Lippo Limited

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

2016/2017

ANNUAL REPORT

Contents

Corporate Information

HONORARY CHAIRMAN*

Dr. Mochtar Riady

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Jark Pui Lee, SBS, OBE, JP
Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

SECRETARY

Mr. Davy Kwok Fai Lee

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

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

NEW REGISTERED OFFICE

(with effect from 1st August, 2017)

40th Floor, Tower Two
Lippo Centre
89 Queensway
Hong Kong

STOCK CODE

226

WEBSITE

www.lippoltd.com.hk

* *non-officer position*

Chairman's Statement

I am pleased to present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31st March, 2017 (the "Year").

The global economy has gradually picked up moderately since the third quarter of the year 2016. Stronger consumer and business confidence and improvement in employment rates and stock markets have contributed to an improvement in the global economy. Against this backdrop, the Group recorded a consolidated profit attributable to shareholders of approximately HK$256 million for the Year, as compared to a consolidated loss of approximately HK$170 million (restated) for the year ended 31st March, 2016.

However, the global economy is still overshadowed by political and geo-political events. With a strong financial position, the Group is well positioned to meet the challenges ahead and look for new investment opportunities. Given the rising demand and associated spending in the healthcare sector, the acquisition of interest in the healthcare business has provided a good opportunity for the Group to expand into this new sector that we see has good growth potential.

The Directors have proposed a final cash dividend of HK5 cents per share for the Year. Together with the interim dividend of HK3 cents per share, total dividends for the Year will be HK8 cents per share.

I would like to take this opportunity to thank our management team and staff members for their continued loyalty, diligence and professionalism to the Group. I would also like to thank our Directors for their support and guidance. We will continue our efforts to create value to our shareholders and stakeholders.

Stephen Riady
Chairman

29th June, 2017

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March, 2017 (the "Year").

BUSINESS REVIEW

Overview

The global economy was volatile in the year 2016. The political and economic events such as the Brexit, the result of the U.S. presidential election, the extent of and the timing on increase of U.S. interest rate and devaluation of Renminbi created uncertainties and market volatility. On the positive side, the prevailing low interest rates and ample global liquidity have helped to maintain a more stable economic environment in the region.

The performance of global stock markets has improved since the third quarter of the year 2016. Moving into 2017, the pace of U.S. interest rate increase has become clearer. With the U.S. presidential election over, investors' confidence towards the U.S. economy has gradually picked up. Renminbi as well as the stock market in mainland China has become more stable and less volatile.

Results for the Year

The performance of the Group was satisfactory for the Year.

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$45 million for the Year, as compared to a consolidated profit of approximately HK$229 million (restated following the completion of certain purchase price allocation review under the Group's joint venture) for the year ended 31st March, 2016 (the "Last Year" or "2016"). The profit for the Year was mainly contributed by the disposal of remaining units of the HKC Group's property development projects. 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$388 million for the Year, as compared to a consolidated loss of approximately HK$309 million for the Last Year. Such profit was mainly attributable to gain on disposal of subsidiaries of approximately HK$334 million and fair value gain of approximately HK$190 million on its investments following the recovery of the stock markets. As a result, the Group recorded a consolidated profit attributable to shareholders of approximately HK$256 million for the Year, as compared to a consolidated loss of approximately HK$170 million (restated) for the Last Year.

Revenue for the Year decreased to HK$2,670 million (2016 — HK$3,857 million). The higher revenue for 2016 was mainly contributed by a development project in Macau completed in the Last Year and all pre-sale proceeds of this development project were recognised as revenue during the Last Year. No new property development projects were completed during the Year, which accounted for the decrease in revenue.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment

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

Segment revenue from the property investment business is mainly attributable to rental income from the investment properties portfolio and the interest income from the loans to Lippo ASM Asia Property Limited ("LAAPL", a principal joint venture of HKC). The total segment revenue for the Year increased to HK$116 million (2016 — HK$94 million), mainly due to the increase of loans to LAAPL during the Year.

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 a subsidiary of HK$332 million. Coupled with the segment revenue and net fair value gain on investment properties, the segment profit increased to HK$484 million (2016 — HK$120 million) for the Year before accounting for the share of results from the Group's joint ventures.

LAAPL is the vehicle holding the controlling stake of OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. The OUE Group has substantial and stable recurrent income stream from its high quality property portfolio at prime locations in Singapore, Shanghai in the People's Republic of China (the "PRC") and Los Angeles in the United States of America. Asset enhancement initiatives at OUE Downtown in Singapore which transformed the development into a vibrant mixed-use development encompassing offices, a retail podium and serviced residences have been completed. The retail podium has been transformed into Downtown Gallery, which offers new retail and dining concepts across six levels and was opened in May 2017. Oakwood Premier OUE Singapore, the new 268 units of serviced residences in OUE Downtown was opened in June 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 Year. Crowne Plaza won the Best Airport Hotel (Singapore) at the TTG Travel Awards 2016 and the World's Best Airport Hotel at the Skytrax World Airport Awards 2017. The iconic U.S. Bank Tower in downtown Los Angeles, a 75-storey Class A office tower, officially opened in June 2016 after completing its enhancement works. The enhancement works include, inter alia, OUE Skyspace LA, a two-storey open-air observation deck at the top of the tower, offering 360-degree views of the city and a first-of-its-kind Skyslide attraction. U.S. Bank Tower contributed positively to the revenue of the OUE Group. The OUE Group has achieved higher sales at OUE Twin Peaks, a residential property in Singapore, during the Year from active marketing activities. As at 31st March, 2017, LAAPL had an aggregate equity interest of approximately 68.63 per cent. in OUE.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment (continued)

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 at 31st March, 2017, LAAPL and its subsidiaries held approximately 37.97 per cent. of the total number of stapled securities of OUE H-Trust in issue.

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. In March 2017, 233,281,400 new OUE C-REIT units were issued at S$0.643 per unit under a private placement to third parties. As a result, the OUE Group's interests in OUE C-REIT was decreased to approximately 55.41 per cent. as at 31st March, 2017.

International Healthway Corporation Limited ("IHC") became a subsidiary of OUE during the Year. On 16th February, 2017, the OUE Group entered into a sale and purchase agreement to acquire 593,470,029 shares in IHC. Together with the 362,204,008 shares in IHC acquired previously, the OUE Group then owned approximately 57.6 per cent. equity interest in IHC and announced a mandatory unconditional cash offer for all the remaining issued shares in IHC at an offer price of S$0.106 per share. The offer closed on 13th April, 2017 and as at the date of this report, the OUE Group owned approximately 86.16 per cent. equity interest in IHC. IHC is a company listed on the sponsor-supervised listing platform (the "Catalist Board") of the SGX-ST. It is an integrated healthcare services and facilities provider that currently owns 12 nursing homes in Japan and 2 hospitals in the PRC, and is developing an integrated medical centre in Malaysia.

The Group recorded a share of loss of joint ventures of HK$22 million from its investment in LAAPL for the Year (2016 — HK$281 million, restated). The share of loss for the Year was mainly resulted from net fair value loss on the joint ventures' investment properties and finance costs incurred by the joint ventures, partially offset by profit from disposal and reversal of impairment loss of its properties held for sale and fair value gain from its investments designated at fair value through profit or loss. The restated share of loss for the Last Year was mainly attributable to the impairment loss on properties held for sale, the impairment loss on goodwill arising from the acquisition of a subsidiary and finance costs incurred by the joint ventures. Besides, affected by the depreciation of the Singapore dollar during the Year, the HKC Group shared a decrease in exchange reserve on translation of LAAPL's investment of HK$322 million during the Year.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment (continued)

During the Year, the HKC Group advanced loans of approximately S$169 million to a subsidiary of LAAPL (the "LAAPL Subsidiary"). The proceeds of these loans were used to repay part of the existing indebtedness under LAAPL and for working capital purpose. These loans, together with the advances made to the LAAPL Subsidiary in prior years contributed interest income of HK$75 million (2016 — HK$41 million) to the Group for the Year.

As a result, the total interests in LAAPL as at 31st March, 2017 increased to HK$9.5 billion (2016 — HK$9.0 billion, restated).

In March 2017, the Group entered into an agreement with, inter alia, Caesars Entertainment Corporation, Caesars Korea Holding Company, LLC ("Caesars"), R&F Properties (HK) Co., Ltd. ("R&F-1"), OUE and RFCZ (UK) Ltd. (the "New JV", being a joint venture formed by Caesars and R&F-1) and R&F Korea Co., Ltd., ("R&F-2") pursuant to which the Group and the OUE Group exited 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 "Project") (the "Exit") and the Group had disposed of its entire interest in the issued shares in LOCZ Holdings Pte. Ltd. ("LOCZ Holdings", being the joint venture holding company of the Project) to the New JV for an aggregate consideration of approximately US$12.2 million (the "Exit Agreement"). The disposal of LOCZ Holdings had been completed in March 2017 (the "First Closing") and US$10.2 million was received. The balance of approximately US$2 million will be received upon satisfaction (or if applicable, waiver) of certain conditions as set out in the Exit Agreement (the "Second Closing"). There is no assurance as to whether the Second Closing will take place. As part of the Exit, the conditional land sale and purchase agreement dated 29th December, 2014, as amended by an amendment agreement dated 23rd June, 2015, with respect to the proposed purchase of certain land lots in Woonbook-dong, Jung-gu, Incheon, Korea ("Woonbook-dong") by the Group, the OUE Group and Caesars was terminated and the deposit in the amount of approximately US$6.6 million was refunded to the Group. Additionally, the Group received approximately US$2.7 million as repayment of the Group's advances to LOCZ Korea Corporation ("LOCZ Korea", now known as RFCZ Korea Corporation), a wholly-owned subsidiary of LOCZ Holdings, and the consideration for novation of certain professional services agreements which the Group had entered into with certain third party service providers on behalf of LOCZ Korea in relation to the development of the serviced residences. In addition, pursuant to the Exit Agreement, subject to R&F-2 proceeding with the conditional land sale and purchase agreement to be entered into between MIDAN City Development Co., Ltd. and R&F-2 (the "Phase 2 Land SPA") relating to certain land lots in Woonbook-dong in accordance with the terms of the Exit Agreement, R&F-2 has agreed to pay US$2 million (subject to withholding tax, if any) to the Group upon closing under Phase 2 Land SPA. The aggregate amount received and receivable by the Group in respect of the Exit shall be approximately US$23.5 million. The Exit would release the capital which had been tied up in the Project over the past few years for general corporate purposes of the Group. The Group recorded a gain on disposal of a joint venture of HK$0.2 million for the Year from the First Closing.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

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 Year. Hence, the segment revenue decreased to HK$108 million (2016 — HK$1,226 million) for the Year, mainly from the sale of remaining units of "M Residences".

Given the market conditions in the region and the time required to complete and sell the development project located in China Medical City (中國醫藥城), Taizhou City, Jiangsu Province, the PRC, the LCR Group entered into an agreement for the disposal of its entire equity interest in 力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited) ("Lippo Realty") and an agreement for the assignment of all its rights to the advance due and owing by Lippo Realty to the LCR Group in May 2017. The aggregate consideration received and receivable by the LCR Group from the above disposal shall amount to RMB175 million. By reference to the consideration for the disposal of the equity interest, the LCR Group recorded a provision for impairment loss on properties under development for this development project of approximately HK$23 million during the Year (2016 — Nil). It is expected that a non-recurring loss on disposal of subsidiary of approximately HK$19 million will be recognised for the year ending 31st March, 2018 after taking into account the release of exchange equalisation reserve upon completion of the above disposal.

After taking into account the contribution from "M Residences", the segment reported a gain of HK$29 million for the Year (2016 — HK$733 million).

Marketing of the development at 326 Woonbook-dong (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 LCR Group is interested in approximately 49.3 per cent. of the issued shares in Auric. The segment recorded a revenue of HK$2,383 million (2016 — HK$2,433 million), mainly from wholesale and distribution of fast moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Food businesses (continued)

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. As a result, some exceptional items, including but not limited to an impairment of intangible assets of HK$239 million (restated due to change in accounting policy of deferred tax recognition on indefinite life intangible assets) were incurred during the Last Year. The drive for business growth and rationalisation have yielded results with a stronger landing for the Year. The segment recorded a profit of HK$101 million for the Year as compared to a restated loss of HK$221 million for the Last Year. However, in view of the challenges and uncertainties in the year ahead, Auric will continue to focus building stronger foundation for its core businesses and to seek new avenues and opportunities for business growth.

In February 2017, it was announced that Silver Creek Capital Pte. Ltd. ("Silver Creek", of which Dr. Stephen Riady, an executive Director of the Company, is the majority shareholder) made a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Auric, other than those which were owned, controlled or agreed to be acquired by Silver Creek or by parties acting in concert or deemed to be acting in concert with Silver Creek (the "Auric Offer"), with a view to delist Auric from the Main Board of SGX-ST. The Auric Offer did not extend to the LCR Group. The Auric Offer closed on 7th April, 2017. Trading of the shares in Auric was suspended on 10th April, 2017 and Auric was subsequently delisted on 17th April, 2017. In order to allow LCR to remain as the holding company (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) of Auric, Silver Creek and LCR entered into a letter of undertaking on 13th April, 2017 pursuant to which Silver Creek undertakes with LCR that Silver Creek shall, among other things, exercise or refrain from exercising the voting rights attached to a certain number of ordinary shares in the capital of Auric in accordance with the written directions as LCR may from time to time issue and deliver to Silver Creek.

Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK$36 million during the Year (2016 — HK$58 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. As of 31st March, 2017, the Group's financial assets at fair value through profit or loss amounted to HK$1,037 million (2016 — HK$822 million), comprising equity securities of HK$435 million (2016 — HK$342 million), debt securities of HK$206 million (2016 — HK$193 million) and investment funds of HK$396 million (2016 — HK$287 million). 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$203 million for the Year as compared to net fair value loss of HK$152 million for the Last Year. The net fair value gain of the securities investment segment for the Year included HK$169 million gain on listed equity securities, HK$11 million gain on investment funds and HK$26 million gain on other financial instruments, net-off with HK$3 million loss on bonds. As a result, the treasury and securities investments businesses recorded a net profit of HK$217 million for the Year (2016 — loss of HK$115 million).

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments (continued)

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

	As at 31st March, 2017			As at 31st March, 2016	For the year ended 31st March, 2017	
	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/(loss) HK$'000	Approximate percentage of net fair value gain on financial assets at fair value through profit or loss
GSH Corporation Limited ("GSH")	235,501	23%	2%	107,167	128,334	69%
US Treasury N/B 2.000% 11/15/26	63,192	6%	0%	—	819	0%
TSY INFL IX N/B 0.125% 07/15/26	55,294	5%	0%	—	(699)	n.m.
iShares EM Local Govt Bond UCITS ETF ("IEML")	52,231	5%	0%	15,036	(914)	n.m.
OUE H-Trust and OUE C-REIT	6,662	1%	0%	99,445	19,595	11%
Others *(Note)*	624,418	60%	5%	600,482	37,755	20%
	1,037,298	100%	7%	822,130	184,890	100%

n.m.: not meaningful

Note: Others included listed shares in Healthway Medical Corporation Limited with carrying amount of HK$37 million as of 31st March, 2017, which was managed separately under healthcare services as disclosed below. Save as aforesaid, 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 31st March, 2017 or 7 per cent. of the net fair value gain for the Year.

As at 31st March, 2017, the fair value of the Group's equity securities in GSH amounted to HK$236 million, representing approximately 23 per cent. of the Group's total financial assets at fair value through profit or loss. This investment was made for asset diversification purpose. 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 the Sutera Harbour Resort in Kota Kinabalu which comprises two five-star hotels and a golf course. In March 2017, GSH entered into a conditional sale and purchase agreement for the disposal of a subsidiary which owns GSH Plaza, its flagship commercial property in Singapore. The completion date of the disposal was extended to July 2017. Such disposal is a good opportunity for GSH to realise cash flow for its other businesses, including increasing its presence in overseas markets such as mainland China. In line with the global stock market improvement since the third quarter of the year 2016, the share price performance of GSH was satisfactory during the Year, resulting in a fair value gain of HK$128 million, which accounted for approximately 69 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.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments (continued)

US Treasury N/B 2.000% 11/15/26 is one of the proxies to represent Treasuries in the Group's bond portfolio. In addition to the capital gains, it also returns coupon interests to the Group. Since the issue of the bond in November 2016, the price has come down a bit and then recovered. As advised by the Group's investment advisor, the outlook for sovereign bonds in the next few months is not very optimistic. Accordingly, the Group has pared its exposure in its portfolio.

TSY INFL IX N/B 0.125% 07/15/26 is a treasury security that is indexed to inflation in order to protect investors from the negative effects of inflation. The price of this security has declined in December 2016 and then recovered. In addition to the price movements, the security also returns a coupon of 0.125 per cent. over inflation rate measured by consumer price index. The Group's investment advisor advised that the outlook for Treasury inflation protected securities ("TIPs") is not as rosy as well but a bit better than Treasuries as U.S. interest rate starts hiking in the short term, and TIPs yields could be pressured higher. As a result, the Group has started reducing some exposure in the portfolio.

IEML is a proxy for Emerging Market ("EM") local currency bonds in the Group's EM bond portfolio. Since April 2016, the ETF is up 8 per cent. including a sizable drawdown of 9 per cent. due to events surrounding U.S. presidential election in November 2016. We were underweight exposure in the EM strategy, and have post November built the strategy up to neutral weight. The outlook for EM Bonds is neutral as there are some cross currents from the view that sovereign bonds in the G-10 space is set to move higher (such as the Treasuries above) which would be a headwind for EM Bonds offset by the still solid global growth and investors search for yield. The Group's investment advisor's view on EM bonds (and IEML) is cautiously optimistic that these bonds will continue to perform with a few bumps in the road at least for the next 6 to 12 months.

In addition to the Group's interests in OUE H-Trust and OUE C-REIT through LAAPL, certain subsidiaries of the Group (the "Subsidiaries") also have direct investments in them. In September 2016, the Subsidiaries sold all the stapled securities in OUE H-Trust and units in OUE C-REIT held 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$20 million from these two direct investments during the Year, which accounted for approximately 11 per cent. of the total net fair value gain. As at 31st March, 2017, the remaining direct investment in OUE C-REIT amounted to HK$7 million.

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

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

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 Year.

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.

In December 2016, supplemental agreements were entered into by the HKC Group to extend the deadline for obtaining approval from the Monetary Authority of Macao in respect of the proposed disposal by the HKC Group of further 31 per cent. equity interest in MCB from 31st December, 2016 to 30th June, 2017.

The share of profit of joint venture in this segment was HK$10 million for the Year (2016 — share of loss of HK$13 million). Due to the change in fair value of the Put Option, this segment reported a segment loss of HK$4 million for the Year, as compared to a segment profit of HK$216 million which included the gain on disposal of subsidiary of HK$202 million for the Last Year.

Corporate finance and securities broking

Lippo Securities Holdings Limited ("LSHL") 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$16 million for the Year (2016 — HK$19 million) and the loss of this segment was HK$11 million for the Year (2016 — HK$9 million).

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Corporate finance and securities broking (continued)

On 25th January, 2017, a letter of exclusivity (the "Exclusivity Agreement") was entered into between Norfyork International Limited ("Norfyork"), a wholly-owned subsidiary of HKC, and Cosenza Investments Limited ("Cosenza"), an independent third party, pursuant to which, in consideration of a non-refundable amount of HK$130 million paid by Cosenza to HKC (the "Exclusivity Payment"), Norfyork shall grant Cosenza certain exclusivity rights for a period of 18 months from the date of Exclusivity Agreement (the "Exclusivity Period") in relation to the negotiation of the proposed sale and purchase of a majority stake in LSHL (the "Proposed Transaction"). The Exclusivity Payment is non-refundable and if closing of the Proposed Transaction takes place, it shall be applied against the consideration payable to Norfyork in relation to the Proposed Transaction. However, in the event that no sale and purchase agreement in respect of the Proposed Transaction is entered into on or before the end of the Exclusivity Period, the Exclusivity Payment shall be forfeited and retained by Norfyork and HKC, unless there is a breach by Norfyork and/or HKC of certain undertakings under the Exclusivity Agreement and/or their obligations to use reasonable endeavours to sign the sale and purchase agreement on or before the end of the Exclusivity Period.

Segment assets as at 31st March, 2017 increased to HK$872 million (2016 — HK$358 million), mainly due to the client money held in trust by LSHL. As a result, together with the Exclusivity Payment received for the Year, segment liabilities increased to HK$988 million (2016 — HK$339 million).

Mineral exploration and extraction

In early June 2016, an involuntary Chapter 11 petition (the "Involuntary Petition") was filed by certain creditors against CS Mining, LLC ("CS Mining"), a subsidiary of Skye Mineral Partners, LLC ("Skye"), in the United States Bankruptcy Court for the District of Utah (the "U.S. Bankruptcy Court"). 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. In August 2016, CS Mining consented to the Involuntary Petition, and the U.S. Bankruptcy Court granted an order for relief in respect of CS Mining. CS Mining continues to operate its business and manage its affairs as a debtor-in-possession. Debtor-in-possession loan facilities (the "DIP Loan") were provided to CS Mining. The DIP Loan was approved by the U.S. Bankruptcy Court. The DIP Loan is secured by a lien on all assets of CS Mining, which ranks senior to liens previously granted to Waterloo Street Limited ("Waterloo"), a wholly-owned subsidiary of LCR, and certain other secured creditors. Pursuant to the terms of the DIP Loan, CS Mining has commenced a process to sell its business which is expected to complete in the third quarter of 2017.

In early June 2016, a complaint was filed by certain investors of Skye against Waterloo and certain investors of Skye, in which the LCR Group has equity interests (the "Group Entities") and others, claiming, among other things, damages allegedly suffered by CS Mining. The action was removed to the U.S. Bankruptcy Court. This litigation remains ongoing.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Mineral exploration and extraction (continued)

In July 2016, Waterloo and the Group Entities commenced an adversary proceeding in the U.S. Bankruptcy Court against CS Mining's other significant secured creditor and various members and managers of CS Mining, asserting claims for equitable subordination, recharacterisation of certain claims, and damages due to tortious interference (the "Waterloo Complaint"). Certain defendants asserted counterclaims against Waterloo and the Group Entities. This litigation is ongoing.

In February 2017, CS Mining filed several lawsuits in the U.S. Bankruptcy Court against some of its creditors, including, inter alia, a complaint filed against, inter alia, Waterloo with respect to the secured loan owed by CS Mining to Waterloo (the "Waterloo Loan"). In the lawsuit, CS Mining seeks several forms of relief with respect to the Waterloo Loan. Waterloo has denied all claims made in the complaint. Discovery has commenced in this litigation and trial is scheduled for August 2017.

