,219 ordinary shares of the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations".

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

## **Disclosure Pursuant to Rule 13.20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited**

The Group had granted financial assistance to Fortune Code Limited (“FCL”), a subsidiary of Lippo ASM Asia Property Limited (“LAAPL”) which in turn is a principal joint venture of the Company. The relevant advances disclosed pursuant to Rule 13.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and remained outstanding as at 30th September, 2016 were granted under the following loan agreements:

- (i) a loan agreement dated 29th May, 2015 entered into between FCL and Pacific Landmark Holdings Limited (“PLHL”), a non-wholly owned subsidiary of the Company, pursuant to which PLHL agreed to advance a loan of S\$53,920,839.43 to FCL for a term up to 19th October, 2015. On 28th August, 2015, PLHL and FCL agreed to amend the loan agreement by extending the repayment date to 19th October, 2017;
- (ii) a loan agreement dated 28th August, 2015 entered into between FCL and PLHL pursuant to which PLHL agreed to make available a loan facility of S\$7,000,000 to FCL, which is repayable on demand;
- (iii) a loan agreement dated 28th August, 2015 entered into between FCL and PLHL pursuant to which PLHL agreed to advance a further loan of S\$100,000,000 to FCL for a term up to 19th October, 2017;
- (iv) a loan agreement dated 12th October, 2015 entered into between FCL and PLHL pursuant to which PLHL agreed to make available a loan facility of S\$2,000,000 to FCL, which is repayable on demand;
- (v) a loan agreement dated 30th November, 2015 entered into between FCL and PLHL pursuant to which PLHL agreed to make available a new loan facility of S\$38,000,000 to FCL for a term up to 19th October, 2017; and
- (vi) a loan agreement dated 19th July, 2016 entered into between FCL and PLHL pursuant to which PLHL agreed to make available a new loan facility of approximately S\$14,959,000 to FCL for a term up to 19th October, 2017.

In addition, an unsecured loan of approximately S\$10,314,000 was advanced by PLHL to FCL on 20th June, 2013 for a term up to 19th October, 2015. On 28th August, 2015, PLHL and FCL agreed to amend the loan agreement by extending the repayment date to 19th October, 2017.

### **Disclosure Pursuant to Rule 13.20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Continued)**

All the above advances from PLHL to FCL (the “Advances”) are unsecured and are subject to an interest rate of 6.5 per cent. per annum. On 20th October, 2016, PLHL had assigned all the indebtedness under the above loans and all rights, interests, benefits and title therein to Polar Step Limited (“PSL”), a non-wholly owned subsidiary of the Company.

Therefore, at the end of the reporting period, LAAPL was indebted to the Group an aggregate outstanding principal amount of approximately S\$226,194,000 (equivalent to approximately HK\$1,285,799,000).

Subsequent to the reporting period, on 20th October, 2016, a loan agreement (the “October 2016 Loan Agreement”) was entered into between FCL and PSL pursuant to which PSL agreed to make available a new loan facility of up to S\$155,000,000 to FCL (the “October 2016 Loan Facility”), which is unsecured, subject to an interest rate of 2.25 per cent. per annum and repayable on demand. In addition, FCL as borrower agreed to amend the agreements relating to the Advances so that the repayment date as well as the interest rate going forward with effect from the date on which the October 2016 Loan Facility is first drawn by FCL shall be the same as those provided under the October 2016 Loan Agreement.

### **Audit Committee**

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th September, 2016.

## **Corporate Governance**

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

To the best knowledge and belief of the Directors, the Directors consider the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th September, 2016.

## **Model Code for Securities Transactions by Directors**

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

By Order of the Board

**Lippo Limited**

**John Luen Wai Lee**

*Managing Director and Chief Executive Officer*

Hong Kong, 29th November, 2016



## Supplementary Financial Information

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

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30th September, 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:

	<i>HK\$'000</i>
Pro forma combined statement of financial position	
Intangible assets	935,965
Fixed assets	4,466,186
Investment properties	35,713,812
Interests in equity-accounted investees	2,314,623
Properties held for sale	9,878,107
Property under development	14,084
Available-for-sale financial assets	1,032,973
Financial assets at fair value through profit or loss	1,587,718
Loan and advances	1,093,025
Debtors, prepayments and deposits	597,548
Treasury bills	19,400
Cash and bank balances	2,574,791
Other assets	162,382
Bank and other borrowings	(27,212,744)
Creditors, accruals and deposits received	(4,934,305)
Current, fixed, savings and other deposits of customers	(1,289,708)
Tax payable	(191,876)
Shareholders' advance	(1,971,757)
Deferred tax liabilities	(771,550)
Other financial liabilities	(159,337)
Non-controlling interests	(14,175,498)
	<b>9,683,839</b>
Group's attributable interest ( <i>Note</i> )	<b>9,775,391</b>

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

# 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  
Bank of China (Hong Kong) 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

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

\* *non-officer position*