Having considered the potential recoverable amount from the sale of the business and the amount of the DIP Loan and other loan and expenditure which ranked senior to the Waterloo Loan with carrying value of HK$58 million, it is expected that the recoverable value of the Group's remaining secured loan is highly likely to be minimal and hence should therefore be fully impaired for the Year. In the Last Year, impairment losses in a total of HK$312 million were made for the interests in associates, available-for-sale financial assets and loans and receivables in relation to the Group's interests in CS Mining.

Notwithstanding the difficulties in the mining business, the Group is generally positive concerning the long term prospects for resource business. The Group may consider participating in investment in such business should the opportunity arise.

Other business

The Group sees the business potentials in the healthcare industry in Singapore, and would therefore like to establish their presence in this field. In February 2017, Gentle Care Pte. Ltd. ("Gentle Care"), a wholly-owned subsidiary of LCR, had made a voluntary conditional cash offer for all the issued and paid-up ordinary shares (the "Healthway Shares") in Healthway Medical Corporation Limited ("Healthway") at an offer price of S$0.042 per share (the "Healthway Offer"). The Healthway Offer was also extended to the convertible notes in the total principal amount of S$70 million issued by Healthway (the "CN") to a third party during the offer period. The CN can be convertible into shares in Healthway at a conversion price of S$0.03384 per share. As at 31st March, 2017, the LCR Group was interested in approximately 22 per cent. of the then issued shares in Healthway and the consideration paid for such Healthway Shares amounted to approximately S$20 million.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Other business (continued)

On 23rd April, 2017, an agreement was entered into between Gentle Care and the noteholder pursuant to which Gentle Care acquired S$15 million CN for a consideration of approximately S$18.6 million and such CN were subsequently converted into Healthway Shares. The Healthway Offer closed on 12th May, 2017. Immediately after the completion of settlement of the offer price on 23rd May, 2017, the Group was interested in approximately 55.02 per cent. of Healthway Shares and approximately 38.86 per cent. of the maximum potential issued share capital of Healthway assuming all outstanding CN issued were fully converted into Healthway Shares. Accordingly, Healthway is now regarded as a subsidiary of the Company under the Hong Kong Companies Ordinance and the Listing Rules. However, Healthway will be accounted for as an associate under the Hong Kong Financial Reporting Standards and accordingly, the earnings, assets and liabilities of Healthway would not be consolidated into the financial statements of the Company. The aggregate cash consideration paid for the above acquisition amounted to approximately S$71.4 million, which included acquisition of Healthway Shares before the Healthway Offer. Healthway is a company listed on the Catalist Board of the SGX-ST. Healthway, together with its subsidiaries, owns, operates and manages medical centres and clinics. Healthway, as a well-established private healthcare provider in Singapore, matches the Group's strategy to establish its presence in the healthcare industry in Singapore and to acquire quality healthcare management capability.

Financial Position

The Group's financial position remained healthy. As at 31st March, 2017, its total assets amounted to HK$18.5 billion (2016 — HK$17.5 billion, restated). Property-related assets amounted to HK$11.8 billion as at 31st March, 2017 (2016 — HK$11.6 billion, restated), representing 64 per cent. (2016 — 66 per cent., restated) of the total assets. Total liabilities increased to HK$4.3 billion (2016 — HK$3.0 billion, restated), mainly due to drawdown of new loans and borrowings during the Year. The Group maintained a strong cash position. Current ratio as at the end of the reporting period amounted to 1.6 (2016 — 2.8).

As at 31st March, 2017, total cash and bank balances (consisted of cash and cash equivalents, time deposits with original maturity of more than three months and restricted cash) amounted to HK$3.1 billion (2016 — HK$3.0 billion). In connection with the Healthway Offer, certain cash and bank balances, financial assets at fair value through profit or loss and available-for-sale financial assets were pledged to a bank as security for the bankers' guarantees issued to Gentle Care in a total amount of S$228 million. Such cash and bank balances with a carrying amount of HK$0.9 billion was reclassified to restricted cash as at 31st March, 2017. The bankers' guarantees had not been utilised and were expired in June 2017 and the charges of the aforesaid assets have been fully released.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Financial Position *(continued)*

As at 31st March, 2017, bank and other borrowings of the Group increased to HK$2,018 million (2016 — HK$1,289 million). Bank loans amounted to HK$1,427 million as at 31st March, 2017 (2016 — HK$1,287 million), which comprised secured bank loans of HK$850 million (2016 — HK$1,270 million) and unsecured bank loans of HK$577 million (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 rate. 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's other borrowings comprised of an unsecured loan from the ultimate holding company granted during the Year and obligations under finance leases. During the Year, a fixed rate loan of HK$590 million was provided to the LCR Group by the ultimate holding company. The Group has obligations under finance leases for certain fixed assets which amounted to HK$2 million as at 31st March, 2017 (2016 — HK$2 million). These obligations are secured by the rights to the leased fixed assets.

As at 31st March, 2017, approximately 76 per cent. (2016 — 31 per cent.) of the bank and other borrowings were repayable within one year. As at 31st March, 2017, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 17.3 per cent. (2016 — 12.2 per cent., restated).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK$9.0 billion as at 31st March, 2017 (2016 — HK$9.2 billion, restated). This was equivalent to HK$18.3 per share (2016 — HK$18.6 per share, restated).

During the Year, the Company acquired an aggregate of 125,273,000 shares, representing approximately 1.4 per cent. of the total issued shares in LCR, at an aggregate consideration of approximately HK$28.8 million. Following the completion of the above acquisition, the Group's interest in LCR increased from approximately 71.2 per cent. as at 31st March, 2016 to approximately 72.6 per cent. as at 31st March, 2017, and an increase of equity of approximately HK$26 million was recognised directly in the reserves of the Group during the Year. 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, swaps and currency loans would be used to manage the foreign exchange exposure.

The Group had bankers' guarantees of approximately HK$33 million as at 31st March, 2017 (2016 — HK$44 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 58 per cent. (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 Year (2016 — Nil).

The Group's commitments as at 31st March, 2017 included HK$506 million commitment in relation to the Healthway Offer. As a result, the total commitment as at 31st March, 2017 increased to HK$638 million (2016 — HK$276 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Staff and Remuneration

The Group had 1,950 employees as at 31st March, 2017 (2016 — 2,329 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Year amounted to HK$509 million (2016 — HK$574 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, the global economy is likely to improve gradually. It is expected that the U.S. economy will grow at a faster pace in 2017. The Asian economies are expected to pick up in 2017, supported by the recovery in exports and domestic demand. However, certain uncertainties and downside risks such as Brexit-related negotiations, the rising deglobalisation sentiments and the geopolitical tensions in various regions remain. In view of the business potentials in the healthcare industry in Singapore, the Group considers this is an appropriate time to invest in this field. The acquisition of Healthway provides an opportunity for the Group to diversify the Group's business and is beneficial to the future business direction, management and operations of the Group. 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.

BUSINESS STRATEGY

The business activities of the Group are diversified. Lippo China Resources Limited and Hongkong Chinese Limited, the major subsidiaries of the Company, have been the major contributors to the Group's results. The Group is committed to achieve long term sustainable growth of its businesses in preserving and enhancing the shareholders' value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope and has maintained prudent and disciplined financial management to ensure its sustainability.

PRINCIPAL ACTIVITIES

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

The activities and other particulars of the principal subsidiaries, principal associates, principal joint ventures and joint operations are set out in the financial statements on pages 170 to 184, pages 185 and 186, page 187 and page 188, respectively.

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

SEGMENT INFORMATION

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

Report of the Directors *(continued)*

RESULTS AND DIVIDENDS

The results and details of cash flows of the Group for the Year and the financial position of the Group as at 31st March, 2017 are set out in the financial statements on pages 60 to 188.

An interim dividend of HK3 cents per share (For the six months ended 30th September, 2015 — HK3 cents per share) for the six months ended 30th September, 2016 was paid on 27th January, 2017. The Directors have resolved to recommend the payment of a final dividend of HK5 cents per share (2016 — HK10 cents per share) amounting to approximately HK$24.7 million for the Year (2016 — approximately HK$49.3 million). Total dividends for the Year will be HK8 cents per share (2016 — HK13 cents per share) amounting to approximately HK$39.5 million (2016 — approximately HK$64.1 million).

SUMMARY OF GROUP FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 195.

GOODWILL

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

INVESTMENT PROPERTIES

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

BANK LOANS

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

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 33 to the financial statements.

SHARE OPTION SCHEMES

Details of the share option schemes of the Company and its subsidiaries are set out in Note 34 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st March, 2017, the Company's reserves available for distribution, calculated in accordance with the provision of Part 6 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK$220,565,000. As at 31st March, 2017, other distributable reserve amounted to HK$1,709,202,000.

EVENTS AFTER THE REPORTING PERIOD

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

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 170 to 184.

DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$3,133,000 (2016 — HK$39,552,000).

HONORARY CHAIRMAN

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

DIRECTORS

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

Executive Directors

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

Non-executive Directors

Mr. Jark Pui Lee, SBS, OBE, JP
Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

In accordance with Article 112 of the Company's Articles of Association (the "Articles"), Messrs. Jark Pui Lee and Victor Ha Kuk Yung will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

Each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2016. Following the expiry of the term under their respective former letter agreements with the Company, (a) each of Messrs. King Fai Tsi and Victor Ha Kuk Yung entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30th September, 2016; (b) each of Dr. Stephen Riady and Mr. John Luen Wai Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2017; and (c) Mr. Jark Pui Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st March, 2017. All the above letter agreements will be terminable by either party by giving three months' prior written notice. The term of the office of the Directors is also subject to the provisions of the Articles. In accordance with the Articles, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors.

Report of the Directors *(continued)*

DIRECTORS *(continued)*

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

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

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

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Stephen Riady, aged 57, has been the Chairman of the board of directors of the Company since 1991. He is also an executive director and the Chairman of the board of directors of each of Lippo China Resources Limited ("LCR") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. He has been the Executive President of each of the Company, LCR and HKC since January 2015. Dr. Riady is a director of Lanius Limited and Lippo Capital Limited. He is a member of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. He also holds directorship in certain subsidiaries of the Company. Dr. Riady is the Executive Chairman of OUE Limited, a public listed company in Singapore. He is also an executive director of Auric Pacific Group Limited ("Auric"), a company formerly listed in Singapore. Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master Degree of Business Administration from Golden Gate University, United States of America and an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Dr. Riady is the father-in-law of Dr. Andy Adhiwana, an executive director and the Group Chief Executive Officer of Auric. Dr. Riady is a son of Dr. Mochtar Riady and Madam Lidya Suryawaty. The interests of Dr. Mochtar Riady and Madam Lidya Suryawaty in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

Report of the Directors *(continued)*

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

Mr. John Luen Wai Lee, BBS, JP, aged 68, has been the Managing Director of the Company since 1991 and is also the Chief Executive Officer of the Company. He is an executive director and the Chief Executive Officer of LCR and HKC, as well as an independent non-executive director of New World Development Company Limited and UMP Healthcare Holdings Limited, both are public listed companies in Hong Kong. He was an independent non-executive director of New World China Land Limited, a company formerly listed in Hong Kong. Mr. Lee is an authorised representative of the Company, LCR and HKC. In addition, he holds directorships in certain subsidiaries of the Company. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Pricewaterhouse (now known as PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and an awardee of the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Lee is active in public service. Over the years, he has served as a member or chairman of different government boards and committees. Currently he serves as a Trustee of the Board of the Hospital Authority Provident Fund Scheme, a member of the Appeal Boards Panel (Education) as well as a member of the Public Service Commission.

Mr. Jark Pui Lee, SBS, OBE, JP, aged 77, was appointed a Director of the Company in 1992 and was re-designated from an executive Director to a non-executive Director of the Company in March 2015. Mr. Lee holds a Bachelor of Arts degree (Hons) from The University of Hong Kong. He worked for the Hong Kong Government and was the Secretary-General of The Chinese Manufacturers' Association of Hong Kong. He has served and contributed to the local community for over 40 years, and was Chairman of the Government's Social Welfare Advisory Committee, the General Support Programme Vetting Committee of the Innovation and Technology Commission, Hong Kong Council of Social Service, the Legal Aid Services Council and Po Leung Kuk. Mr. Lee is currently the Chairman of International Chamber of Commerce – Hong Kong, Agency for Volunteer Service and the Hong Kong Council of Volunteering.

Mr. Leon Nim Leung Chan, aged 61, was appointed an independent non-executive Director of the Company in 1997 and was re-designated as a non-executive director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008. He is also a non-executive director of LCR and HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. He is also a director of a subsidiary of HKC and a member of the supervisory board of a former subsidiary of HKC. Mr. Chan resigned as an independent non-executive director of Midland Holdings Limited, a public listed company in Hong Kong, in November 2016. He was an independent non-executive director of PanAsialum Holdings Company Limited, a public listed company in Hong Kong.

Report of the Directors *(continued)*

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

Mr. Edwin Neo, aged 67, was appointed an independent non-executive Director of the Company in March 2002. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is also an independent non-executive director of LCR. He resigned as an independent non-executive director of Auric on 28th April, 2017. Mr. Neo is a member of the Remuneration Committee, Nomination Committee and Audit Committee of each of the Company and LCR.

Mr. King Fai Tsui, aged 67, was appointed an independent non-executive Director of the Company in September 2004. Mr. Tsui is an independent non-executive director of Vinda International Holdings Limited, China Aoyuan Property Group Limited and Newton Resources Ltd, all are public listed companies in Hong Kong. He has over 40 years of extensive experience in accounting, finance and investment management, particularly in investments in mainland China. Mr. Tsui worked for two of the Big Four audit firms in the United States of America and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Accountants Australia and New Zealand and a member of the American Institute of Certified Public Accountants. He graduated from the University of Houston, Texas, the United States of America and holds a Master of Science in Accountancy and a Bachelor of Business Administration with first class honours. Mr. Tsui is an independent non-executive director of LCR and HKC. He is the Chairman of the Audit Committee of HKC and a member of the Audit Committee of each of the Company and LCR. He is also the Chairman of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC.

Mr. Victor Ha Kuk Yung, aged 63, was appointed an independent non-executive Director of the Company in September 2004. Mr. Yung is a professional accountant with over 30 years of working experience in the financial and accounting fields, and served in management positions in various multinational companies in Asia. Mr. Yung holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University, and is a member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of LCR and HKC. Mr. Yung is the Chairman of the Audit Committee of each of the Company and LCR and a member of the Audit Committee of HKC. He is also a member of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. Mr. Yung is an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a public listed company in Hong Kong. He was an independent non-executive director of Magnum Entertainment Group Holdings Limited (now known as AUX International Holdings Limited), a public listed company in Hong Kong.

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

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

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

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

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

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

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

(b) (i) the director's fee of Mr. John Luen Wai Lee in an amount of HK$30,000 for serving as a director of a subsidiary of the Company; and (ii) a discretionary bonus of Mr. John Luen Wai Lee in an amount of HK$2,000,000;

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

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

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

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

Report of the Directors *(continued)*

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

Each of the Directors of the Company is entitled to receive a director's fee from the Company. The director's fee paid to each of the Directors of the Company was HK$223,200 for the Year. A non-executive Director will also receive additional fees for duties assigned to and services provided by him as Chairmen and/or members of various board committees of the Company and its subsidiaries. The fees paid to the non-executive Directors for serving as the Chairmen and/or members of various board committees of the Company for the Year are as follows:

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

With effect from 1st April, 2017, the director's fee payable to each of the Directors of the Company was adjusted from HK$223,200 per annum to HK$230,400 per annum and the fees payable to non-executive Directors per annum for serving as Chairmen and/or members of various board committees of the Company were adjusted as follows:

	HK$
Audit Committee	
Chairman	76,800
Member	50,400
Other Committees	
Chairman	50,400
Member	50,400

Report of the Directors *(continued)*

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

As at 31st March, 2017, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

Interests in shares and underlying shares of the Company and associated corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares in the Company					
Stephen Riady	–	–	369,800,219 *Note (i)*	369,800,219	74.98
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,669,969,389 *Notes (i) and (ii)*	6,669,969,389	72.60
Number of ordinary shares of HK$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,315,707,842 *Notes (i) and (iii)*	1,315,707,842	65.84
Jark Pui Lee	469	469	–	938	0.00
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

Note:

(i) As at 31st March, 2017, 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 369,800,219 ordinary shares in, representing approximately 74.98 per cent. of the issued shares of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK$1.00 each in, representing the entire issued shares of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.

(ii) As at 31st March, 2017, the Company was indirectly interested in 6,669,969,389 ordinary shares in, representing approximately 72.60 per cent. of the issued shares of, LCR.

(iii) As at 31st March, 2017, the Company was indirectly interested in 1,315,707,842 ordinary shares of HK$1.00 each in, representing approximately 65.84 per cent. of the issued shares of, HKC.

Report of the Directors *(continued)*

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

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

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

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	Ordinary shares	2	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Brainy World Holdings Limited	Ordinary shares	1	100
Brimming Fortune Limited	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
Gemdale Properties and Investment Corporation Limited	Ordinary shares	4,706,452,795	29.80
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Health Care Limited	Ordinary shares	1	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
MG Superteam Pte. Ltd.	Ordinary shares	1	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

Report of the Directors *(continued)*

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

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

As at 31st March, 2017, Dr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares in, representing approximately 16.67 per cent. of the issued shares of, Lanius which is the holder of the entire issued shares of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Dr. Stephen Riady), who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family.

As at 31st March, 2017, Dr. Stephen Riady was interested in 25,205,072 ordinary shares in Auric, an associated corporation (within the meaning of Part XV of the SFO) of the Company, held by Silver Creek Capital Pte. Ltd. ("Silver Creek"). Dr. Stephen Riady is the beneficial owner of 70 per cent. of the issued shares in Silver Creek. For the reasons mentioned above, through his deemed interests in Lippo Capital, Dr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in Auric. Accordingly, Dr. Stephen Riady was interested and taken to be interested in an aggregate of 87,132,407 ordinary shares in, representing approximately 69.33 per cent. of the issued shares of, Auric.

As at 31st March, 2017, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 2017, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 31st March, 2017, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

Report of the Directors *(continued)*

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

As at 31st March, 2017, 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")	369,800,219	74.98
Lanius Limited ("Lanius")	369,800,219	74.98
Dr. Mochtar Riady	369,800,219	74.98
Madam Lidya Suryawaty	369,800,219	74.98

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 355,100,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 369,800,219 ordinary shares in, representing approximately 74.98 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 369,800,219 ordinary shares of the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 2017, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31st March, 2017, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(continued)*

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

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

CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTIONS

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

Continuing Connected Transaction

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

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

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

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

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTIONS *(continued)*

Connected Transactions

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

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

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

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

On 28th December, 2016, the Vendor and the Purchaser entered into a supplemental agreement to the Sale and Purchase Agreement to extend the date for obtaining the approval of AMCM from 31st December, 2016 to 30th June, 2017.

(C) On 13th April, 2017, a letter of undertaking was entered into between Silver Creek Capital Pte. Ltd. ("Silver Creek") and LCR pursuant to which Silver Creek undertook with LCR that Silver Creek shall (i) own such number of ordinary shares in the capital of Auric (the "Auric Shares") which shall not be less than 1,256,674 Auric Shares (such number may be adjusted in the event of a consolidation or sub-division of the outstanding Auric Shares) (the "Relevant Shares") and (ii) exercise or refrain from exercising the voting rights attached to any or all of the Relevant Shares in accordance with such written directions as LCR may from time to time issue and deliver to Silver Creek (the "Undertaking"). The Undertaking would allow LCR to maintain majority control in Auric and remain as the holding company (as defined in the Listing Rules) of Auric after the completion of the voluntary conditional offer for shares in Auric made by Silver Creek. Dr. Riady is the majority shareholder of Silver Creek.

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

The Directors of the Company (excluding Dr. Riady) consider the terms of the Undertaking to be fair and reasonable and on terms favourable to and in the interests of the Company and its shareholders as a whole.

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

Report of the Directors *(continued)*

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 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 31st March, 2017 were granted under the following loan agreements:

(i) a loan agreement dated 29th May, 2015 entered into between FCL and Pacific Landmark Holdings Limited ("PLH"), a subsidiary of the Company, pursuant to which PLH agreed to advance a loan of S$53,920,839.43 (the "Loan") to FCL;

(ii) a loan agreement dated 28th August, 2015 entered into between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S$7,000,000 (the "Interim Loan") to FCL;

(iii) a loan agreement dated 28th August, 2015 entered into between FCL and PLH pursuant to which PLH agreed to advance a further loan of S$100,000,000 (the "Further Loan") to FCL;

(iv) a loan agreement dated 12th October, 2015 entered into between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S$2,000,000 (the "Second Interim Loan") to FCL;

(v) a loan agreement dated 30th November, 2015 entered into between FCL and PLH pursuant to which PLH agreed to make available a new loan facility of S$38,000,000 (the "New Loan") to FCL;

(vi) a loan agreement dated 19th July, 2016 entered into between FCL and PLH pursuant to which PLH agreed to make available a loan facility of approximately S$14,959,000 (the "July 2016 Loan") to FCL; and

(vii) a loan agreement dated 20th October, 2016 entered into between FCL and Polar Step Limited ("PSL"), a subsidiary of the Company, pursuant to which PSL agreed to make available a loan facility in the maximum principal amount of S$155,000,000 (the "October 2016 Facility") to FCL. The October 2016 Facility was first drawn on 4th January, 2017 (the "October 2016 Facility Drawdown Date") and is unsecured, subject to an interest rate of 2.25 per cent. per annum and repayable on demand.

In addition, an unsecured loan of approximately S$10,314,000 (the "June 2013 Loan") was advanced by PLH to FCL on 20th June, 2013.

On 20th October, 2016, PLH had assigned all of PLH's rights, interests, benefits and title in the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan to PSL. Pursuant to an amended and restated loan agreement dated 20th October, 2016 entered into between, inter alia, PSL and FCL, with effect from the October 2016 Facility Drawdown Date, the interest rate of each of the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan were amended from 6.5 per cent. per annum to 2.25 per cent. per annum and the repayment date was amended to repayable on demand.

On 4th January, 2017, PLH had assigned all of PLH's rights, interests, benefits and title in the Interim Loan, the Second Interim Loan and the New Loan to PSL. Pursuant to an amended and restated loan agreement dated 4th January, 2017 entered into between, inter alia, PSL and FCL, with effect from 4th January, 2017, the interest rate of each of the Interim Loan, the Second Interim Loan and the New Loan were amended from 6.5 per cent. per annum to 2.25 per cent. per annum and such loans will be repayable on demand.

All the above advances to FCL (the "Advances") are unsecured. As at 31st March, 2017, the balance of the Advances amounted to approximately S$380,420,000 (equivalent to approximately HK$2,113,955,000).

Report of the Directors *(continued)*

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

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

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

DIRECTORS' SERVICE CONTRACTS

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

MANAGEMENT CONTRACTS

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

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

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

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the percentage of revenue attributable to the Group's five largest customers combined was less than 30 per cent. of the Group's aggregate revenue. Purchases from the Group's five largest suppliers combined accounted for 35 per cent. of the total purchases for the Year and purchases from the largest supplier included therein amounted to 11 per cent.

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

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

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

RETIREMENT BENEFITS SCHEMES

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

Report of the Directors *(continued)*

CORPORATE GOVERNANCE

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

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties were identified by the Group, details of which are disclosed in the Company's Risk Management Report as set out on pages 44 to 53. There may be other risks and uncertainties in addition to those shown in the above Report which are not known to the Group or which may not be material now but could turn out to be material in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, social and governance ("ESG") issues are fundamental to the Group's sustainability. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group seeks for continuous improvement in its ESG performance. A separate ESG Report prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be issued and published on the websites of the Company and the Stock Exchange not later than three months after the publication of the Company's annual report.

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

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

Hong Kong, 29th June, 2017

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

During the year ended 31st March, 2017 (the "Year"), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

BOARD OF DIRECTORS

The Board currently comprises seven members (the composition of the Board is shown on page 19), including two executive Directors and five non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 20 to 22). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk). To the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

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

BOARD OF DIRECTORS *(continued)*

Messrs. Victor Ha Kuk Yung (who is to retire by rotation at the forthcoming 2017 annual general meeting of the Company (the "2017 AGM")), Edwin Neo and King Fai Tsui have served as independent non-executive Directors of the Company for more than nine years. In addition to their confirmation of independence in accordance with Rule 3.13 of the Listing Rules, each of Messrs. Victor Ha Kuk Yung, Edwin Neo and King Fai Tsui continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice and there is no evidence that their tenure has had any impact on their independence. The Directors are of the opinion that each of Messrs. Victor Ha Kuk Yung, Edwin Neo and King Fai Tsui remains independent notwithstanding the length of their service and they believe that their valuable knowledge and experience in the Group's business and their external experience continue to generate significant contribution to the Company and its shareholders as a whole.

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

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

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

The Board meets regularly to review the financial and operating performance of the Group and other business units, and formulate future strategy. 15 Board meetings were held during the Year.

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

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS *(continued)*

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

Directors	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
Executive Directors					
Dr. Stephen Riady *(Chairman)*	11/15	N/A	2/2	2/2	1/1
Mr. John Luen Wai Lee *(Managing Director and Chief Executive Officer)*	14/15	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Jark Pui Lee	14/15	N/A	N/A	N/A	1/1
Mr. Leon Nim Leung Chan	12/15	3/3	2/2	2/2	1/1
Independent Non-executive Directors					
Mr. Victor Ha Kuk Yung *(Chairman of the Audit Committee)*	14/15	3/3	2/2	2/2	1/1
Mr. King Fai Tsui *(Chairman of the Remuneration Committee and Nomination Committee)*	12/15	3/3	2/2	2/2	1/1
Mr. Edwin Neo	15/15	2/3	2/2	2/2	1/1

* the only general meeting of the Company held during the Year was the annual general meeting held on 1st September, 2016 (the "2016 AGM").

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

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

Corporate Governance Report *(continued)*

REMUNERATION OF DIRECTORS

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

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

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

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

NOMINATION OF DIRECTORS

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

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The principal role of the Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2016 AGM and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition, diversity and efficiency of the Board.

Corporate Governance Report *(continued)*

NOMINATION OF DIRECTORS *(continued)*

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

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

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

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company for the Year. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the 2017 AGM, all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 20 to 22.

Corporate Governance Report *(continued)*

DIRECTORS' TIME COMMITMENT AND TRAINING *(continued)*

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

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

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

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

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

Corporate Governance Report *(continued)*

AUDITOR'S REMUNERATION

Ernst & Young has been appointed by the shareholders annually as the Company's auditor. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditor nationally and internationally) amounted to approximately HK$10.5 million (2016 — HK$10.1 million) and approximately HK$1.7 million (2016 — HK$0.5 million), respectively. The non-statutory audit services provided during the Year consisted of the review of the Group's continuing connected transactions and other reporting services.

AUDIT COMMITTEE

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

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

During the Year, the Audit Committee discharged its duties by reviewing and/or monitoring financial, audit, risk management, internal control and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report, risk management report and internal audit reports and discussing with executive Directors, management, external auditor and internal audit department (the "IA Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board including, inter alia, financial-related matters. The Audit Committee reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report, the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices in compliance with legal and regulatory requirements and the code of conduct applicable to employees and Directors. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2017 AGM, Ernst & Young be re-appointed as the Company's external auditor for the ensuing year; and reviewed the fees charged by the Company's external auditor.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises its responsibility for maintaining adequate systems of risk management and internal control and is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems.

During the Year, a review of the effectiveness of the Group's risk management and internal control systems covering the risk management functions and all material controls, including financial, operational and compliance controls was conducted, details of which are set out in the Risk Management Report on pages 44 to 53. Such review will be conducted on an annual basis.

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

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

INTERNAL AUDIT

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

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

COMPANY SECRETARY

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

Corporate Governance Report *(continued)*

COMMUNICATION WITH SHAREHOLDERS

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

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees and Board committee members, and the Company's external auditor attended the 2016 AGM and were available to answer questions from shareholders.

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

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

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

SHAREHOLDERS' RIGHTS

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

Corporate Governance Report *(continued)*

FAIR DISCLOSURE AND INVESTOR RELATIONS

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

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

During the Year, a new articles of association of the Company was adopted by the Company to bring the Company's Articles in line with the Companies Ordinance and to make other consequential and housekeeping changes. The latest version of the Company's Articles is available on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31st March, 2017, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditor is responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

The responsibilities of the auditor with respect to financial reporting are set out in the Independent Auditor's Report on pages 54 to 59.

CORPORATE SOCIAL RESPONSIBILITY

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

Risk Management Report

A NEW STEP TO RISK MANAGEMENT

In 2016, the Group has taken a significant step to improve the existing risk management system. Risk is inevitable in the Group's business and there are more uncertainties nowadays due to the fast changing market environment. The Group recognizes that an effective risk management system is the key for achieving its strategic and business goals. Whilst the Group's portfolio contains a wide variety of entities in different regions and industries, the Board of Directors of the Company (the "Board") has initiated to revamp and develop a systematic risk management framework to exploit the value of risk management.

The new risk management framework is tailor-designed to commensurate with the nature of the Group's business and structure with reference to ISO31000 risk management and COSO enterprise risk management standards, which comprises 3 key components:

1. Risk Management Strategy;

2. Risk Governance Structure; and

3. Risk Management Process.

RISK MANAGEMENT STRATEGY

The Group emphasizes that risk management responsibility resides at all levels across the Group whilst the tone at the top enables the Group to foster the risk culture. The Audit Committee of the Company has been delegated with the authority and responsibility to oversee the risk management and internal control systems of the Group. Design and implementation of the risk management system are led by senior management of the Group. Also, the risk management system is integrated into various parts of the business and day-to-day operation processes instead of a standalone program.

More specifically, the Group aims to achieve the following objectives through the risk management activities:

- Promote corporate governance with a sound system of internal controls

- Embed a structured and disciplined approach to identify risks together with the basis of likelihood and potential impact on the achievement of the Group's business objectives

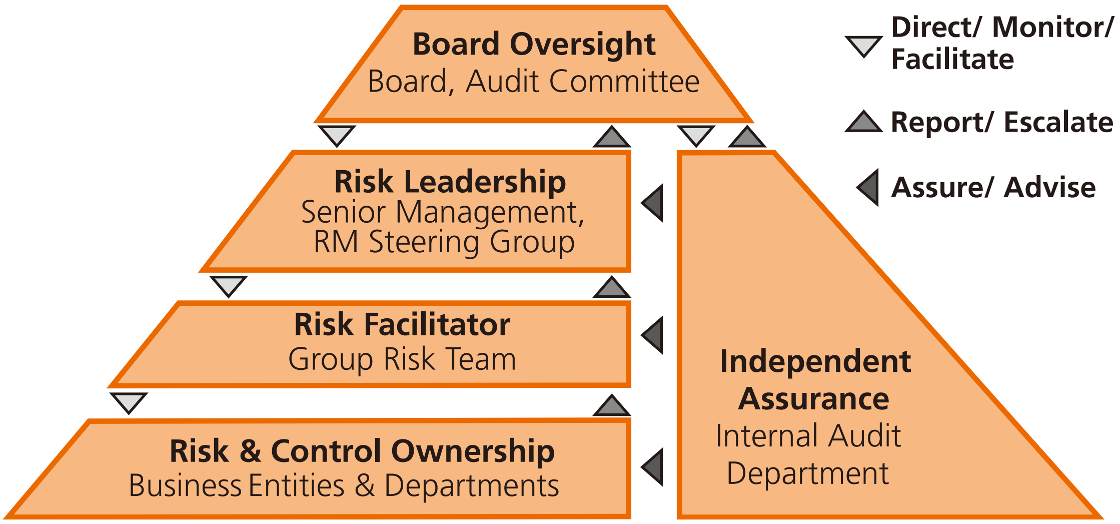
- Enable the Group to strike the right balance between risks and rewards by making risk informed decisions in accordance with the Group's business objectives and risk appetite

- Ensure the adequacy and effectiveness of risk controls in place to manage key risks

- Ensure compliance with the relevant legal and regulatory requirements

Risk Management Report *(continued)*

RISK GOVERNANCE STRUCTURE



The Group's risk governance structure provides the foundation for risk oversight and escalation. The roles and responsibilities of each layer are clearly established as to ensure a thorough understanding among all the personnel within the Group.

The key roles and responsibilities of each layer are listed below:

Board Oversight

The Board

- Take the overall responsibility for the risk management system

Audit Committee empowered by the Board

- Determine the Group's overall risk appetite and establish appropriate culture throughout the Group for effective risk governance
- Review and approve risk criteria adopted by senior management to ensure that they are aligned with the Group's risk appetite
- Oversee the risk exposure of various types including the mitigation strategies
- Provide oversight on the risk management and internal control systems and review their adequacy and effectiveness at least on an annual basis

Risk Management Report *(continued)*

RISK GOVERNANCE STRUCTURE *(continued)*

Risk Leadership

Senior Management

- Provide overall leadership in risk management activities, via the Risk Management Steering Group ("RM Steering Group")

RM Steering Group led by Senior Management

- Establish risk criteria
- Assess the group level material risks and review the entity level risk profile periodically
- Determine and assign sufficient resources to implement the risk management framework and manage risks within the Group
- Update periodically with the Audit Committee the Group's risk profile and status of risk treatment plans for key business risks
- Ensure the annual review of adequacy and effectiveness of the risk management system

Risk Facilitator

Group Risk Team

- Implement the Group's risk management policies and plans formulated by RM Steering Group
- Develop necessary tools and templates for risk assessment, risk treatment plan and risk reporting
- Cascade and facilitate the risk management process and activities across all business entities and departments
- Follow-up on the implementation of risk treatment plans and ensure the internal controls and risk mitigations are properly designed and implemented

Risk Management Report *(continued)*

RISK GOVERNANCE STRUCTURE *(continued)*

Risk and Control Ownership

Business Entities and Departments

- Identify and review changes in risks in line with changes in the business environment
- Analyze risks and identify appropriate controls or risk treatment plans to address the risks
- Responsible for risk management activities and reporting in their businesses or operations
- Perform control self-assessment activities

Independent Assurance

Internal Audit Department

- Conduct audit projects on various entities and functions across the Group and provide independent review on (a) the adequacy and effectiveness of risk management framework; and (b) the adequacy and effectiveness of internal controls in the business operations

RISK MANAGEMENT PROCESS

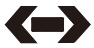
The Group's risk management process provides a structured and systematic approach to manage risks. The following diagram illustrates the key activities in the process.

Establish Context	The Group establishes risk assessment criteria and risk map to cascade the risk appetite across the Group and provides referencing risk inventory
Identify Risk	Respective business entities and Group Management identify the risks in their areas of businesses or operations
Assess & Prioritize Risk	Respective business entities and Group Management assess the likelihood and impact of the risks, and prioritize the risks
Treat Risk	Respective business entities and Group Management evaluate the existing risk controls and formulate risk treatment plans if appropriate
Report and Monitor Risk	Respective business entities and Group Management report the risk profile regularly to appropriate level and maintain on-going monitoring

Risk Management Report *(continued)*

MATERIAL RISKS

In 2016, 10 material risks have been identified at Group level throughout the risk review process. These risks are identified by both top down approach from the Group's perspective and bottom up approach taking into account the risk profile escalated by the underneath business entities.

Risk	Key Controls	Risk Trend
Strategic Risk – Risk resulting from suboptimal determination and execution of business strategy or changes in external business environment, which may impact the Group in long term		
Strategic Direction and Execution Risk The risk of the Group and/or underneath business entities failing to develop and deliver effective long-term strategies in achieving their business objectives	• Periodic planning exercises between the Group's Chief Executive Officer and entities' senior management to discuss, analyze and set their strategic directions • Regular meetings amongst Board members and senior management to review the execution of strategic plan • Proactive environmental scans on various business markets	
Investment Risk The risk of poor performance of the investment portfolio due to different factors such as the type, the market environment, the geographic location of the investment or the business model, leadership of the invested companies, etc.	• Adequate risk assessment in the investment decision process • Set up of investment committee and authority matrix for the approval of investment • Well-diversified investment portfolio across different industries and geographic locations • Certain limits set for specific types of investment • Regular Board review on the progress and performance of the investment	

Risk Management Report *(continued)*

MATERIAL RISKS *(continued)*

Risk	Key Controls	Risk Trend
Strategic Risk – Risk resulting from suboptimal determination and execution of business strategy or changes in external business environment, which may impact the Group in long term		
Joint Venture Partnering Risk The risk of ineffective or inefficient joint venture partnering due to incompatible partners, unexpected exit of partners, unaligned partners' interest with the Group's, partners encountering difficulties to fulfill their obligation under the joint venture, etc.	• Negotiation of agreements to clearly define the governance structure, rights, roles and responsibilities of different parties • Enhanced due diligence before entering into the partnership • Development of exit strategy • Regular review and monitoring of the joint venture status	
Business Market Risk The risk of competitiveness and/or profitability of the underneath entities impaired by adverse market conditions such as excess supply, change of customers' preferences, increase in cost of production, governmental intervention, etc.	• Well-diversified Group portfolio across different industries and geographic locations In particular, for applicable entities, • Regular market researches and studies • Effective adjustment of product or service prices • Continuous product or service development and improvement	

Risk Management Report *(continued)*

MATERIAL RISKS *(continued)*

Risk	Key Controls	Risk Trend
Operational Risk – Risk of financial losses and/or business instability arising from failures in internal controls, operational processes, or in the systems that support them		
Manpower and Retention Risk The risk of inability to attract and retain key personnel and talents with appropriate and required skills, experience and competence	• Regular benchmarking to maintain attractive remuneration package to suitable candidates and personnel In particular, for applicable entities, • Exploration of new recruitment sources through partners like culinary schools, governmental agencies, etc. • Provision of alternative work arrangements (e.g. replace full time by part time workers)	
Business Disruption Risk The risk of interruption to operations due to fire, natural disaster, system downtime, equipment breakdown, power disruption, unexpected supply shortage, etc.	• Comprehensive insurance coverage on different disaster scenarios In particular, for applicable entities, • Preventive maintenance program on the key machines or equipment for production • Preparation of alternative sources for key raw materials • Comprehensive vendor assessment and selection process • Well-established business continuity plan with training and periodic disaster recovery drills	

Risk Management Report *(continued)*

MATERIAL RISKS *(continued)*

Risk	Key Controls	Risk Trend
Operational Risk – Risk of financial losses and/or business instability arising from failures in internal controls, operational processes, or in the systems that support them		
Product Quality and Safety Risk The risk of product quality and/or safety issue which may lead to negative public impact	In particular, for applicable entities, • Temperature monitoring for food storage • Staff training on product safety and operation • Equipment maintenance and cleaning program and pest control • Quality assurance against receiving, storing, production, etc.	
Information Technology Risk The risk of system failure or security breach which leads to adverse impact on the integrity, accuracy and completeness of data and information	• Regular review and testing on the information technology ("IT") system by external professional • Regular system data backup In particular, for applicable entities, • Daily off site backup of system data • User requirement checking and acceptance testing for any system conversion • Proactive IT system enhancement to ensure the robustness of IT security, integrity and reduce the impact of system failure and cyberattack	

Risk Management Report *(continued)*

MATERIAL RISKS *(continued)*

Risk	Key Controls	Risk Trend
Compliance Risk – Risk of non-compliance with regulatory bodies and local government units, or any related third party legal action/disputes		
Financial Institution Compliance Risk The risk of non-compliance with or breach of financial regulation which may lead to financial loss and reputational damage	• Group level oversight of entities' compliance programs including the program status and progress of actions In particular, for applicable entities, • Effective compliance functions in different areas enforcing the compliance of internal policies and procedures for sales practices, staff dealing, know your customer control, anti-money laundering control, etc. • Regular review on the regulatory change and agenda	
Financial Risk – Risk resulting from financial and/or reporting activities and/or use of financial instruments		
Credit Risk The risk of default by a counterparty on an obligation in the lending, investment, business and other activities undertaken by the Group	• Well established credit management and guidelines for debt investments such as credit assessment, exposure limit, etc. In particular, for applicable entities, • Well established credit approval and monitoring mechanism, loan classification criteria and provision policy for banking and margin lending • Well established credit policy with guidelines on credit terms and limits for food business debtors	

Risk level has increased   Risk level has remained steady

Risk Management Report *(continued)*

REVIEW OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Within the year of reporting, the Board, with the effort of the Audit Committee, has reviewed the adequacy and effectiveness of the risk management and internal control systems based on:

1. Regular risk management progress reports on the status of implementation;

2. Regular risk reports on the Group material risks and entities' risk profile including the key mitigations;

3. Regular audit report by the Internal Audit Department for the audit evaluation of the internal controls and any key findings with the respective recommendations;

4. Consideration on the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions;

5. Consideration on the scope and quality of management's ongoing monitoring of the systems; and

6. Consideration on the extent and frequency of communication and reporting to the Board and Audit Committee on the risk management results and risk issues.

As a result of the review, the risk management and internal control systems are considered to be effective and adequate for the year ended 31st March, 2017. Still, it should be acknowledged that the systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Major Activities of the Year

- ✓ Developed the new risk management framework and respective manual
- ✓ Established the risk assessment criteria and risk map to cascade the Group's risk appetite for risk assessment
- ✓ Designed risk register
- ✓ Conducted risk workshops to equip necessary risk knowledge for the risk owners and representatives
- ✓ Rolled out the risk management process at both Group and entity levels
- ✓ Reviewed Group material risks and entity level risk profile and the respective mitigation controls

Independent Auditor's Report

EY 安永

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

OPINION

We have audited the consolidated financial statements of Lippo Limited (the "Company") and its subsidiaries (the "Group") set out on pages 60 to 188, which comprise the consolidated statement of financial position as at 31st March, 2017, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report *(continued)*

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment of intangible assets As at 31st March, 2017, the Group had intangible assets of HK$198.8 million, which mainly represented goodwill, trademarks and trademark licence agreement (collectively, the "Intangible Assets") of Food Junction Holdings Limited (the "Food Business") in the Group's food businesses segment. The Intangible Assets are subject to annual impairment test as at the end of each reporting period. Significant management's judgements and estimates were involved in the impairment assessment of the Intangible Assets. The determination of the recoverable amount was based on management's estimates of variables such as budgeted gross margins, growth rates and the discount rates. Related disclosures are included in Notes 3 and 15 to the consolidated financial statements.	We assessed management's identification of the cash generating units of the Food Business and their carrying amounts which form the basis for the impairment assessment model. We reviewed the discounted cash flow projections of the Food Business for the application of the valuation methodology and key valuation parameters. We also involved our internal valuation specialists to assist us in considering management's assumptions, including discount rates and growth rates. We also performed sensitivity analysis on the key assumptions used by management in the determination of the recoverable amounts.

Independent Auditor's Report *(continued)*

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of interest in a joint venture	
The carrying amount of the Group's interests in joint ventures amounted to HK$9,722 million as at 31st March, 2017. The interests in joint ventures were stated at the Group's share of net assets under the equity method of accounting, less any impairment losses at the end of each reporting period. The carrying amount of the Group's interest in Lippo ASM Asia Property Limited ("LAAPL"), a material joint venture of the Group, amounted to HK$9,461 million as at 31st March, 2017 and the share of its loss for the year ended 31st March, 2017 amounted to HK$21.9 million. LAAPL has a controlling interest in OUE Limited ("OUE"), a listed company in Singapore which is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. The impairment assessment of interests in LAAPL and its subsidiaries is significant to our audit due to (i) the significance of the carrying amount as at 31st March, 2017; and (ii) the determination of the recoverable amount of the interest in LAAPL requires significant management's judgement and estimate. Related disclosures are included in Notes 3 and 20 to the consolidated financial statements.	We assessed management's process for identifying the objective evidence of impairment in respect of the interest in LAAPL. We evaluated management's comparison of the carrying amount and the recoverable amount of LAAPL. We evaluated and tested the assumptions and methodologies used by management in their impairment assessment. We assessed the cash flow projection of LAAPL by making reference to the historical trend analyses. For the discount rate applied to the cash flow projection, we assessed the inputs used to determine the rate with reference to market data. We involved our internal valuation specialists to assist us in testing the discount rate adopted in the cash flow projection.
Fair value of investment properties	
As at 31st March, 2017, investment properties measured at fair values amounted to approximately HK$1,482.1 million, with a corresponding net fair value gain of HK$61.6 million recognised in profit or loss. The valuation process is inherently subjective and dependent on a number of estimates. The Group has engaged independent professional valuers to perform the valuation of the investment properties. Related disclosures are included in Notes 3 and 18 to the consolidated financial statements.	We considered the objectivity, independence and competency of the valuers. We assessed the valuation methodologies adopted and assumptions used by the valuers, and performed market value benchmarking against comparable properties. We involved our internal valuation specialists to assist us in evaluating the methodologies adopted and the assumptions used by the valuers for the valuation of investment properties held by the Group.

Independent Auditor's Report *(continued)*

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the Directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report *(continued)*

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Yat Kin.

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

29th June, 2017

Consolidated Statement of Profit or Loss

For the year ended 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Revenue	5	**2,670,386**	3,856,686
Cost of sales	6	**(1,379,379)**	(2,204,062)
Gross profit		**1,291,007**	1,652,624
Administrative expenses		**(813,916)**	(901,346)
Other operating expenses		**(453,868)**	(553,799)
Gain on disposal of subsidiaries	38	**331,930**	632,690
Net fair value gain on investment properties		**61,620**	50,837
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	6	**206,978**	(207,436)
Provisions for impairment losses on:			
Intangible assets	15	**(11,976)**	(238,915)
Loans and receivables	9	**(69,262)**	(164,449)
Available-for-sale financial assets	9	**(15,802)**	(124,631)
Associates	9	**(102)**	(34,925)
Finance costs	10	**(43,685)**	(41,343)
Share of results of associates		**(2,567)**	(21,944)
Share of results of joint ventures	11	**(12,081)**	(286,017)
Profit/(Loss) before tax	6	**468,276**	(238,654)
Income tax	12	**(37,251)**	(79,792)
Profit/(Loss) for the year		**431,025**	(318,446)
Attributable to:			
Equity holders of the Company		**255,963**	(169,760)
Non-controlling interests		**175,062**	(148,686)
		431,025	(318,446)
		HK$	HK$ (Restated)
Earnings/(Loss) per share attributable to equity holders of the Company	13		
Basic and diluted		**0.52**	(0.34)

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Profit/(Loss) for the year		**431,025**	(318,446)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Changes in fair value		**19,742**	(2,668)
Adjustments for disposal		**1,509**	70
Adjustments for impairment losses		**2,798**	–
Income tax effect		**–**	557
		24,049	(2,041)
Exchange differences on translation of foreign operations		**(116,000)**	(21,142)
Exchange differences reclassified to profit or loss upon:			
Cessation of foreign operations	6	**–**	4,944
Disposal of a foreign joint venture		**6,613**	–
Deemed disposal of a foreign associate		**353**	–
		6,966	4,944
Adjustments relating to disposal of subsidiaries:			
Exchange differences on translation of foreign operations		**(1,570)**	(10,047)
Available-for-sale financial assets		**–**	(2,715)
Income tax effect		**–**	327
	38	**(1,570)**	(12,435)
Share of other comprehensive loss of joint ventures		**(327,064)**	(179,982)
Share of other comprehensive loss of associates		**(394)**	(1,003)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the year, net of tax		**(414,013)**	(211,659)
Total comprehensive income/(loss) for the year		**17,012**	(530,105)
Attributable to:			
Equity holders of the Company		**9,040**	(313,366)
Non-controlling interests		**7,972**	(216,739)
		17,012	(530,105)

Consolidated Statement of Financial Position

As at 31st March, 2017

	Note	31st March, 2017 HK$'000	31st March, 2016 HK$'000 (Restated)	1st April, 2015 HK$'000 (Restated)
Non-current assets				
Intangible assets	15	**198,765**	224,983	545,867
Exploration and evaluation assets	16	**1,099**	1,017	1,040
Fixed assets	17	**219,921**	295,416	410,093
Investment properties	18	**1,482,131**	1,372,632	1,483,869
Interests in associates	19	**444,337**	476,597	527,202
Interests in joint ventures	20	**9,721,551**	9,300,149	8,154,753
Available-for-sale financial assets	21	**314,515**	180,491	205,648
Loans and advances	22	**–**	3,679	112,838
Debtors, prepayments and deposits	23	**55,454**	46,582	67,487
Other financial asset	27	**21,437**	25,295	–
Deferred tax assets	32	**5,223**	8,028	6,812
		12,464,433	11,934,869	11,515,609
Current assets				
Properties held for sale		**98,983**	146,556	121,990
Properties under development	24	**28,846**	260,063	1,415,118
Inventories	25	**237,657**	248,774	274,628
Loans and advances	22	**39,239**	84,267	288,929
Debtors, prepayments and deposits	23	**459,388**	701,179	575,488
Available-for-sale financial assets	21	**–**	–	24,047
Financial assets at fair value through profit or loss	26	**1,037,298**	822,130	513,261
Other financial asset	27	**–**	18	169
Tax recoverable		**3,358**	5,143	12,620
Client trust bank balances		**845,921**	295,784	324,982
Restricted cash	28	**889,489**	19,580	92,799
Time deposits with original maturity of more than three months		**45,434**	–	–
Cash and cash equivalents		**2,136,919**	2,941,113	4,444,370
		5,822,532	5,524,607	8,088,401
Assets classified as held for sale	29	**197,051**	39,543	–
		6,019,583	5,564,150	8,088,401
Current liabilities				
Bank and other borrowings	30	**1,540,467**	402,095	1,309,863
Creditors, accruals and deposits received	31	**1,868,528**	1,268,665	1,519,054
Current, fixed, savings and other deposits of customers		**–**	–	444,582
Other financial liabilities	27	**4,520**	4,168	4,522
Tax payable		**286,639**	325,890	561,971
		3,700,154	2,000,818	3,839,992
Liabilities directly associated with assets classified as held for sale	29	**379**	1,302	–
		3,700,533	2,002,120	3,839,992
Net current assets		**2,319,050**	3,562,030	4,248,409
Total assets less current liabilities		**14,783,483**	15,496,899	15,764,018

Consolidated Statement of Financial Position *(continued)*

As at 31st March, 2017

	Note	31st March, 2017 HK$'000	31st March, 2016 HK$'000 (Restated)	1st April, 2015 HK$'000 (Restated)
Non-current liabilities				
Bank and other borrowings	30	**477,928**	886,826	487,220
Creditors, accruals and deposits received	31	**21,066**	25,711	30,724
Deferred tax liabilities	32	**69,752**	84,047	151,560
		568,746	996,584	669,504
Net assets		**14,214,737**	14,500,315	15,094,514
Equity				
Equity attributable to equity holders of the Company				
Share capital	33	**986,598**	986,598	986,598
Reserves	35	**8,056,727**	8,173,637	8,499,271
		9,043,325	9,160,235	9,485,869
Non-controlling interests		**5,171,412**	5,340,080	5,608,645
		14,214,737	14,500,315	15,094,514

John Luen Wai Lee
Director

Stephen Riady
Director

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2017

	Attributable to equity holders of the Company												
	Share capital	Share option reserve	Special capital reserve *(Note 35 (a))*	Legal reserve *(Note 35 (b))*	Regulatory reserve *(Note 35 (c))*	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve *(Note 35 (d))*	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April, 2016													
As previously reported	986,598	923	1,709,202	–	–	141,374	–	(18,771)	201,892	6,121,826	9,143,044	5,331,160	14,474,204
Prior year adjustments *(Note 2.2)*	–	–	–	–	–	–	–	–	386	16,805	17,191	8,920	26,111
At 1st April, 2016 (restated)	986,598	923	1,709,202	–	–	141,374	–	(18,771)	202,278	6,138,631	9,160,235	5,340,080	14,500,315
Profit for the year	–	–	–	–	–	–	–	–	–	255,963	255,963	175,062	431,025
Other comprehensive income/(loss) for the year:													
Available-for-sale financial assets:													
Changes in fair value	–	–	–	–	–	13,953	–	–	–	–	13,953	5,789	19,742
Adjustments for disposal	–	–	–	–	–	994	–	–	–	–	994	515	1,509
Adjustments for impairment losses	–	–	–	–	–	2,279	–	–	–	–	2,279	519	2,798
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	(54,300)	–	(54,300)	(61,700)	(116,000)
Exchange differences reclassified to profit or loss upon:													
Disposal of a foreign joint venture	–	–	–	–	–	–	–	–	6,613	–	6,613	–	6,613
Deemed disposal of a foreign associate	–	–	–	–	–	–	–	–	256	–	256	97	353
Adjustments relating to disposal of subsidiaries	–	–	–	–	–	–	–	–	(1,118)	–	(1,118)	(452)	(1,570)
Share of other comprehensive income/(loss) of joint ventures	–	–	–	–	–	(12,080)	–	8,438	(211,678)	–	(215,320)	(111,744)	(327,064)
Share of other comprehensive loss of associates	–	–	–	–	–	–	–	–	(280)	–	(280)	(114)	(394)
Total comprehensive income/(loss) for the year	–	–	–	–	–	5,146	–	8,438	(260,507)	255,963	9,040	7,972	17,012
Changes in non-controlling interests without change in control *(Note 39)*	–	–	–	–	–	–	–	–	–	25,848	25,848	(55,633)	(29,785)
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	–	–	–	(87,688)	(87,688)	(45,493)	(133,181)
Disposal of subsidiaries with loss of control *(Note 38)*	–	–	–	–	–	–	–	–	–	–	–	4,298	4,298
Transfer of share option reserve upon disposal of a subsidiary	–	(923)	–	–	–	–	–	–	–	923	–	–	–
2015/2016 final dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	(49,315)	(49,315)	–	(49,315)
2016/2017 interim dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	(14,795)	(14,795)	–	(14,795)
Dividends declared and paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(44,949)	(44,949)
Return of capital to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(34,863)	(34,863)
At 31st March, 2017	986,598	–	1,709,202	–	–	146,520	–	(10,333)	(58,229)	6,269,567	9,043,325	5,171,412	14,214,737

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31st March, 2017

	Attributable to equity holders of the Company												
	Share capital	Share option reserve	Special capital reserve *(Note 35 (a))*	Legal reserve *(Note 35 (b))*	Regulatory reserve *(Note 35 (c))*	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve *(Note 35 (d))*	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April, 2015	986,598	944	1,709,202	11,752	1,470	258,057	20,153	4,306	193,652	6,299,735	9,485,869	5,608,645	15,094,514
Loss for the year (restated)	–	–	–	–	–	–	–	–	–	(169,760)	(169,760)	(148,686)	(318,446)
Other comprehensive income/(loss) for the year:													
Available-for-sale financial assets:													
Changes in fair value	–	–	–	–	–	(1,831)	–	–	–	–	(1,831)	(837)	(2,668)
Adjustments for disposal	–	–	–	–	–	46	–	–	–	–	46	24	70
Income tax effect	–	–	–	–	–	367	–	–	–	–	367	190	557
Exchange differences on translation of foreign operations	–	(21)	–	–	–	–	–	–	(14,486)	–	(14,507)	(6,635)	(21,142)
Exchange differences reclassified to profit or loss upon cessation of foreign operations	–	–	–	–	–	–	–	–	1,385	–	1,385	3,559	4,944
Adjustments relating to disposal of subsidiaries	–	–	–	–	–	(1,573)	–	–	(7,168)	–	(8,741)	(3,694)	(12,435)
Share of other comprehensive income/(loss) of joint ventures (restated)	–	–	–	–	–	(117,898)	–	(26,077)	24,362	–	(119,613)	(60,369)	(179,982)
Share of other comprehensive loss of associates	–	–	–	–	–	–	–	–	(712)	–	(712)	(291)	(1,003)
Total comprehensive income/(loss) for the year (restated)	–	(21)	–	–	–	(120,889)	–	(26,077)	3,381	(169,760)	(313,366)	(216,739)	(530,105)
Changes in non-controlling interests without change in control *(Note 39)*	–	–	–	–	–	–	–	–	–	(4,440)	(4,440)	4,440	–
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	4,206	–	3,000	5,245	43,831	56,282	29,200	85,482
Transfer of reserves upon disposal of a subsidiary	–	–	–	(11,752)	(1,470)	–	(20,153)	–	–	33,375	–	–	–
2014/2015 final dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	(49,315)	(49,315)	–	(49,315)
2015/2016 interim dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	–	–	–	(14,795)	(14,795)	–	(14,795)
Dividends and distributions declared and paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(85,466)	(85,466)
At 31st March, 2016 (restated)	986,598	923	1,709,202	–	–	141,374	–	(18,771)	202,278	6,138,631	9,160,235	5,340,080	14,500,315

Consolidated Statement of Cash Flows

For the year ended 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Cash generated from operations	40(a)	**236,351**	269,702
Interest received		**15,284**	50,100
Dividends received from:			
Joint ventures		**11,556**	11,509
Investments		**24,063**	27,435
Taxes paid:			
Hong Kong		**(4,531)**	(3,181)
Overseas		**(67,778)**	(331,113)
Net cash flows from operating activities		**214,945**	24,452
Cash flows from investing activities			
Proceeds from disposals of:			
Fixed assets		**1,412**	792
A joint venture		**151,696**	–
Available-for-sale financial assets		**4,506**	42,541
Payments to acquire:			
Fixed assets		**(24,597)**	(48,061)
Exploration and evaluation assets		**(829)**	(1,484)
An associate		**–**	(844)
Available-for-sale financial assets		**(128,475)**	(204,798)
Loans and advances		**–**	(217,305)
Additions to investment properties		**(64,092)**	–
Repayment from associates		**13,595**	455
Advances to associates		**(145)**	(157)
Repayment from joint ventures		**2,738**	2,116
Advances to joint ventures		**(1,021,120)**	(1,224,769)
Acquisition of subsidiaries	37	**3,834**	–
Disposal of subsidiaries	38	**366,203**	526,292
Increase in time deposits with original maturity of more than three months		**(45,434)**	–
Exclusivity payment received	31	**110,000**	20,000
Net cash flows used in investing activities		**(630,708)**	(1,105,222)

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000
Cash flows from financing activities			
Finance costs paid		**(58,695)**	(46,175)
Drawdown of bank and other borrowings *(Note)*		**1,466,416**	397,563
Repayment of bank loans *(Note)*		**(711,897)**	(903,338)
Repayment of obligations under finance leases		**(589)**	(649)
Advances from shareholders of a joint venture	40(b)	**–**	270,630
Acquisition of non-controlling interests	39	**(28,779)**	–
Dividends paid to shareholders of the Company		**(64,110)**	(64,110)
Dividends and distributions paid to non-controlling shareholders of subsidiaries		**(44,949)**	(85,466)
Return of capital to a non-controlling shareholder of a subsidiary		**(34,863)**	–
Decrease/(Increase) in restricted cash		**(870,509)**	73,655
Net cash flows used in financing activities		**(347,975)**	(357,890)
Net decrease in cash and cash equivalents		**(763,738)**	(1,438,660)
Cash and cash equivalents at beginning of year		**2,941,113**	4,444,370
Cash and cash equivalents included in assets classified as held for sale	29	**(465)**	–
Exchange realignments		**(39,991)**	(64,597)
Cash and cash equivalents at end of year		**2,136,919**	2,941,113

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

Notes to the Financial Statements

1. CORPORATE AND GROUP INFORMATION

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

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

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

Details of the principal subsidiaries are set out on pages 170 to 184.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st March, 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

Notes to the Financial Statements *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
HKFRS 14	*Regulatory Deferral Accounts*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

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

Notes to the Financial Statements *(continued)*

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

Besides, the Group has made certain retrospective adjustments due to the following:

(a) Determination of expected manner of recovery of indefinite life intangible assets when measuring deferred tax

The Group previously recognised deferred tax on indefinite life intangible assets on the presumption that the carrying amount of the indefinite life intangible assets is recovered through sale as the indefinite life intangible assets are not amortised.

In 2016, the IFRS Interpretations Committee ("IFRIC") issued an agenda decision which observes that the reason for not amortising an indefinite life intangible asset is not because there is no consumption of the future economic benefits embodied in the asset. Therefore, the determination of tax consequences of indefinite life intangible assets shall reflect the expected manner of recovery of the carrying amount of the assets either through use or through sale. Based on the IFRIC agenda decision, the Group has reassessed and determined that the carrying amount of the indefinite life intangible assets is to be recovered through use. The change in accounting policy has been applied retrospectively.

(b) Impact of recognition of a share of gain from bargain purchase by a joint venture

During the year ended 31st March, 2016, a joint venture of OUE Limited ("OUE"), which in turn is a subsidiary of Lippo ASM Asia Property Limited ("LAAPL"), a principal joint venture of the Group, acquired additional equity interests in a listed company (the "Acquisitions"). As at 31st March, 2016, the purchase price allocation review in respect of the Acquisitions was not completed. Such purchase price allocation review was completed during the year ended 31st March, 2017 and OUE recorded a share of gain from bargain purchase in relation to the Acquisitions. This gain from 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 Acquisitions as if the accounting for business combination had been completed during the year ended 31st March, 2016.

Notes to the Financial Statements *(continued)*

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

The above changes have been applied retrospectively and the effects are summarised as below:

	2016		
	Determination of tax consequences of indefinite life intangible assets HK$'000	Adjustment on share of gain from bargain purchase by a joint venture HK$'000	Total HK$'000
Consolidated statement of profit or loss			
Increase in provision for impairment loss on intangible assets	(30,927)	–	(30,927)
Decrease in share of loss of joint ventures	–	25,524	25,524
Decrease in income tax expense	30,927	–	30,927
Decrease in loss for the year	–	25,524	25,524
Attributable to:			
Equity holders of the Company	–	16,805	16,805
Non-controlling interests	–	8,719	8,719
	–	25,524	25,524
Increase in basic and diluted earnings per share (HK$)	–	0.04	0.04
Consolidated statement of other comprehensive income			
Decrease in loss for the year	–	25,524	25,524
Decrease in share of other comprehensive loss of joint ventures	–	587	587
Decrease in total comprehensive loss for the year	–	26,111	26,111
Attributable to:			
Equity holders of the Company	–	17,191	17,191
Non-controlling interests	–	8,920	8,920
	–	26,111	26,111

The above changes did not have any impact on the profit or loss or earnings per share for the year ended 31st March, 2017.

Notes to the Financial Statements *(continued)*

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

	31st March, 2016			1st April, 2015
	Determination of tax consequences of indefinite life intangible assets HK$'000	Adjustment on share of gain from bargain purchase by a joint venture HK$'000	Total HK$'000	Determination of tax consequences of indefinite life intangible assets HK$'000
Consolidated statement of financial position				
Increase in intangible assets	16,262	–	16,262	47,079
Increase in interests in joint ventures	–	26,111	26,111	–
Increase in total non-current assets	16,262	26,111	42,373	47,079
Increase in deferred tax liabilities and total non-current liabilities	(16,262)	–	(16,262)	(47,079)
Increase in net assets	–	26,111	26,111	–
Increase in exchange equalisation reserve	–	386	386	–
Increase in retained profits	–	16,805	16,805	–
Increase in non-controlling interests	–	8,920	8,920	–
Increase in equity	–	26,111	26,111	–

	31st March, 2017
	Determination of tax consequences of indefinite life intangible assets HK$'000
Consolidated statement of financial position	
Increase in intangible assets and total non-current assets	**15,737**
Increase in deferred tax liabilities and total non-current liabilities	**(15,737)**
Change in net assets	**–**

Notes to the Financial Statements *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions* [2]
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts* [2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [4]
HKFRS 9	*Financial Instruments* [2]
HKFRS 15	*Revenue from Contracts with Customers* [2]
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers* [2]
HKFRS 16	*Leases* [3]
Amendments to HKAS 7	*Disclosure Initiative* [1]
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses* [1]
Amendments to HKAS 40	*Transfers of Investment Property* [2]
Amendments to HKFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Disclosure of Interests in Other Entities* [1]
Amendments to HKFRS 1 included in *Annual Improvements 2014-2016 Cycle*	*First-time Adoption of Hong Kong Financial Reporting Standards* [2]
Amendments to HKAS 28 included in *Annual Improvements 2014-2016 Cycle*	*Investment in Associates and Joint Ventures* [2]
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration* [2]

1 Effective for annual periods beginning on or after 1st January, 2017
2 Effective for annual periods beginning on or after 1st January, 2018
3 Effective for annual periods beginning on or after 1st January, 2019
4 No mandatory effective date yet determined but available for adoption

Other than as disclosed below, the Directors of the Company anticipate that the application of the other new and revised HKFRSs will have no significant impact on the financial performance and the financial position of the Group.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1st April, 2018. During the year, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

Notes to the Financial Statements *(continued)*

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

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised. Besides, certain available-for-sale financial assets issued by private entities are currently measured at cost less impairment because the range of reasonable fair value estimates is so significant. Such available-for-sale financial assets will be measured at fair value through other comprehensive income upon adoption of HKFRS 9.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record twelve-month expected losses on all trade receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1st April, 2018.

During the year, the Group performed a preliminary assessment on the impact of the adoption of HKFRS 15 which is subject to changes arising from a more detailed ongoing analysis. Contract that contains two or more performance obligations would be accounted for separately and this might have an impact on the pattern of revenue and profit recognition. The Group also expects a change in presentation to show refund liability separately from the asset recoverable for estimated sales returns. The Group and some of its associates and joint ventures are engaged in property development. Certain costs incurred in fulfilling a contract which are currently expensed may need to be capitalised as an asset and will be amortised to match the transfer of the development property to the customer under the contract.

Notes to the Financial Statements *(continued)*

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

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1st April, 2019.

HKFRS 16 will primarily affect the accounting for the Group's operating leases. At 31st March, 2017, the Group had non-cancellable operating lease commitments of HK$382,600,000 (Note 42(b)). Upon adoption of HKFRS 16 the majority of operating lease commitments will be recognised in the consolidated statement of financial position as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use assets will be depreciated on a straight-line basis during the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Interests in associates and joint ventures

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

(b) Interests in joint operations

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Business combinations and goodwill

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Fair value measurement

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

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

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

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

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

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

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

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

(e) Impairment of non-financial assets

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

(f) Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Fixed assets and depreciation

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Investment properties

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Intangible assets (other than goodwill)

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

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

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

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

Unpatented technology	10 per cent.
Customer relationships	10 per cent.

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

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

Trademarks

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Exploration and evaluation assets

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

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

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

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

(l) Leases

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Investments and other financial assets

Initial recognition and measurement

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

Loans and receivables

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Subsequent measurement (continued)

Available-for-sale financial assets

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Derecognition of financial assets

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

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

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

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

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

(o) Impairment of financial assets

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Financial assets carried at amortised cost

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

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

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

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

Assets carried at cost

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Available-for-sale financial assets

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

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

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

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

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

(p) Financial liabilities

Initial recognition and measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

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

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

Financial guarantee contracts

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Derecognition of financial liabilities

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

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

(r) Offsetting of financial instruments

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

(s) Derivative financial instruments

Initial recognition and subsequent measurement

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

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

Current versus non-current classification

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

(t) Properties held for sale

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Properties under development

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

(v) Inventories

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

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

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

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

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

(w) Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(x) Provisions

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Provisions *(continued)*

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

(y) Income tax

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Income tax *(continued)*

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

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

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

(z) Government grants

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

(aa) Revenue recognition

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(aa) Revenue recognition *(continued)*

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

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

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

(ab) Employee benefits

Paid leave entitlement

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

Retirement benefits

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ab) Employee benefits *(continued)*

Share-based payments

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ac) Borrowing costs

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

(ad) Dividends and distributions

Final dividends and distributions are recognised as a liability when they are approved by the shareholders in a general meeting.

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

(ae) Foreign currencies

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ae) Foreign currencies *(continued)*

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements

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

Operating lease commitments — Group as lessor

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

Classification between investment properties and owner-occupied properties

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

Consolidation of entities

The Group, through its non-wholly owned subsidiaries, holds 49.3 per cent. of the issued share capital of Auric Pacific Group Limited ("Auric"). The Group considers it controls Auric during the year as the Group has held significantly more voting rights in Auric than any other vote holders.

Notes to the Financial Statements *(continued)*

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

(b) Estimation uncertainty

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

Estimation of fair value of investment properties

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

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

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

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

The carrying amount of investment properties as at 31st March, 2017 was HK$1,482,131,000 (2016 — HK$1,372,632,000). Further details are disclosed in Note 18 to the financial statements.

Impairment of non-financial assets

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

As disclosed in Note 15 to the financial statements, the recoverable amounts of the CGU to which goodwill and trademarks have been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 15 to the financial statements. The carrying amount of intangible assets as at 31st March, 2017 was HK$198,765,000 (2016 — HK$224,983,000, restated).

Notes to the Financial Statements *(continued)*

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

(b) Estimation uncertainty *(continued)*

Provision for obsolete inventories

The Group reviews periodically for any excess inventories and decline in net realisable value below cost. An allowance is recorded against the inventories balance for such declines. These reviews require the Group to consider the future saleability of the inventories.

In determining the amount of allowance or write down, the Group considers factors including the ageing analysis by expiry date and the consumption patterns. Such an evaluation process requires judgment and affects the carrying amount of inventories at the end of the reporting period. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories as at 31st March, 2017 was HK$237,657,000 (2016 — HK$248,774,000).

Impairment of loans and advances

The Group assesses at the end of each reporting period whether there is any objective evidence that a loan and advance is impaired. Factors such as the probability of insolvency or significant financial difficulties of the borrowers and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the borrower's payment ability or whether there have been significant changes with adverse effect in the market, economic or legal environment in which the borrower operates in. Impairment losses of HK$67,092,000 (2016 — HK$159,653,000) were provided for loans and advances for the year. The carrying amount of the Group's loans and advances as at 31st March, 2017 was HK$39,239,000 (2016 — HK$87,946,000).

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale. Management makes assessment about the decline in value of available-for-sale financial assets to determine whether there is an impairment that should be recognised in the statement of profit or loss. Impairment losses of HK$15,802,000 (2016 — HK$124,631,000) were provided for available-for-sale financial assets for the year. The carrying amount of available-for-sale financial assets as at 31st March, 2017 was HK$314,515,000 (2016 — HK$180,491,000).

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION

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

(a) the property investment segment includes investments relating to letting and resale of properties;

(b) the property development segment includes development and sale of properties;

(c) the treasury investment segment includes investments in money markets;

(d) the securities investment segment includes dealings in securities and financial assets available-for-sale;

(e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;

(f) the banking business segment engages in the provision of commercial and retail banking services;

(g) the food businesses segment mainly includes distribution of customer food and non-food products, food manufacturing and retailing, the management of restaurants and food court operations;

(h) the mineral exploration and extraction segment includes mineral exploration, extraction and processing; and

(i) the "other" segment comprises principally the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) and comprises segment results of the Company and its subsidiaries, the Group's share of results of associates and joint ventures.

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

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

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

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

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Year ended 31st March, 2017

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Food businesses HK$'000	Mineral exploration and extraction HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue											
External	110,098	107,507	10,104	25,989	15,355	–	2,383,223	–	18,110	–	2,670,386
Inter-segment	5,976	–	–	–	523	–	–	–	492	(6,991)	–
Total	116,074	107,507	10,104	25,989	15,878	–	2,383,223	–	18,602	(6,991)	2,670,386
Segment results	483,814	29,043	10,104	207,234	(10,887)	(3,858)	101,212	(84,532)	(2,980)	–	729,150
	(Note (a))	*(Note (b))*				*(Note (c))*	*(Note (d))*	*(Note (e))*			
Unallocated corporate expenses											(206,886)
Finance costs											(39,340)
Share of results of associates	–	(891)	–	–	–	–	–	(1,892)	216	–	(2,567)
Share of results of joint ventures	(23,695)	(1,062)	–	–	–	9,715	2,961	–	–	–	(12,081)
Profit before tax											468,276
Segment assets	1,612,168	332,892	2,375,555	1,376,717	872,432	21,437	1,469,218	3,021	168,791	–	8,232,231
Interests in associates	6,102	421,026	–	–	–	–	–	–	17,209	–	444,337
Interests in joint ventures	9,461,229	2,022	–	–	–	245,024	13,276	–	–	–	9,721,551
Unallocated assets											85,897
Total assets											18,484,016
Segment liabilities	648,685	283,226	–	275,176	988,473	270,630	480,617	33,199	153,451	(635,626)	2,497,831
Unallocated liabilities											1,771,448
Total liabilities											4,269,279
Other segment information:											
Capital expenditure *(Note (f))*	65,013	406	–	–	22	–	30,530	838	9	–	96,818
Depreciation	(6,218)	(134)	–	–	(387)	–	(63,524)	(97)	(461)	–	(70,821)
Amortisation of intangible assets	–	–	–	–	–	–	(7,715)	–	–	–	(7,715)
Interest income	74,819	–	10,104	3,430	–	–	2,725	–	1,427	–	92,505
Finance costs	(3,647)	–	–	–	–	–	(645)	–	(53)	–	(4,345)
Gain/(Loss) on disposal of:											
Subsidiaries	332,286	–	–	–	–	–	(101)	1,568	(1,823)	–	331,930
A joint venture	205	–	–	–	–	–	–	–	–	–	205
Available-for-sale financial assets	–	–	–	1,319	–	–	–	–	–	–	1,319
Loss on deemed disposal of an associate	–	–	–	–	–	–	–	(785)	–	–	(785)
Write-back of provision/(Provisions) for impairment losses on:											
Intangible assets	–	–	–	–	–	–	(11,976)	–	–	–	(11,976)
Exploration and evaluation assets	–	–	–	–	–	–	–	(731)	–	–	(731)
Fixed assets	–	–	–	–	–	–	(22,236)	–	–	–	(22,236)
An associate	–	–	–	–	–	–	–	(102)	–	–	(102)
A joint venture	–	2,738	–	–	–	–	–	–	–	–	2,738
Available-for-sale financial assets	–	–	–	(10,560)	–	–	(5,242)	–	–	–	(15,802)
Properties under development	–	(22,888)	–	–	–	–	–	–	–	–	(22,888)
Properties held for sale	(434)	–	–	–	–	–	–	–	–	–	(434)
Inventories	–	–	–	–	–	–	(24,798)	–	–	–	(24,798)
Loans and receivables	–	–	–	–	125	–	(2,714)	(58,272)	(8,401)	–	(69,262)
Fixed assets written off	–	–	–	–	–	–	(863)	–	–	–	(863)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	202,800	–	(3,858)	(1,861)	–	9,897	–	206,978
Net fair value gain on investment properties	61,620	–	–	–	–	–	–	–	–	–	61,620
Unallocated:											
Capital expenditure *(Note (f))*											3,019
Depreciation											(7,269)
Finance costs											(39,340)

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Year ended 31st March, 2016 (restated)

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Food businesses HK$'000	Mineral exploration and extraction HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue											
External	88,164	1,225,954	24,593	33,026	17,969	8,062	2,433,376	–	25,542	–	3,856,686
Inter-segment	5,974	–	–	–	634	–	–	–	974	(7,582)	–
Total	94,138	1,225,954	24,593	33,026	18,603	8,062	2,433,376	–	26,516	(7,582)	3,856,686
Segment results	119,502	732,805	24,395	(139,401)	(8,799)	216,085	(220,708)	(336,126)	2,864	(464)	390,153
	(Note (a))	*(Note (b))*				*(Note (c))*	*(Note (d))*	*(Note (e))*			
Unallocated corporate expenses											(281,077)
Finance costs											(39,769)
Share of results of associates	–	(18,104)	–	–	–	–	–	(2,405)	(1,435)	–	(21,944)
Share of results of joint ventures	(280,122)	2,909	–	–	–	(12,662)	3,858	–	–	–	(286,017)
Loss before tax											(238,654)
Segment assets	1,623,442	489,201	1,577,809	2,007,725	357,768	25,295	1,464,379	68,748	23,633	–	7,638,000
Interests in associates	6,465	450,341	–	–	–	–	–	2,715	17,076	–	476,597
Interests in joint ventures	9,037,802	16,258	–	–	–	235,397	10,692	–	–	–	9,300,149
Unallocated assets											84,273
Total assets											17,499,019
Segment liabilities	265,025	311,548	–	189,256	339,080	270,630	508,545	98,715	30,204	(619,435)	1,393,568
Unallocated liabilities											1,605,136
Total liabilities											2,998,704
Other segment information:											
Capital expenditure *(Note (f))*	11	8	–	–	12	999	49,085	1,484	109	–	51,708
Depreciation	(6,007)	(456)	–	–	(1,095)	(504)	(73,168)	(122)	(660)	–	(82,012)
Amortisation of intangible assets	–	–	–	–	–	–	(11,690)	–	–	–	(11,690)
Interest income	41,144	–	24,593	7,335	–	6,791	1,512	–	1,003	–	82,378
Finance costs	–	–	–	–	(29)	–	(1,545)	–	–	–	(1,574)
Gain on disposal of:											
Subsidiaries	–	428,613	–	–	–	202,355	–	–	1,722	–	632,690
Available-for-sale financial assets	–	–	–	1,872	–	–	–	–	–	–	1,872
Write-back of provision/(Provisions) for impairment losses on:											
Intangible assets	–	–	–	–	–	–	(238,915)	–	–	–	(238,915)
Exploration and evaluation assets	–	–	–	–	–	–	–	(1,468)	–	–	(1,468)
Fixed assets	–	–	–	–	–	–	(8,392)	–	–	–	(8,392)
Associates	–	–	–	–	–	–	(1,528)	(33,397)	–	–	(34,925)
A joint venture	–	2,076	–	–	–	–	–	–	–	–	2,076
Available-for-sale financial assets	–	–	–	–	–	–	–	(124,631)	–	–	(124,631)
Properties under development	–	(134)	–	–	–	–	–	–	–	–	(134)
Properties held for sale	(904)	–	–	–	–	–	–	–	–	–	(904)
Inventories	–	–	–	–	–	–	(22,736)	–	–	–	(22,736)
Loans and receivables	–	–	–	–	(282)	(779)	(3,935)	(159,453)	–	–	(164,449)
Fixed assets written off	–	–	–	–	–	–	(14,859)	–	–	–	(14,859)
Realised translation losses reclassified to the statement of profit or loss relating to cessation of foreign operations	–	–	–	–	–	–	(4,944)	–	–	–	(4,944)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	(64,637)	–	(152,474)	–	12,709	(3,034)	–	–	–	(207,436)
Net fair value gain on investment properties	50,837	–	–	–	–	–	–	–	–	–	50,837
Unallocated:											
Capital expenditure *(Note (f))*											363
Depreciation											(8,340)
Finance costs											(39,769)

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Note:

(a) The amount included gain on disposal of a subsidiary of HK$332,286,000 (2016 — Nil).

(b) The amount included provision for impairment losses on properties under development of HK$22,888,000 (2016 — HK$134,000). The amount in 2016 also included gain on disposal of subsidiaries of HK$428,613,000.

(c) The amount in 2016 included gain on disposal of a subsidiary of HK$202,355,000.

(d) The amount included provision for impairment losses on intangible assets of HK$11,976,000 (2016 — HK$238,915,000, restated).

(e) The amount mainly included provision for impairment losses on loans and receivables of HK$58,272,000 (2016 — HK$159,453,000). The amount in 2016 also included provisions for impairment losses on available-for-sale financial assets and associates of HK$124,631,000 and HK$33,397,000, respectively.

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

Geographical information

(a) Revenue from external customers

	2017 HK$'000	2016 HK$'000
Hong Kong	**330,247**	383,614
Macau	**96,822**	1,213,943
Mainland China	**35,050**	58,729
Republic of Singapore	**1,674,788**	1,641,640
Malaysia	**517,203**	538,178
Other	**16,276**	20,582
	2,670,386	3,856,686

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

(b) Non-current assets

	2017 HK$'000	2016 HK$'000 (Restated)
Hong Kong	**1,209,602**	1,136,835
Macau	**245,024**	235,397
Mainland China	**267,615**	279,677
Republic of Singapore	**10,258,282**	9,833,867
Malaysia	**14,558**	21,798
Other	**89,918**	171,437
	12,084,999	11,679,011

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

Information about a major customer

Revenue of approximately HK$449,915,000 for the year ended 31st March, 2017 (2016 — HK$421,580,000) was derived from sales by the food businesses segment to a single customer.

Notes to the Financial Statements *(continued)*

5. REVENUE

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

	2017 HK$'000	2016 HK$'000
Property rental income	**35,279**	47,020
Sales of properties *(Note (a))*	**107,507**	1,225,954
Interest income	**92,505**	75,587
Dividend income	**24,830**	27,320
Corporate finance and securities broking	**15,355**	17,969
Banking business *(Note (b))*	**–**	8,062
Sales of goods	**1,695,993**	1,640,670
Sales of food and beverage	**517,162**	618,948
Fees charged to food court tenants	**137,465**	140,082
Other	**44,290**	55,074
	2,670,386	3,856,686

Note:

(a) The revenue mainly came from sales of properties of the property development project in Macau which was completed during the year ended 31st March, 2016.

(b) Revenue attributable to the banking business for the year ended 31st March, 2016 represented revenue generated from The Macau Chinese Bank Limited ("MCB"), a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China.

In July 2015, the Group completed the disposal of an aggregate of 49 per cent. equity interest in MCB (the "MCB First Disposal") and entered into a shareholders' agreement with the purchasers and MCB (the "Shareholders' Agreement") to, among other things, regulate the relationship among shareholders of MCB. As a result of the change of composition of the board of directors and the quorum of directors' meeting, MCB has become a joint venture of the Group since then. Revenue attributable to the banking business up to completion of the MCB First Disposal is analysed as follows:

	2016 HK$'000
Interest income	6,791
Commission income	1,271
	8,062

Notes to the Financial Statements *(continued)*

6. PROFIT/(LOSS) BEFORE TAX

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

	2017 HK$'000	2016 HK$'000
Cost of sales:		
Cost of properties sold *(Note (a))*	**(36,940)**	(815,243)
Cost of inventories sold	**(1,326,758)**	(1,347,362)
Other	**(15,681)**	(41,457)
	(1,379,379)	(2,204,062)
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	**178,729**	(155,201)
Debt securities	**(3,190)**	8,736
Investment funds	**9,351**	(77,766)
	184,890	(224,231)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**(482)**	354
Derivative financial instruments	**22,570**	16,441
	206,978	(207,436)
Employee benefit expense *(Note (b))*:		
Wages and salaries	**(467,800)**	(534,752)
Retirement benefit costs *(Note (c))*	**(41,123)**	(39,487)
Total staff costs	**(508,923)**	(574,239)
Interest income:		
Financial assets at fair value through profit or loss	**2,513**	5,414
Available-for-sale financial assets	**917**	1,921
Loans and advances	**76,246**	42,147
Banking business	**–**	6,791
Other	**12,829**	26,105
Gain/(Loss) on disposal of:		
Fixed assets	**(922)**	(446)
A joint venture	**205**	–
Available-for-sale financial assets	**1,319**	1,872
Loss on deemed disposal of an associate	**(785)**	–
Gain on bargain purchase *(Note (d))*	**43**	–

Notes to the Financial Statements *(continued)*

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

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

	2017 HK$'000	2016 HK$'000
Write-back of provision/(Provisions) for impairment losses on *(Note (d))*:		
Exploration and evaluation assets	**(731)**	(1,468)
Fixed assets	**(22,236)**	(8,392)
A joint venture	**2,738**	2,076
Properties under development	**(22,888)**	(134)
Properties held for sale	**(434)**	(904)
Inventories	**(24,798)**	(22,736)
Fixed assets written off	**(863)**	(14,859)
Interest expense attributable to the banking business	**–**	(1,928)
Depreciation	**(78,090)**	(90,352)
Amortisation of intangible assets *(Note (e))*	**(7,715)**	(11,690)
Foreign exchange losses — net	**(14,290)**	(54,307)
Realised translation losses reclassified to the statement of profit or loss relating to cessation of foreign operations	**–**	(4,944)
Auditor's remuneration	**(12,246)**	(11,581)
Operating leases:		
Minimum lease payments	**(236,298)**	(238,919)
Contingent rents	**(11,147)**	(14,601)
Direct operating expenses arising on rental-earning investment properties	**(5,814)**	(6,617)

Note:

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

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

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

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

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

Notes to the Financial Statements *(continued)*

7. DIRECTORS' EMOLUMENTS

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

	2017 HK$'000	2016 HK$'000
Directors' fees	**6,141**	5,987
Basic salaries, allowances and benefits in kind	**9,448**	9,265
Discretionary bonuses paid and payable	**10,000**	10,084
Retirement benefit costs	**108**	145
	25,697	25,481

The emoluments paid to each of the Directors during the year ended 31st March, 2017 are as follows:

2017	Directors' fees HK$'000	Basic salaries, allowances and benefits in kind HK$'000	Discretionary bonuses paid and payable HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors:					
Stephen Riady	669	8,061	8,000	72	16,802
John Luen Wai Lee	699	1,387	2,000	36	4,122
	1,368	9,448	10,000	108	20,924
Non-executive directors:					
Leon Nim Leung Chan	1,143	–	–	–	1,143
Jark Pui Lee	223	–	–	–	223
	1,366	–	–	–	1,366
Independent non-executive directors:					
Edwin Neo	1,106	–	–	–	1,106
King Fai Tsui	1,138	–	–	–	1,138
Victor Ha Kuk Yung	1,163	–	–	–	1,163
	3,407	–	–	–	3,407
	6,141	9,448	10,000	108	25,697

Notes to the Financial Statements *(continued)*

7. DIRECTORS' EMOLUMENTS *(continued)*

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

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

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

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

Notes to the Financial Statements *(continued)*

8. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year included two Directors (2016 — two Directors), details of whose emoluments are set out in Note 7 to the financial statements. Details of the emoluments of the remaining three (2016 — three) non-director, highest paid employees for the year are as follows:

	2017 HK$'000	2016 HK$'000
Basic salaries, allowances and benefits in kind	**7,592**	6,628
Discretionary bonuses paid and payable	**13,700**	22,400
Retirement benefit costs	**99**	87
	21,391	29,115

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

Emoluments bands (HK$):	**2017 Number of employees**	2016 Number of employees
3,000,001 — 3,500,000	**–**	2
3,500,001 — 4,000,000	**1**	–
4,500,001 — 5,000,000	**1**	–
12,500,001 — 13,000,000	**1**	–
22,000,001 — 22,500,000	**–**	1
	3	3

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

The provisions for impairment losses on loans and receivables for the year ended 31st March, 2017 included HK$58,272,000 (2016 — HK$159,453,000) related to the Group's loans granted to CS Mining, LLC ("CS Mining"). CS Mining, a subsidiary of Skye Mineral Partners, LLC ("Skye"), owns and controls a number of copper ore deposits located in the State of Utah in the United States of America, and is engaged in the business of mining and processing primarily copper. The Group is directly and indirectly interested in approximately 28 per cent. of all issued and outstanding class A units in Skye and approximately 27 per cent. of the total issued and outstanding units in Skye.

In early June 2016, an involuntary Chapter 11 petition (the "Involuntary Petition") was filed by certain creditors against CS Mining in the United States Bankruptcy Court for the District of Utah (the "U.S. Bankruptcy Court"). In August 2016, CS Mining consented to the Involuntary Petition and the U.S. Bankruptcy Court granted an order for relief in respect of CS Mining. CS Mining continues to operate its business and manage its affairs as a debtor-in-possession. As approved by the U.S. Bankruptcy Court, debtor-in-possession loan facilities (the "DIP Loan") were provided to CS Mining, which are secured by a lien on all assets of CS Mining which ranks senior to liens previously granted to Waterloo Street Limited ("Waterloo"), a subsidiary of the Company, and certain other secured creditors. Pursuant to the terms of the DIP Loan, CS Mining has commenced a process to sell its business which is expected to complete in the third quarter of 2017.

Notes to the Financial Statements *(continued)*

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

In addition, a complaint was filed by certain investors of Skye in early June 2016 against Waterloo and certain investors of Skye, in which the Group has equity interests (the "Group Entities"), and others, claiming, among other things, damages allegedly suffered by CS Mining. The action was removed to the U.S. Bankruptcy Court. In July 2016, Waterloo and the Group Entities commenced an adversary proceeding in the U.S. Bankruptcy Court against CS Mining's other significant secured creditor and various members and managers of CS Mining, asserting claims for equitable subordination, recharacterisation of certain claims, damages due to tortious interference. Certain defendants asserted counterclaims against Waterloo and the Group Entities. In February 2017, CS Mining filed a complaint against, inter alia, Waterloo with respect to the secured loans owed by CS Mining to Waterloo. All these litigations are ongoing after the reporting period. As advised by the U.S. counsel, based on the review of the relevant actions, it is believed that the claims lack merit and the Group intends to defend.

Having considered the potential recoverable amount from the sale of the business and the amount of the DIP Loan and other loan and expenditure which ranked senior to the secured loan due to the Group with carrying value of HK$58,272,000, it is expected that the recoverable value of the Group's remaining secured loan is highly likely to be minimal and hence should therefore be fully impaired as at 31st March, 2017.

For the year ended 31st March, 2016, in view of the predicament of CS Mining, the uncertainties on the results of the abovementioned court cases, the risk of it going into bankruptcy or receivership in the near future and the decline in copper prices, the management considered that the various investments relating to CS Mining had indicators of impairment. Full provision for impairment loss was made against the Group's equity investments as at 31st March, 2016, comprising of HK$28,353,000 and HK$124,631,000 for the interests in associates and available-for-sale financial assets, respectively, and provisions for impairment losses on loans and receivables of HK$159,453,000.

The provisions for impairment losses on available-for-sale financial assets and associates for the year ended 31st March, 2017 mainly related to the securities investment segment and food businesses segment.

10. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on bank and other borrowings	**43,607**	47,260
Interest on finance leases	**78**	84
Total interest	**43,685**	47,344
Less: Interest capitalised	**–**	(6,001)
	43,685	41,343

The amount for the year ended 31st March, 2016 excluded interest expense incurred by a then banking subsidiary of the Group.

Notes to the Financial Statements *(continued)*

11. SHARE OF RESULTS OF JOINT VENTURES

LAAPL is a material joint venture of the Group, further details are given in Note 20 to the financial statements. For the year ended 31st March, 2017, the Group's share of loss in LAAPL amounted to approximately HK$21,882,000 (2016 — HK$280,764,000, restated with details disclosed in Note 2.2 to the financial statements). The share of loss recognised during the year was mainly attributable to the net fair value loss on the joint ventures' investment properties and finance costs incurred by the joint ventures, partially offset by profit from disposal and reversal of impairment loss of its properties held for sale and fair value gain from its investments designated at fair value through profit or loss. The restated share of loss for the year ended 31st March, 2016 was mainly attributable to the impairment loss on properties held for sale, the impairment loss on goodwill arising from the acquisition of a subsidiary and finance costs incurred by the joint ventures.

12. INCOME TAX

	2017 **HK$'000**	2016 HK$'000 (Restated)
Hong Kong:		
Charge for the year	**3,611**	4,887
Underprovision/(Overprovision) in prior years	**75**	(256)
Deferred *(Note 32)*	**(2,371)**	(1,326)
	1,315	3,305
Overseas:		
Charge for the year	**47,922**	127,561
Overprovision in prior years	**(7,425)**	(5,060)
Deferred *(Note 32)*	**(4,561)**	(46,014)
	35,936	76,487
Total charge for the year	**37,251**	79,792

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2016 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

Notes to the Financial Statements *(continued)*

12. INCOME TAX *(continued)*

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

	2017 HK$'000	2016 HK$'000 (Restated)
Profit/(Loss) before tax	**468,276**	(238,654)
Tax at the statutory tax rate of 16.5 per cent. (2016 — 16.5 per cent.)	**77,265**	(39,378)
Effect of different tax rates in other jurisdictions	**2,915**	(27,197)
Adjustments in respect of current tax of previous years	**(7,350)**	(5,316)
Losses attributable to joint ventures and associates	**2,417**	50,814
Income not subject to tax	**(107,850)**	(77,453)
Expenses not deductible for tax	**51,642**	136,903
Effect of partial tax exemption and tax relief	**(3,576)**	(4,170)
Deferred tax on royalty income	**(118)**	(509)
Effect of withholding tax on the distributable profits of the Group's subsidiary in mainland China	**(553)**	12,247
Benefits from tax losses/temporary differences previously unrecognised	**(4,764)**	(1,711)
Tax losses/temporary differences not recognised	**25,717**	33,953
Land appreciation tax	**2,008**	2,146
Tax effect of land appreciation tax	**(502)**	(537)
Tax charge at the Group's effective rate	**37,251**	79,792

For the companies operating in the Republic of Singapore, Macau and mainland China, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 17 per cent., 12 per cent. and 25 per cent. (2016 — 17 per cent., 12 per cent. and 25 per cent.), respectively.

The share of tax charge attributable to associates and joint ventures amounting to HK$695,000 (2016 — HK$888,000) and HK$91,724,000 (2016 — HK$117,161,000), respectively, is included in "Share of results of associates" and "Share of results of joint ventures" on the face of the consolidated statement of profit or loss.

Notes to the Financial Statements *(continued)*

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

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (2016 — approximately 493,154,000 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31st March, 2017 and 2016.

14. DIVIDENDS

	2017 HK$'000	2016 HK$'000
Interim dividend, declared, of HK3 cents (2016 — HK3 cents) per ordinary share	**14,795**	14,795
Final dividend, proposed, of HK5 cents (2016 — HK10 cents) per ordinary share	**24,658**	49,315
	39,453	64,110

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

Notes to the Financial Statements *(continued)*

15. INTANGIBLE ASSETS

	Goodwill HK$'000	Trademarks and trademark licence agreement HK$'000	Other intangible assets HK$'000	Total HK$'000
2017				
Cost:				
At 1st April, 2016				
As previously reported	292,036	305,106	168,565	765,707
Prior year adjustments *(Note 2.2)*	47,982	–	–	47,982
As restated	340,018	305,106	168,565	813,689
Write-off during the year	–	–	(1,727)	(1,727)
Exchange adjustments	(7,839)	(9,851)	(5,427)	(23,117)
At 31st March, 2017	332,179	295,255	161,411	788,845
Accumulated amortisation and impairment losses:				
At 1st April, 2016				
As previously reported	198,402	209,434	149,150	556,986
Prior year adjustments *(Note 2.2)*	31,720	–	–	31,720
As restated	230,122	209,434	149,150	588,706
Amortisation provided for the year	–	–	7,715	7,715
Impairment during the year	835	–	11,141	11,976
Write-off during the year	–	–	(1,727)	(1,727)
Exchange adjustments	(4,859)	(6,763)	(4,968)	(16,590)
At 31st March, 2017	226,098	202,671	161,311	590,080
Net carrying amount:				
At 31st March, 2017	106,081	92,584	100	198,765

Notes to the Financial Statements *(continued)*

15. INTANGIBLE ASSETS *(continued)*

	Goodwill HK$'000	Trademarks and trademark licence agreement HK$'000	Other intangible assets HK$'000	Total HK$'000
2016				
Cost:				
At 1st April, 2015				
As previously reported	364,294	299,362	165,392	829,048
Prior year adjustments *(Note 2.2)*	47,079	–	–	47,079
As restated	411,373	299,362	165,392	876,127
Disposal of subsidiaries *(Note 38)*	(74,815)	–	–	(74,815)
Exchange adjustments (restated)	3,460	5,744	3,173	12,377
At 31st March, 2016 (restated)	340,018	305,106	168,565	813,689
Accumulated amortisation and impairment losses:				
At 1st April, 2015	191,337	22,408	116,515	330,260
Amortisation provided for the year	–	–	11,690	11,690
Impairment during the year (restated)	39,039	181,927	17,949	238,915
Disposal of subsidiaries *(Note 38)*	(3,330)	–	–	(3,330)
Exchange adjustments (restated)	3,076	5,099	2,996	11,171
At 31st March, 2016 (restated)	230,122	209,434	149,150	588,706
Net carrying amount:				
At 31st March, 2016 (restated)	109,896	95,672	19,415	224,983
At 1st April, 2015 (restated)	220,036	276,954	48,877	545,867

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

Other intangible assets include unpatented technology and customer relationships.

Unpatented technology relates to Delifrance's Modified Sons Vide Process for the Group's food retail business, which allows for the preparation of food to reduce wastage significantly, increases the shelf life of the food items, and reduces the time required to reheat food significantly. The value of the unpatented technology was fully impaired during the year ended 31st March, 2016.

Customer relationships relate to tenancy agreements between the stallholders and the food court operators in the food court business. The remaining amortisation period is 1 year (2016 — 2 years).

As at 31st March, 2017, the net carrying amount of goodwill acquired through business combination allocated to the food businesses for impairment testing was HK$106,081,000 (2016 — HK$109,896,000, restated).

Notes to the Financial Statements *(continued)*

15. INTANGIBLE ASSETS *(continued)*

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

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

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

	Goodwill HK$'000	Trademarks and trademark licence agreement HK$'000	Compounded revenue growth rate per cent.	Long-term growth rate per cent.	Pre-tax discount rate per annum per cent.
At 31st March, 2017					
Auric Marketing Sdn. Bhd. *(Note (a))*	**13,176**	**–**	**4.8**	**3.0**	**11.3**
Food Junction Holdings Limited *(Note (b))*	**71,867**	**92,584**	**3.7**	**1.0**	**16.2**
All Around Limited *(Note (c))*	**21,038**	**–**	**1.5**	**1.0**	**13.8**
	106,081	**92,584**			
At 31st March, 2016 (restated)					
Auric Marketing Sdn. Bhd. *(Note (a))*	14,701	–	4.6	3.0	11.5
Auric Pacific Food Processing Sdn Bhd	906	–	5.8	3.0	17.7
Food Junction Holdings Limited *(Note (b))*	74,265	95,672	0.2	3.3	13.4
All Around Limited *(Note (c))*	20,024	–	5.3	–	11.9
	109,896	95,672			

The intangible assets' recoverable amounts have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a period of five years (2016 — five years). Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and the target growth rates.

Note:

(a) For the years ended 31st March, 2017 and 2016, it was assessed that there was no impairment of the goodwill acquired for Auric Marketing Sdn. Bhd. (formerly known as Auric Chun Yip Sdn Bhd) as the recoverable amount was in excess of the carrying value.

(b) For the years ended 31st March, 2017 and 2016, impairment assessment had been performed for the goodwill and trademarks acquired for Food Junction Holdings Limited ("FJH") and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.

(c) For the years ended 31st March, 2017 and 2016, impairment assessment review had been performed for the goodwill acquired by FJH in All Around Limited and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.

15. INTANGIBLE ASSETS *(continued)*

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

Key assumptions used in the value in use calculations

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

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

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

Impairment loss recognised

Following the change in the business strategy in tenants' profile and variety mix for differentiation against own and competitors' food courts for the year ended 31st March, 2017, a detailed review of the tenancy mix for food court was carried out whereby the prior year assumption on continual contribution from the pool of tenants since inception was re-assessed against the carrying value of the intangible assets for customer relationships. This strategy review of the food court business resulted in recognition of an impairment loss of HK$11,141,000 for the year (2016 — Nil).

For the year ended 31st March, 2016, the market's response to the brand revitalisation program for food retail business fell well below expectations. The increasing presence and intense competition from new brands with similar product offerings, lower demand as well as rising operating costs negatively affected the performance. Consequently, management performed a business and operations review to rationalise operations including closure of non-performing stores in Singapore, Malaysia, Hong Kong and mainland China which resulted in significant deterioration in operating results. The rationalisation also resulted in a halt in new store expansion. Arising from these, prior year assumptions on growth rates and discount rate were reassessed and reduced to reflect the current assessment of future outlook in the goodwill impairment test. This resulted in the recognition of an impairment loss of HK$238,915,000 (restated) on the goodwill, trademark licence agreement and the unpatented technology in the consolidated statement of profit or loss.

Sensitivity to changes in assumptions

For the years ended 31st March, 2017 and 2016, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the business units to materially exceed their recoverable amounts.

Notes to the Financial Statements *(continued)*

16. EXPLORATION AND EVALUATION ASSETS

	2017 HK$'000	2016 HK$'000
Cost:		
Balance at beginning of year	**110,224**	111,256
Additions during the year	**829**	1,484
Exchange adjustments	**(2,892)**	(2,516)
Balance at end of year	**108,161**	110,224
Accumulated impairment losses:		
Balance at beginning of year	**109,207**	110,216
Impairment during the year	**731**	1,468
Exchange adjustments	**(2,876)**	(2,477)
Balance at end of year	**107,062**	109,207
Net carrying amount	**1,099**	1,017

During the year, impairment loss of HK$731,000 (2016 — HK$1,468,000) was charged to the consolidated statement of profit or loss. This impairment was based on identified indicators of impairment that resulted from a downturn in the junior mining exploration sector, unfavorable changes in the project economics, inability to raise financing necessary to continue exploration or further development and significant decreases in the current or expected future prices of mineral resources.

17. FIXED ASSETS

	Leasehold land and buildings HK$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK$'000	Yacht HK$'000	Construction in progress HK$'000	Total HK$'000
2017					
At 31st March, 2016 and at 1st April, 2016					
Cost or valuation	186,503	761,568	53,265	3,153	1,004,489
Accumulated depreciation and impairment losses	(101,418)	(598,904)	(8,458)	(293)	(709,073)
Net carrying amount	85,085	162,664	44,807	2,860	295,416
At 1st April, 2016, net of accumulated depreciation and impairment losses	85,085	162,664	44,807	2,860	295,416
Additions during the year *(Note)*	–	34,294	–	622	34,916
Reclassification to assets held for sale *(Note 29)*	–	(76)	–	–	(76)
Reclassification	–	1,984	–	(1,984)	–
Disposals during the year	–	(2,334)	–	–	(2,334)
Disposal of subsidiaries	–	(144)	–	–	(144)
Depreciation provided for the year	(3,760)	(69,129)	(5,201)	–	(78,090)
Impairment during the year	–	(22,236)	–	–	(22,236)
Write-off during the year	–	(863)	–	–	(863)
Exchange adjustments	(872)	(4,314)	(1,401)	(81)	(6,668)
At 31st March, 2017, net of accumulated depreciation and impairment losses	80,453	99,846	38,205	1,417	219,921
At 31st March, 2017					
Cost or valuation	182,942	720,457	51,545	1,700	956,644
Accumulated depreciation and impairment losses	(102,489)	(620,611)	(13,340)	(283)	(736,723)
Net carrying amount	80,453	99,846	38,205	1,417	219,921

Notes to the Financial Statements *(continued)*

17. FIXED ASSETS *(continued)*

	Leasehold land and buildings HK$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK$'000	Yacht HK$'000	Construction in progress HK$'000	Total HK$'000
2016					
At 1st April, 2015					
Cost or valuation	245,710	806,123	52,262	783	1,104,878
Accumulated depreciation and impairment losses	(108,812)	(582,613)	(3,073)	(287)	(694,785)
Net carrying amount	136,898	223,510	49,189	496	410,093
At 1st April, 2015, net of accumulated depreciation and impairment losses	136,898	223,510	49,189	496	410,093
Additions during the year *(Note)*	29	48,204	–	2,354	50,587
Reclassification to assets held for sale *(Note 29)*	(39,304)	–	–	–	(39,304)
Disposals during the year	–	(1,238)	–	–	(1,238)
Disposal of subsidiaries *(Note 38)*	(7,906)	(4,295)	–	–	(12,201)
Depreciation provided for the year	(5,102)	(80,057)	(5,193)	–	(90,352)
Impairment during the year	–	(8,392)	–	–	(8,392)
Write-off during the year	–	(14,859)	–	–	(14,859)
Exchange adjustments	470	(209)	811	10	1,082
At 31st March, 2016, net of accumulated depreciation and impairment losses	85,085	162,664	44,807	2,860	295,416
At 31st March, 2016					
Cost or valuation	186,503	761,568	53,265	3,153	1,004,489
Accumulated depreciation and impairment losses	(101,418)	(598,904)	(8,458)	(293)	(709,073)
Net carrying amount	85,085	162,664	44,807	2,860	295,416

Note: The amounts include reinstatement costs of HK$1,206,000 (2016 — HK$2,526,000) for dismantling, removal and restoration of fixed assets and a reclassification from prepayment of HK$9,113,000 (2016 — Nil). Cash payments of HK$24,597,000 (2016 — HK$48,061,000) were made to purchase fixed assets during the year.

The carrying amount of the Group's fixed assets held under finance leases included in the total amount of furniture, fixtures, plant and equipment as at 31st March, 2017 was HK$1,728,000 (2016 — HK$2,309,000). Leased assets are pledged as security for the related finance lease obligations as set out in Note 30 to the financial statements.

Notes to the Financial Statements *(continued)*

17. FIXED ASSETS *(continued)*

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

During the year ended 31st March, 2017, an impairment loss of HK$22,236,000 (2016 — HK$8,392,000) was recognised in the consolidated statement of profit or loss. The impairment on fixed assets for the year ended 31st March, 2017 was mainly due to the impairment of leasehold improvements and equipment of a factory for the operations of food business in Singapore arising from the Group's rationalisation review, and impairment resulting from the non-performing or loss-making food courts in both Singapore and Malaysia. The recoverable amounts of the leasehold improvements and equipment of the factory were assessed based on the discounted cash flow analysis and their values in use were assessed to be negligible as the food business in Singapore remains challenging.

18. INVESTMENT PROPERTIES

	2017 HK$'000	2016 HK$'000
Balance at beginning of year	**1,372,632**	1,483,869
Additions during the year	**64,092**	–
Disposal of a subsidiary *(Note 38)*	**–**	(150,350)
Fair value adjustments	**61,620**	50,837
Exchange adjustments	**(16,213)**	(11,724)
Balance at end of year	**1,482,131**	1,372,632

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

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

Based on professional valuations as at 31st March, 2017 made by Asian Appraisal Company, Inc., CBRE, Inc., Dalia Assis, D'Valuer Property Consultants Pte Ltd, RHL Appraisal Limited and Vigers Appraisal and Consulting Limited, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK$1,482,131,000 (2016 — HK$1,372,632,000).

Notes to the Financial Statements *(continued)*

18. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31st March, 2017				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	**–**	**–**	**1,080,010**	**1,080,010**
Mainland China and overseas	**–**	**–**	**402,121**	**402,121**
	–	**–**	**1,482,131**	**1,482,131**
At 31st March, 2016				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	–	–	1,028,360	1,028,360
Mainland China and overseas	–	–	344,272	344,272
	–	–	1,372,632	1,372,632

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2016 — Nil).

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

	2017 HK$'000	2016 HK$'000
Carrying amount at beginning of year	**1,372,632**	1,483,869
Additions	**64,092**	–
Disposals	**–**	(150,350)
Net gain from fair value adjustments	**61,620**	50,837
Exchange adjustments	**(16,213)**	(11,724)
Carrying amount at end of year	**1,482,131**	1,372,632

Notes to the Financial Statements *(continued)*

18. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

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

Class of property	Valuation techniques	Significant unobservable inputs	Range
Completed investment properties in:			
Hong Kong	Market approach	Price per square metre	HK$122,000 to HK$436,000 (2016 — HK$122,000 to HK$430,000)
Mainland China and overseas	Market approach	Price per square metre	HK$13,000 to HK$124,000 (2016 — HK$13,000 to HK$80,000)
	Income approach	Rental per square metre per month	HK$108 to HK$3,900 (2016 — HK$110 to HK$3,100)
		Capitalisation rate	4.5 per cent. to 10.3 per cent. (2016 — 5.0 per cent. to 9.2 per cent.)

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

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

Notes to the Financial Statements *(continued)*

19. INTERESTS IN ASSOCIATES

	2017 HK$'000	2016 HK$'000
Share of net assets	**488,507**	504,965
Goodwill	**470**	470
Due from associates	**126,841**	142,303
	615,818	647,738
Provisions for impairment losses	**(171,481)**	(171,141)
	444,337	476,597

The balances with the associates include a loan of HK$36,564,000 (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. The amounts due from associates are considered as part of the Group's net investments in the associates.

Impairment loss of HK$102,000 (2016 — HK$34,925,000) has been charged to the consolidated statement of profit or loss for the year. The amount in 2016 included the provision for impairment loss of HK$28,353,000 relating to investments in Skye with further details disclosed in Note 9 to the financial statements.

Details of the principal associates are set out on pages 185 and 186.

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

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

	2017 HK$'000	2016 HK$'000
Current assets	**863,615**	907,042
Current liabilities	**(21,563)**	(6,358)
Non-current liabilities	**(57,654)**	(88,289)
Net assets	**784,398**	812,395
Reconciliation to the Group's interest in the associate:		
Group's share of net assets of the associate	**392,199**	406,197
Due from the associate	**28,827**	44,144
Carrying amount of the investment	**421,026**	450,341
Revenue for the year	**49,860**	20,636
Profit/(Loss) and total comprehensive income/(loss) for the year	**(1,782)**	17,068

Notes to the Financial Statements *(continued)*

19. INTERESTS IN ASSOCIATES *(continued)*

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

	2017 HK$'000	2016 HK$'000
Share of the associates' loss for the year	**(1,676)**	(30,478)
Share of the associates' other comprehensive loss for the year	**(394)**	(1,003)
Share of the associates' total comprehensive loss for the year	**(2,070)**	(31,481)
Aggregate carrying amount of the Group's interests in the associates	**23,311**	26,256

20. INTERESTS IN JOINT VENTURES

	2017 HK$'000	2016 HK$'000 (Restated)[1]
Share of net assets	**7,474,096**	8,015,182
Due from joint ventures	**2,259,272**	1,299,522
	9,733,368	9,314,704
Provisions for impairment losses	**(11,817)**	(14,555)
	9,721,551	9,300,149

(1) Refer to Note 2.2

As at 31st March, 2017, the amounts due from joint ventures included balances of HK$2,241,562,000, which are unsecured, bear interest rates ranging from nil to 2.25 per cent. per annum and are repayable on demand. The amounts due from joint ventures as at 31st March, 2016 included balances of HK$1,268,972,000, which were unsecured, bore interest rates ranging from nil to 6.5 per cent. per annum and were repayable on demand or within one year. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment. The amounts due from joint ventures are considered as part of the Group's net investments in the joint ventures.

During the year, the Directors reviewed the carrying amount of the joint ventures with reference to their business performances prepared by the investees' management. Reversal of impairment loss of HK$2,738,000 (2016 — HK$2,076,000) has been credited to the consolidated statement of profit or loss for the year.

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

Details of the principal joint ventures are set out on page 187.

LAAPL is considered a material joint venture of the Group and is accounted for using the equity method. LAAPL is a joint venture set up to hold the controlling stake in OUE, a listed company in Singapore. OUE is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

Notes to the Financial Statements *(continued)*

20. INTERESTS IN JOINT VENTURES *(continued)*

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

	2017 HK$'000	2016 HK$'000 (Restated)
Non-current assets	**45,676,457**	43,981,244
Cash and cash equivalents	**1,853,197**	1,531,343
Other current assets	**5,129,573**	6,475,088
Current assets	**6,982,770**	8,006,431
Financial liabilities, excluding trade and other payables	**(4,548,888)**	(6,619,553)
Other current liabilities	**(1,488,648)**	(1,378,201)
Current liabilities	**(6,037,536)**	(7,997,754)
Non-current financial liabilities, excluding trade and other payables and provisions	**(22,747,205)**	(21,706,887)
Other non-current liabilities	**(1,414,850)**	(805,611)
Non-current liabilities	**(24,162,055)**	(22,512,498)
Net assets	**22,459,636**	21,477,423
Reconciliation to the Group's interest in the joint venture:		
Net assets	**22,459,636**	21,477,423
Less: Non-controlling interests	**(14,787,965)**	(13,312,033)
Net assets attributable to equity holders of the joint venture	**7,671,671**	8,165,390
Group's share of net assets of the joint venture	**7,232,621**	7,698,038
Due from the joint venture	**2,241,562**	1,268,972
Adjustment of unrealised gain	**(12,954)**	(12,954)
Carrying amount of the investment	**9,461,229**	8,954,056
Revenue	**4,393,758**	2,671,786
Interest income	**24,709**	8,762
Depreciation and amortisation	**(150,680)**	(144,220)
Interest expenses	**(870,300)**	(857,722)
Tax	**(151,250)**	(192,550)
Loss for the year attributable to equity holders of the joint venture	**(23,215)**	(297,866)
Other comprehensive loss for the year attributable to equity holders of the joint venture	**(346,944)**	(186,965)
Total comprehensive loss for the year attributable to equity holders of the joint venture	**(370,159)**	(484,831)

Notes to the Financial Statements *(continued)*

20. INTERESTS IN JOINT VENTURES *(continued)*

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

	2017 HK$'000	2016 HK$'000
Share of the joint ventures' profit/(loss) for the year	**9,801**	(5,253)
Share of the joint ventures' other comprehensive loss for the year	**(34)**	(3,751)
Share of the joint ventures' total comprehensive income/(loss) for the year	**9,767**	(9,004)
Aggregate carrying amount of the Group's interests in the joint ventures	**260,322**	346,093

As at 31st March, 2017, the Group's share of joint ventures' own capital commitment amounted to HK$111,450,000 (2016 — HK$580,181,000).

Under the terms of Macau banking legislation, MCB is required to transfer to a legal reserve an amount equal to a minimum of 20 per cent. of its annual profit after tax until the amount of the reserve is equal to 50 per cent. of its issued and fully paid up share capital. Thereafter, transfers must continue at a minimum annual rate of 10 per cent. of its annual profit after tax until the reserve is equal to MCB's issued and fully paid up share capital. This reserve is only distributable in accordance with certain limited circumstances prescribed by statute. Besides, in order to comply with the requirements of the Monetary Authority of Macao ("AMCM") to maintain impairment allowances in excess of MCB's collective impairment allowances required under HKFRSs, a portion of the retained profits is earmarked as a regulatory reserve, which is not distributable to MCB's shareholders under the AMCM's requirements. As at 31st March, 2017, the interests in joint ventures balance included the share of such legal reserve and regulatory reserve of HK$12,300,000 (2016 — HK$11,856,000) and HK$5,447,000 (2016 — HK$1,486,000), respectively.

As at 31st March, 2017, the Group's share of contingent liabilities relating to MCB amounted to HK$39,287,000 (2016 — HK$18,840,000), comprising share of guarantees and other endorsements of HK$36,207,000 (2016 — HK$17,636,000) and share of liabilities under letters of credit on behalf of customers of HK$3,080,000 (2016 — HK$1,204,000).

Notes to the Financial Statements *(continued)*

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 HK$'000	2016 HK$'000
Financial assets stated at fair value:		
Equity securities	**92,664**	38
Debt securities	**18,730**	11,961
Investment funds	**114,066**	87,524
	225,460	99,523
Financial assets stated at cost:		
Equity securities	**306,154**	288,383
Investment funds	**86,276**	109,493
	392,430	397,876
Provisions for impairment losses	**(303,375)**	(316,908)
	89,055	80,968
	314,515	180,491

The debt securities are non-interest bearing.

During the year, the gross gain in respect of the Group's available-for-sale financial assets recognised in consolidated other comprehensive income amounted to HK$19,742,000 (2016 — loss of HK$2,668,000), of which loss of HK$1,509,000 (2016 — HK$70,000) was reclassified from consolidated other comprehensive income to the consolidated statement of profit or loss for the year upon disposal.

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

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

During the year, the Directors reviewed the carrying amount of available-for-sale financial assets with reference to their business performances prepared by the investees' management. Impairment loss of HK$15,802,000 (2016 — HK$124,631,000), which included a reclassification from consolidated other comprehensive income of HK$2,798,000 (2016 — Nil), has been charged to the consolidated statement of profit or loss for the year. The impairment loss for the year ended 31st March, 2016 was made in connection with the investments in relation to Skye with further details disclosed in Note 9 to the financial statements.

Certain available-for-sale investment funds have been pledged to a bank for the issuance of bank guarantees to a subsidiary of the Company in relation to the Healthway Offer as set out in Note 28 to the financial statements.

Notes to the Financial Statements *(continued)*

22. LOANS AND ADVANCES

The loans and advances to customers of the Group bear interest rates ranging from 1.7 per cent. to 8.0 per cent. (2016 — 1.7 per cent. to 10.5 per cent.) per annum. Certain loans and advances are secured by clients' securities and assets being held as collateral with an aggregate carrying amount of HK$104,016,000 (2016 — HK$56,979,000).

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

	2017 HK$'000	2016 HK$'000
Balance at beginning of year	**159,081**	7,290
Impairment losses recognised *(Note)*	**67,092**	159,653
Amount written off as uncollectible	**–**	(6,073)
Disposal of a subsidiary	**–**	(1,789)
Exchange adjustments	**331**	–
Balance at end of year	**226,504**	159,081

Note: The amount mainly included impairment loss on the loans granted to CS Mining of HK$58,272,000 (2016 — HK$158,871,000), details of which are disclosed in Note 9 to the financial statements.

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

23. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	2017 HK$'000	2016 HK$'000
Outstanding balances with ages:		
Repayable on demand	**7,507**	10,580
Within 30 days	**251,160**	206,719
Between 31 and 60 days	**56,419**	111,178
Between 61 and 90 days	**37,320**	61,514
Between 91 and 180 days	**15,848**	24,363
Over 180 days	**83**	1,812
	368,337	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.

Notes to the Financial Statements *(continued)*

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

Included in the trade debtors is an amount of HK$3,468,000 (2016 — HK$4,050,000) due from joint ventures of the Group. The amount due from the joint ventures arose from sales made to and management services provided to the joint ventures, and is unsecured, non-interest bearing and repayable within normal trade credit terms and is to be settled in cash.

At the end of the reporting period, the individually impaired trade and other receivables mainly related to securities broking operation, property development projects and the food businesses segment with an aggregate carrying amount before provision of HK$29,992,000 (2016 — HK$35,246,000). The Group does not hold sufficient collateral or other credit enhancements over these balances. Movements in the allowance for bad and doubtful debts for these individually impaired receivables during the year are as follows:

	2017 **HK$'000**	2016 HK$'000
Balance at beginning of year	**34,771**	40,014
Impairment losses recognised	**2,170**	4,796
Amount written off as uncollectible	**(6,618)**	(8,935)
Exchange adjustments	**(856)**	(1,104)
Balance at end of year	**29,467**	34,771

As at 31st March, 2017, trade and other receivables of HK$116,689,000 (2016 — HK$138,076,000) were past due but not impaired. These relate to a number of independent customers that have a good track record with the Group. The aged analysis of these balances is as follows:

	2017 **HK$'000**	2016 HK$'000
Outstanding balances with ages:		
Within 30 days	**80,019**	108,058
Between 31 and 60 days	**17,121**	15,973
Between 61 and 90 days	**8,352**	5,402
Between 91 and 180 days	**8,424**	4,973
Over 180 days	**2,773**	3,670
	116,689	138,076

24. PROPERTIES UNDER DEVELOPMENT

	2017 HK$'000	2016 HK$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	**319,352**	1,676,195
Additions during the year	**1,572**	63,535
Reclassified to assets held for sale *(Note 29)*	**(218,593)**	–
Reclassified to properties held for sale	**–**	(842,960)
Disposal of subsidiaries *(Note 38)*	**–**	(535,099)
Exchange adjustments	**(16,965)**	(42,319)
Balance at end of year	**85,366**	319,352
Provisions for impairment losses:		
Balance at beginning of year	**(59,289)**	(261,077)
Impairment during the year	**(22,888)**	(134)
Reclassified to assets held for sale *(Note 29)*	**22,753**	–
Disposal of subsidiaries *(Note 38)*	**–**	189,191
Exchange adjustments	**2,904**	12,731
Balance at end of year	**(56,520)**	(59,289)
	28,846	260,063

The properties under development are expected to be recovered in more than twelve months after the end of the reporting period.

25. INVENTORIES

	2017 HK$'000	2016 HK$'000
Raw materials and stores	**16,632**	11,559
Finished goods and goods for sale	**221,025**	237,215
	237,657	248,774

The provision for impairment losses on inventories of HK$24,798,000 (2016 — HK$22,736,000) included HK$7,398,000 (2016 — HK$1,985,000) of inventories of wines and spirits which were of deteriorated quality resulting from poor storage conditions and slow moving stocks, where several distributorships were terminated post-rationalisation due to low profitability. The provision for impairment losses on other inventories relates mainly to fast moving consumer goods from the food businesses operation which were close to expiration dates. These inventories were written down to their estimated realisable values taking into consideration their consumption pattern and saleability.

Notes to the Financial Statements *(continued)*

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Held for trading:		
Equity securities	**434,863**	342,384
Debt securities	**206,188**	192,821
Investment funds	**396,247**	286,925
	1,037,298	822,130

Certain financial assets at fair value through profit or loss have been pledged to a bank for the issuance of bank guarantees to a subsidiary of the Company in relation to the Healthway Offer as set out in Note 28 to the financial statements.

27. OTHER FINANCIAL ASSETS/LIABILITIES

	2017		2016	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Non-current portion:				
Derivative financial instrument:				
Put Option *(Note)*	**21,437**	**–**	25,295	–
Current portion:				
Derivative financial instrument:				
Option	**–**	**–**	18	–
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**–**	**4,520**	–	4,168
	–	**4,520**	18	4,168
	21,437	**4,520**	25,313	4,168

Note: As provided in the Shareholders' Agreement for the joint arrangement for investment in MCB, in the event of the Group holding 20 per cent. or less of the issued share capital of MCB, the Group will be entitled to exercise a put option to require one of the shareholders of MCB to purchase all the remaining shares in MCB held by the Group (the "Put Option"). The Put Option is exercisable at any time during a period of 5 years from the date when the Group's shareholding interest in MCB becomes 20 per cent. or less. The right to exercise the Put Option survives any termination or expiry of the Shareholders' Agreement.

Notes to the Financial Statements *(continued)*

28. RESTRICTED CASH

In connection with the Healthway Offer with details disclosed in Note 48 to the financial statements, bankers' guarantees in a total amount of approximately HK$1,254,000,000 were issued to Gentle Care Pte. Ltd. ("Gentle Care"), a subsidiary of the Company and the offeror of the Healthway Offer. As at 31st March, 2017, certain cash and bank balances, financial assets at fair value through profit or loss and available-for-sale financial assets with carrying amounts of HK$878,059,000 (2016 — Nil), HK$628,105,000 (2016 — Nil) and HK$867,000 (2016 — Nil), respectively were pledged to a bank as security for the bankers' guarantees. The bankers' guarantees had not been utilised and were expired in June 2017. The charges on these restricted cash, financial assets at fair value through profit or loss and available-for-sale financial assets had been released accordingly.

Except for the above, the restricted cash balance also included bank deposits pledged to secure banking facilities made available to the Group and as securities for bankers' guarantees issued in relation to the food businesses segment as set out in Notes 30 and 41 to the financial statements, respectively.

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

力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited) ("Lippo Realty"), an indirect subsidiary of the Company, has been engaging in the development of the properties located in Taizhou City, Jiangsu Province, the People's Republic of China. As at 31st March, 2017, the Group has been under negotiations with an interested party on the possible disposal of Lippo Realty and the sale was concluded after the year end date. In May 2017, the Group entered into a conditional agreement for the disposal of its entire interest in Lippo Realty for an aggregate consideration of RMB175,000,000 (equivalent to approximately HK$198,400,000) (the "Lippo Realty Disposal"). The disposal is expected to be completed during the year ending 31st March, 2018. Accordingly, the assets and liabilities attributable to Lippo Realty, as included in the Group's property development 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, 2017. By reference to the sales consideration and the carrying value of Lippo Realty as at 31st March, 2017, the impairment loss on properties under development of HK$77,247,000 provided for during the six months ended 30th September, 2016 was written back, resulting in a net provision for impairment loss on properties under development of HK$22,753,000 recorded for the year ended 31st March, 2017. Such provision was included in the "Other operating expenses" in the consolidated statement of profit of loss. Cumulative exchange losses on translation of foreign operations of HK$19,265,000 relating to Lippo Realty which classified as held for sale have been included in other comprehensive income and included in equity.

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 owned an office floor of Lippo Centre (the "Superform Disposal"). The Superform Disposal was completed in May 2016. The assets and liabilities attributable to Superform, as 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. There were no cumulative income or expenses included in other comprehensive income relating to the disposal assets classified as held for sale.

Notes to the Financial Statements *(continued)*

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

The major classes of assets and liabilities classified as held for sale as at the end of the reporting period were as follows:

	Note	**2017 HK$'000**	2016 HK$'000
Fixed assets	17	**76**	39,304
Properties under development	24	**195,840**	–
Debtors and deposits paid		**670**	239
Cash and cash equivalents		**465**	–
Total assets classified as held for sale		**197,051**	39,543
Creditors, accruals and deposits received		**379**	65
Deferred tax liabilities	32	**–**	1,237
Total liabilities classified as held for sale		**379**	1,302
Net assets		**196,672**	38,241

As at 31st March, 2016, the fixed assets had been mortgaged to secure banking facilities made available to the Group as set out in Note 30 to the financial statements.

Notes to the Financial Statements *(continued)*

30. BANK AND OTHER BORROWINGS

	2017 HK$'000	2016 HK$'000
Current portion:		
Bank loans:		
Secured *(Note (a))*	**850,000**	385,000
Unsecured	**100,000**	16,612
Other borrowings:		
Unsecured other loan *(Note (b))*	**590,000**	–
Obligations under finance leases *(Note (c))*	**467**	483
	1,540,467	402,095
Non-current portion:		
Bank loans:		
Secured *(Note (a))*	**–**	885,000
Unsecured	**476,667**	–
Other borrowings:		
Obligations under finance leases *(Note (c))*	**1,261**	1,826
	477,928	886,826
	2,018,395	1,288,921
Bank and other borrowings by currency:		
Hong Kong dollar	**2,016,667**	1,270,000
Malaysian Ringgit	**1,728**	13,180
Singapore dollar	**–**	5,741
	2,018,395	1,288,921
Bank loans repayable:		
Within one year	**950,000**	401,612
In the second year	**–**	885,000
In the third to fifth years, inclusive	**476,667**	–
	1,426,667	1,286,612
Other borrowings repayable:		
Within one year	**590,467**	483
In the second year	**467**	482
In the third to fifth years, inclusive	**794**	1,344
	591,728	2,309

The Group's bank loans bear interest at floating rates ranging from 1.5 per cent. to 3.0 per cent. (2016 — 2.2 per cent. to 4.3 per cent.) per annum.

Notes to the Financial Statements *(continued)*

30. BANK AND OTHER BORROWINGS *(continued)*

Note:

(a) At the end of the reporting period, the bank loans were secured by:

(i) shares in certain listed subsidiaries of the Group with market value of HK$3,192,739,000 (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$1,017,550,000 (2016 — HK$977,800,000) and HK$56,030,000 (2016 — HK$96,694,000), respectively; and

(iii) certain bank deposits of the Group with a carrying amount of HK$1,005,000 (2016 — HK$2,962,000).

(b) The Group's other loan represents an unsecured loan advanced from the ultimate holding company of the Company, which bears interest at 3 per cent. per annum.

(c) 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. (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$1,728,000 (2016 — HK$2,309,000).

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

	2017 Present value of minimum lease payments HK$'000	**2017** Minimum lease payments HK$'000	2016 Present value of minimum lease payments HK$'000	2016 Minimum lease payments HK$'000
Within one year	**467**	**539**	483	558
In the second year	**467**	**533**	482	551
In the third to fifth years, inclusive	**794**	**989**	1,344	1,545
	1,728	**2,061**	2,309	2,654
Future finance charges		**(333)**		(345)
		1,728		2,309

31. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised deposits received for the further disposal of a 31 per cent. equity interest in MCB (the "MCB Second Disposal"), which is subject to the approval of AMCM of HK$270,630,000 (2016 — HK$270,630,000), a non-refundable exclusivity payment of HK$130,000,000 (2016 — HK$20,000,000) in relation to the negotiation of the proposed disposal of a majority stake of the Group's securities broking operation and trade creditors relating to food businesses and securities broking operation.

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

	2017 HK$'000	2016 HK$'000
Outstanding balances with ages:		
Repayable on demand	**815,921**	288,677
Within 30 days	**166,897**	222,158
Between 31 and 60 days	**53,735**	17,548
Between 61 and 90 days	**3,857**	5,111
Between 91 and 180 days	**9,564**	5,754
Over 180 days	**1,850**	2,342
	1,051,824	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$855,803,000 (2016 — HK$336,481,000). As at 31st March, 2017, total client trust bank balances amounted to HK$845,921,000 (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.

Included in the trade creditors is an amount of HK$3,954,000 (2016 — HK$9,306,000) due to a joint venture of the Group. The balance is unsecured, non-interest bearing and repayable within normal trade credit terms.

Notes to the Financial Statements *(continued)*

32. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Fair value gains on available-for-sale financial assets HK$'000	Tax losses HK$'000	Provision and accruals HK$'000	Indefinite life intangible assets HK$'000	Others HK$'000	Total HK$'000
2017								
At 1st April, 2016								
As previously reported	**13,341**	**40,726**	**–**	**(205)**	**(8,531)**	**–**	**14,426**	**59,757**
Prior year adjustments *(Note 2.2)*	**–**	**–**	**–**	**–**	**–**	**16,262**	**–**	**16,262**
As restated	**13,341**	**40,726**	**–**	**(205)**	**(8,531)**	**16,262**	**14,426**	**76,019**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 12)*	**(4,242)**	**1,235**	**–**	**(421)**	**2,125**	**–**	**(5,629)**	**(6,932)**
Exchange adjustments	**(514)**	**(3,462)**	**–**	**–**	**524**	**(525)**	**(581)**	**(4,558)**
At 31st March, 2017	**8,585**	**38,499**	**–**	**(626)**	**(5,882)**	**15,737**	**8,216**	**64,529**
2016								
At 1st April, 2015								
As previously reported	17,336	68,835	884	(1,293)	(7,334)	–	19,241	97,669
Prior year adjustments *(Note 2.2)*	–	–	–	–	–	47,079	–	47,079
As restated	17,336	68,835	884	(1,293)	(7,334)	47,079	19,241	144,748
Deferred tax charged/(credited) to the statement of profit or loss during the year (restated) *(Note 12)*	(2,324)	(9,166)	–	1,017	(1,394)	(30,927)	(4,546)	(47,340)
Deferred tax credited to equity during the year	–	–	(557)	–	–	–	–	(557)
Reclassified to assets held for sale *(Note 29)*	(1,308)	–	–	71	–	–	–	(1,237)
Disposal of a subsidiary *(Note 38)*	(497)	(16,117)	(327)	–	–	–	–	(16,941)
Exchange adjustments (restated)	134	(2,826)	–	–	197	110	(269)	(2,654)
At 31st March, 2016 (restated)	13,341	40,726	–	(205)	(8,531)	16,262	14,426	76,019

Notes to the Financial Statements *(continued)*

32. DEFERRED TAX *(continued)*

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

	31st March, 2017 HK$'000	31st March, 2016 HK$'000 (Restated)	1st April, 2015 HK$'000 (Restated)
Deferred tax assets	**(5,223)**	(8,028)	(6,812)
Deferred tax liabilities	**69,752**	84,047	151,560
Net deferred tax liabilities	**64,529**	76,019	144,748

The Group has tax losses of HK$1,640,475,000 (2016 — HK$1,537,985,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for tax losses of HK$46,586,000 (2016 — HK$36,116,000) which will expire in one to five years (2016 — one to five years). Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group also has unrecognised deferred tax assets in respect of unabsorbed capital allowances of HK$538,000 (2016 — HK$4,850,000) available for offset future taxable income, subject to compliance with the relevant rules and procedures and agreement of the respective tax authorities. The Group did not recognise those deferred tax assets as it is not probable that taxable profits will be available against which the unabsorbed capital allowances can be utilised.

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

As at 31st March, 2017, except for withholding tax provided for under deferred tax liabilities, there were no significant unrecognised deferred tax liabilities (2016 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

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

Notes to the Financial Statements *(continued)*

33. SHARE CAPITAL

	2017 HK$'000	2016 HK$'000
Issued and fully paid:		
493,154,032 (2016 — 493,154,032) ordinary shares	**986,598**	986,598

There was no movement in share capital during the years ended 31st March, 2017 and 2016.

34. 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") might, 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 was 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 was 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 was 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 should be granted on and after the tenth anniversary of the 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. The Share Option Scheme did not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option could be exercised. However, the rules of the Share Option Scheme provided that the Board might determine, at its sole discretion, such term(s) on the grant of an option. No grantee of option was required to pay for the grant of the relevant option.

Notes to the Financial Statements *(continued)*

34. 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 might 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 might be granted under the Share Option Scheme should 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 might 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 should be subject to a limit that it should 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 should be determined by the Board at its absolute discretion but in any event should not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); (ii) the average closing price of the shares of the Company for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

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

No option of the Company was granted, exercised, cancelled or lapsed during the year. The Share Option Scheme expired in June 2017.

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

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

No option of LCR was granted, exercised, cancelled or lapsed during the year. The LCR Share Option expired in June 2017.

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

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

No option of HKC was granted, exercised, cancelled or lapsed during the year. The HKC Share Option Scheme expired in June 2017.

Notes to the Financial Statements *(continued)*

34. SHARE OPTION SCHEMES *(continued)*

(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.

Notes to the Financial Statements *(continued)*

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

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

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

The receivership of Asia Now was completed in April 2016.

Notes to the Financial Statements *(continued)*

35. RESERVES

The amounts of the Group's reserves and movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on pages 64 and 65.

Included in the retained profits of the Group as at 31st March, 2017 was an amount of final dividend for the year then ended of HK$24,658,000 (2016 — HK$49,315,000) proposed after the end of the reporting period.

Note:

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

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

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

(d) Hedging reserve
The hedging reserve relates to the Group's share of the hedging reserve under joint ventures.

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

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

	2017	2016
Percentage of ownership interest held by non-controlling interests:		
HKC	**34.2 per cent.**	34.2 per cent.
LCR	**27.4 per cent.**	28.8 per cent.

	2017 **HK$'000**	2016 HK$'000 (Restated)
Profit/(Loss) for the year allocated to non-controlling interests:		
HKC	**14,727**	80,354
LCR	**160,334**	(229,036)
Dividends/Distributions paid to non-controlling interests:		
HKC	**20,476**	44,480
LCR	**24,473**	40,986
Accumulated balances of non-controlling interests at the end of the reporting period:		
HKC	**3,463,391**	3,675,643
LCR	**1,707,418**	1,663,835

Notes to the Financial Statements *(continued)*

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

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

	HKC	
	2017	2016
	HK$'000	HK$'000 (Restated)
Revenue	**216,404**	1,326,874
Share of results of joint ventures	**(13,213)**	(292,473)
Total expenses	**(158,839)**	(802,974)
Profit for the year	**44,352**	231,427
Total comprehensive income/(loss) for the year	**(327,579)**	73,293
Current assets	**1,589,461**	1,574,818
Non-current assets	**10,326,058**	9,868,217
Current liabilities	**(1,363,029)**	(812,817)
Non-current liabilities	**(497,072)**	(23,526)
Net cash flows from operating activities	**169,214**	458,977
Net cash flows used in investing activities	**(894,177)**	(1,065,293)
Net cash flows from/(used in) financing activities	**378,207**	(210,096)
Net decrease in cash and cash equivalents	**(346,756)**	(816,412)

	LCR	
	2017	2016
	HK$'000	HK$'000 (Restated)
Revenue	**2,461,337**	2,531,572
Total expenses	**(2,023,354)**	(2,980,861)
Profit/(Loss) for the year	**437,983**	(449,289)
Total comprehensive income/(loss) for the year	**389,162**	(496,494)
Current assets	**4,365,712**	3,729,638
Non-current assets	**2,148,988**	1,991,937
Current liabilities	**(1,854,142)**	(835,513)
Non-current liabilities	**(71,674)**	(598,058)
Net cash flows used in operating activities	**(3,177)**	(354,314)
Net cash flows from/(used in) investing activities	**112,895**	(33,948)
Net cash flows used in financing activities	**(473,184)**	(241,057)
Net decrease in cash and cash equivalents	**(363,466)**	(629,319)

Notes to the Financial Statements *(continued)*

37. ACQUISITION OF SUBSIDIARIES

On 23rd November, 2016, the Group acquired a 50 per cent. interest in Wealthy Place Limited ("Wealthy Place") and its subsidiary (the "Wealthy Place Group") at a cash consideration of approximately HK$1,071,000. Wealthy Place was a joint venture of the Group before the acquisition and is engaged in property development in Singapore. Following the acquisition, the Group holds 100 per cent. interest in Wealthy Place through its non-wholly owned subsidiaries and Wealthy Place became a subsidiary of the Company.

The fair values of the identifiable assets and liabilities of Wealthy Place Group as at the date of acquisition were as follow:

	Fair value recognised on acquisition 2017 HK$'000
Cash and cash equivalents	**4,905**
Other payables	**(2,677)**
Total identifiable net assets at fair value	**2,228**
Fair value of the pre-existing interest in the acquiree	**(1,114)**
Gain on bargain purchase recognised in other operating expenses in the consolidated statement of profit or loss *(Note 6)*	**(43)**
Satisfied by cash	**1,071**

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	2017 HK$'000
Cash consideration	**(1,071)**
Cash and cash equivalents acquired	**4,905**
Net inflow of cash and cash equivalents included in cash flows from investing activities	**3,834**

For the period from the acquisition date to 31st March, 2017, the Group's results included revenue of HK$1,000 and loss of HK$21,000 from the Wealthy Place Group. Had the combination taken place at the beginning of the year, the revenue and the profit of the Group for the year would have been HK$2,670,387,000 and HK$429,787,000, respectively.

Notes to the Financial Statements *(continued)*

38. DISPOSAL OF SUBSIDIARIES

	2017 HK$'000	2016 HK$'000
Net assets disposed of:		
Goodwill	–	71,485
Fixed assets	39,448	12,201
Investment properties	–	150,350
Available-for-sale financial assets	–	84,294
Loans and advances	–	363,609
Properties under development	–	345,908
Inventories	34	–
Debtors, prepayments and deposits	981	14,426
Cash and cash equivalents	3,502	323,726
Creditors, accruals and deposits received	(7,681)	(13,820)
Current, fixed, savings and other deposits of customers	–	(501,532)
Tax payables	–	(227)
Deferred tax liabilities	(1,237)	(16,941)
Non-controlling interests	4,298	–
	39,345	833,479
Release of cumulative exchange differences on translation of foreign operations	(1,570)	(10,047)
Release of cumulative changes in fair value of available-for-sale financial assets, net of income tax effect	–	(2,388)
	(1,570)	(12,435)
	37,775	821,044
Gain on disposal	331,930	632,690
	369,705	1,453,734
Satisfied by:		
Cash consideration received	369,705	850,018
Increase in interest in a joint venture	–	248,556
Financial assets at fair value through profit or loss	–	342,574
Other financial asset	–	12,586
	369,705	1,453,734

Notes to the Financial Statements *(continued)*

38. 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:

	2017 HK$'000	2016 HK$'000
Cash consideration received	**369,705**	850,018
Cash and cash equivalents disposed of	**(3,502)**	(323,726)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**366,203**	526,292

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

Major changes in non-controlling interests are as follows:

2017

During the year, the Company acquired an aggregate of 125,273,000 shares in LCR from third party investors at an aggregate consideration of HK$28,779,000. 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 72.60 per cent. as at 31st March, 2017. The Group recognised a decrease in non-controlling interests of HK$54,734,000 and an increase in retained profits of HK$25,955,000.

2016

In August 2015, China Gold Pte. Ltd. ("China Gold"), a wholly-owned subsidiary of LCR and the immediate holding company of Asia Now, filed an application to the Ontario Superior Court of Justice (Commercial List), Canada (the "Court") to appoint a receiver over all of the assets, undertakings, and properties of Asia Now so as to enforce its security against Asia Now in relation to the secured debt owed by Asia Now to China Gold. The Court had subsequently approved the appointment of receiver. Following the entering of the receivership, in September 2015, the listing of Asia Now was transferred from TSXVE to NEX, a separate board of TSXVE which provides a trading forum for listed companies in Canada that have fallen below TSXVE's ongoing financial listing standards. Shares of Asia Now were suspended from trading. The receivership of Asia Now was subsequently completed in April 2016.

In December 2015, the Court approved China Gold's acquisition of all the assets (tangible and intangible) of Asia Now, a 52.2 per cent. owned direct subsidiary of China Gold, including without limitation, all the issued and outstanding shares of Asia Now Resources Limited ("ANRL"), a wholly-owned subsidiary of Asia Now, at approximately C$2,200,000 (equivalent to approximately HK$13,200,000). The asset purchase was completed on 31st December, 2015 and the Group's interest in ANRL increased from 52.2 per cent. to 100 per cent. since then. The Group recognised an increase of non-controlling interests of HK$4,440,000 and a decrease in retained profits of HK$4,440,000 during the year ended 31st March, 2016.

Notes to the Financial Statements *(continued)*

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Profit/(Loss) before tax		**468,276**	(238,654)
Adjustments for:			
Share of results of associates		**2,567**	21,944
Share of results of joint ventures		**12,081**	286,017
Loss/(Gain) on disposal of:			
Fixed assets	6	**922**	446
Subsidiaries	38	**(331,930)**	(632,690)
A joint venture	6	**(205)**	–
Available-for-sale financial assets	6	**(1,319)**	(1,872)
Loss on deemed disposal of an associate	6	**785**	–
Gain on bargain purchase	6	**(43)**	–
Provisions/(Write-back of provision) for impairment losses on:			
Intangible assets		**11,976**	238,915
Exploration and evaluation assets	6	**731**	1,468
Fixed assets	6	**22,236**	8,392
Associates		**102**	34,925
A joint venture	6	**(2,738)**	(2,076)
Available-for-sale financial assets		**15,802**	124,631
Properties under development	6	**22,888**	134
Properties held for sale	6	**434**	904
Inventories	6	**24,798**	22,736
Loans and receivables		**69,262**	164,449
Fixed assets written off	6	**863**	14,859
Realised translation losses reclassified to the statement of profit or loss	6	**–**	4,944
Net fair value loss/(gain) on financial instruments at fair value through profit or loss	6	**(206,978)**	207,436
Net fair value gain on investment properties		**(61,620)**	(50,837)
Finance costs		**43,685**	41,343
Interest income		**(92,505)**	(82,378)
Dividend income	5	**(24,830)**	(27,320)
Depreciation	6	**78,090**	90,352
Amortisation of intangible assets	6	**7,715**	11,690
		61,045	239,758
Decrease in properties held for sale		**36,862**	812,301
Increase in properties under development		**(1,572)**	(63,535)
Decrease/(Increase) in inventories		**(21,747)**	8,387
Decrease/(Increase) in loans and advances		**(17,271)**	9,579
Decrease/(Increase) in debtors, prepayments and deposits		**117,693**	(118,972)
Decrease/(Increase) in financial instruments at fair value through profit or loss		**118,112**	(190,526)
Decrease/(Increase) in client trust bank balances		**(549,523)**	29,139
Increase/(Decrease) in creditors, accruals and deposits received		**492,882**	(517,262)
Increase in current, fixed, savings and other deposits of customers		**–**	56,950
Increase/(Decrease) in other financial liabilities		**(130)**	3,883
Cash generated from operations		**236,351**	269,702

Notes to the Financial Statements *(continued)*

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

(b) Major non-cash transactions

2017

During the year, the Group provided the Exchangeable Loans to the LAAPL Subsidiaries to take up in full their respective pro-rata entitlements to the rights issue of OUE Hospitality Trust ("OUE H-Trust"). 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. For details of the Exchangeable Loans, please refer to Note 44(e) to the financial statements.

2016

At completion of the MCB First Disposal, the Group entered into a loan agreement (the "Loan Agreement") pursuant to which an unsecured loan of an aggregate amount of MOP279,000,000 (equivalent to HK$270,630,000) was advanced to the Group by the new shareholders of MCB for 10 years. Upon signing of the disposal agreements for the MCB Second Disposal, the new shareholders had fully paid the aggregate consideration as deposit, by the set-off of the outstanding loan amount under the Loan Agreement and the Loan Agreement was terminated.

41. CONTINGENT LIABILITIES

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

	2017 HK$'000	2016 HK$'000
Secured bankers' guarantee *(Note (a))*	**19,181**	28,886
Unsecured bankers' guarantee *(Note (b))*	**14,163**	14,635
	33,344	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 31st March, 2017, fixed deposits of approximately HK$10,363,000 (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.

Notes to the Financial Statements *(continued)*

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases certain properties under operating lease arrangements with leases negotiated for terms ranging from one to seven years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. Besides, the Group licenses the use of food and beverage stalls within food courts to individual third party tenants and a subsidiary company. Such licences are in general for a period of two to three years and are not cancellable. In the course of a financial year, there may be terminations and renewals of such licences and the Group has accounted for the licence fee in respect of the non-cancellable leases as at the end of the reporting period. Licences that expired and not renewed during the financial year were not accounted for. Some of the leases provide for variable rent. During the year, the contingent rents recognised as income amounted to HK$22,228,000 (2016 — HK$29,673,000).

As at 31st March, 2017, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**100,385**	120,053
In the second to fifth years, inclusive	**37,381**	43,349
After five years	**643**	–
	138,409	163,402

(b) As lessee

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

As at 31st March, 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2017 HK$'000	2016 HK$'000
Within one year	**201,490**	157,328
In the second to fifth years, inclusive	**146,961**	250,865
After five years	**34,149**	23,050
	382,600	431,243

Notes to the Financial Statements *(continued)*

43. COMMITMENTS

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

	2017 HK$'000	2016 HK$'000
Commitments in respect of properties, plant and equipment and properties under development:		
Contracted, but not provided for	**76,224**	67,186
Other commitments:		
Contracted, but not provided for *(Note)*	**561,438**	209,169
	637,662	276,355

Note: The balance as at 31st March, 2017 mainly included commitment in relation to the Healthway Offer as disclosed in Note 48 to the financial statements of approximately HK$506,116,000. The balance as at 31st March, 2016 mainly included commitment in relation to the Exchangeable Loans, which were fully utilised by the joint ventures during the year ended 31st March, 2017. Further details of the Exchangeable Loans are disclosed in Note 44(e) to the financial statements.

44. RELATED PARTY TRANSACTIONS

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

(a) During the year, the Group paid rental expenses (including service charges) of HK$3,856,000 (2016 — HK$3,850,000) to a joint venture of the Group. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31st May, 2018. The Group expects the total future minimum lease payables for the years ending 31st March, 2018 and 31st March, 2019 to be approximately HK$3,042,000 and HK$494,000, respectively.

(b) During the year, the Group paid rental expenses (including service charges) of HK$3,465,000 (2016 — HK$3,460,000) to a joint venture of the Group. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 14th July, 2018. The Group expects the total future minimum lease payables for the years ending 31st March, 2018 and 31st March 2019 to be approximately HK$3,071,000 and HK$896,000, respectively.

(c) During the year, the Group generated sales of HK$11,533,000 (2016 — HK$14,115,000) from a joint venture. The prices and terms of sales are on normal commercial terms and are comparable to, or no more favourable than the prices and terms offered to other customers who are independent third parties of similar credit standing, trading volume and trading record.

44. RELATED PARTY TRANSACTIONS *(continued)*

(d) During the year, the Group received interest income of HK$74,819,000 (2016 — HK$41,144,000) from a joint venture of the Group.

(e) During the year, 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 of OUE H-Trust at aggregate subscription amounts 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.

(f) As at 31st March, 2017, the Group had balances with its associates and joint ventures, further details of which are set out in Notes 19, 20, 23 and 31 to the financial statements.

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

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

Notes to the Financial Statements *(continued)*

45. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 31st March, 2017					
Available-for-sale financial assets	**–**	**–**	**314,515**	**–**	**314,515**
Financial assets at fair value through profit or loss	**1,037,298**	**–**	**–**	**–**	**1,037,298**
Loans and advances	**–**	**39,239**	**–**	**–**	**39,239**
Financial assets included in debtors, prepayments and deposits	**–**	**486,043**	**–**	**–**	**486,043**
Other financial asset	**–**	**–**	**–**	**21,437**	**21,437**
Client trust bank balances	**–**	**845,921**	**–**	**–**	**845,921**
Restricted cash	**–**	**889,489**	**–**	**–**	**889,489**
Time deposits with original maturity of more than three months	**–**	**45,434**	**–**	**–**	**45,434**
Cash and cash equivalents	**–**	**2,136,919**	**–**	**–**	**2,136,919**
	1,037,298	**4,443,045**	**314,515**	**21,437**	**5,816,295**
At 31st March, 2016					
Available-for-sale financial assets	–	–	180,491	–	180,491
Financial assets at fair value through profit or loss	822,130	–	–	–	822,130
Loans and advances	–	87,946	–	–	87,946
Financial assets included in debtors, prepayments and deposits	–	714,756	–	–	714,756
Other financial assets	–	–	–	25,313	25,313
Client trust bank balances	–	295,784	–	–	295,784
Restricted cash	–	19,580	–	–	19,580
Cash and cash equivalents	–	2,941,113	–	–	2,941,113
	822,130	4,059,179	180,491	25,313	5,087,113

Notes to the Financial Statements *(continued)*

45. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

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

Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
At 31st March, 2017			
Bank and other borrowings	**–**	**2,018,395**	**2,018,395**
Financial liabilities included in creditors, accruals and deposits received	**–**	**1,418,407**	**1,418,407**
Other financial liabilities	**4,520**	**–**	**4,520**
	4,520	**3,436,802**	**3,441,322**
At 31st March, 2016			
Bank and other borrowings	–	1,288,921	1,288,921
Financial liabilities included in creditors, accruals and deposits received	–	949,348	949,348
Other financial liabilities	4,168	–	4,168
	4,168	2,238,269	2,242,437

Notes to the Financial Statements *(continued)*

46. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair value 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	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Financial assets				
Available-for-sale financial assets	**225,460**	99,523	**225,460**	99,523
Financial assets at fair value through profit or loss	**1,037,298**	822,130	**1,037,298**	822,130
Other financial assets	**21,437**	25,313	**21,437**	25,313
	1,284,195	946,966	**1,284,195**	946,966
Financial liabilities				
Other financial liabilities	**4,520**	4,168	**4,520**	4,168

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, restricted cash, client trust bank balances, financial assets included in debtors, prepayments and deposits, loans and advances, unsecured other loan 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.

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.

Notes to the Financial Statements *(continued)*

46. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Fair value of financial instruments *(continued)*

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

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

The fair 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. (2016 — 3 per cent.), the fair value will be increased/decreased by HK$3,671,000 (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 31st March, 2017:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Other financial asset: Put Option	Monte-Carlo simulation method	Volatility of underlying shares	23.4 per cent. to 24.7 per cent. (2016 — 26.4 per cent. to 27.4 per cent.)	When the volatility of the underlying shares increases/decreases 5 per cent. (2016 — 5 per cent.), the fair value will be increased/decreased by HK$672,000 and HK$459,000 (2016 — HK$1,313,000 and HK$394,000), respectively

Notes to the Financial Statements *(continued)*

46. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Fair value hierarchy of financial instruments

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31st March, 2017				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	**92,664**	**–**	**–**	**92,664**
Debt securities	**–**	**18,730**	**–**	**18,730**
Investment funds	**–**	**–**	**114,066**	**114,066**
Financial assets at fair value through profit or loss:				
Equity securities	**434,863**	**–**	**–**	**434,863**
Debt securities	**206,188**	**–**	**–**	**206,188**
Investment funds	**385,881**	**2,070**	**8,296**	**396,247**
Other financial assets:				
Derivative financial instrument	**–**	**–**	**21,437**	**21,437**
	1,119,596	**20,800**	**143,799**	**1,284,195**
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**–**	**4,520**	**–**	**4,520**
At 31st March, 2016				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	38	–	–	38
Debt securities	–	11,961	–	11,961
Investment funds	–	–	87,524	87,524
Financial assets at fair value through profit or loss:				
Equity securities	342,384	–	–	342,384
Debt securities	192,821	–	–	192,821
Investment funds	274,566	4,074	8,285	286,925
Other financial assets:				
Derivative financial instruments	–	18	25,295	25,313
	809,809	16,053	121,104	946,966
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	4,168	–	4,168

Notes to the Financial Statements *(continued)*

46. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Fair value hierarchy of financial instruments *(continued)*

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

	Available-for-sale investment funds HK$'000	Investment funds at fair value through profit or loss HK$'000	Other financial assets HK$'000
2017			
At 1st April, 2016	**87,524**	**8,285**	**25,295**
Total gains/(losses) recognised in the statement of profit or loss	**–**	**1,523**	**(3,858)**
Total gains recognised in other comprehensive income	**6,003**	**–**	**–**
Additions	**36,278**	**–**	**–**
Return of capital	**(15,305)**	**–**	**–**
Disposals	**(428)**	**(1,527)**	**–**
Exchange adjustments	**(6)**	**15**	**–**
At 31st March, 2017	**114,066**	**8,296**	**21,437**
2016			
At 1st April, 2015	17,023	12,498	–
Total gains/(losses) recognised in the statement of profit or loss	–	(1,545)	12,709
Total losses recognised in other comprehensive income	(2,428)	–	–
Additions	73,828	–	12,586
Disposals	(898)	(2,668)	–
Exchange adjustments	(1)	–	–
At 31st March, 2016	87,524	8,285	25,295

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2016 — 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.

Asset for which fair value is disclosed

As at 31st March, 2016, the management had performed the impairment assessment on various investments relating to CS Mining with reference to their recoverable amounts based on fair value less costs of disposal. The assessment was performed by reference to an independent valuation of the mineral deposits owned and controlled by CS Mining taking into account the recent transaction values of similar mineral properties in an open market which is comparable to those reflective of the deposits of CS Mining, giving rise to the transaction yardstick of US$165 per tonne to US$654 per tonne of contained copper. The fair value hierarchy for the valuation was Level 3.

Notes to the Financial Statements *(continued)*

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

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

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

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

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

	2017 HK$'000	2016 HK$'000
By geographical area:		
Hong Kong	**19,746**	53,537
Mainland China	**178**	613
Republic of Singapore	**272,784**	256,509
Malaysia	**95,029**	118,900
United States of America	**7,045**	58,151
Others	**12,794**	16,402
	407,576	504,112

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

Notes to the Financial Statements *(continued)*

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

(b) Liquidity risk

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

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. As at 31st March, 2017, approximately 76 per cent. (2016 — 31 per cent.) of the Group's debts would mature in less than one year based on the carrying values of bank and other borrowings.

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

	Repayable on demand HK$'000	3 months or less HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	Total HK$'000
At 31st March, 2017					
Bank and other borrowings	**–**	**417,909**	**1,155,423**	**529,557**	**2,102,889**
Creditors, accruals and deposits received	**819,933**	**260,932**	**337,542**	**–**	**1,418,407**
Other financial liabilities	**4,520**	**–**	**–**	**–**	**4,520**
Bankers' guarantee	**–**	**819**	**9,254**	**23,271**	**33,344**
	824,453	**679,660**	**1,502,219**	**552,828**	**3,559,160**
At 31st March, 2016					
Bank and other borrowings	–	331,756	70,414	887,096	1,289,266
Creditors, accruals and deposits received	297,350	322,296	329,702	–	949,348
Other financial liabilities	4,168	–	–	–	4,168
Bankers' guarantee	–	5,869	9,825	27,827	43,521
	301,518	659,921	409,941	914,923	2,286,303

Notes to the Financial Statements *(continued)*

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

(c) Interest rate risk

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

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

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

	2017			2016		
	Increase/ (Decrease) in basis points	**Increase/ (Decrease) in profit before tax HK$'000**	**Increase/ (Decrease) in equity HK$'000**	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity HK$'000
Hong Kong dollar	**+50**	**(4,358)**	**(4,358)**	+50	(3,041)	(3,041)
United States dollar	**+50**	**(3,273)**	**(3,273)**	+50	(5,519)	(5,519)
Singapore dollar	**+50**	**2,626**	**2,626**	+50	1,076	1,076
Renminbi	**+50**	**1,309**	**1,309**	+50	2,581	2,581
Hong Kong dollar	**–50**	**4,358**	**4,358**	–50	3,041	3,041
United States dollar	**–50**	**3,696**	**3,696**	–50	5,956	5,956
Singapore dollar	**–50**	**(2,626)**	**(2,626)**	–50	(1,076)	(1,076)
Renminbi	**–50**	**(1,309)**	**(1,309)**	–50	(2,581)	(2,581)

Notes to the Financial Statements *(continued)*

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

(d) Foreign currency risk

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

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

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

	Increase/(Decrease) in profit before tax	
	2017	2016
	HK$'000	HK$'000
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (2016 — 3 per cent.)	**14,132**	3,903
— weakened 3 per cent. (2016 — 3 per cent.)	**(14,132)**	(3,903)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (2016 — 3 per cent.)	**7,293**	10,722
— weakened 3 per cent. (2016 — 3 per cent.)	**(7,293)**	(10,722)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (2016 — 3 per cent.)	**99**	2,199
— weakened 3 per cent. (2016 — 3 per cent.)	**(99)**	(2,199)

At the end of the reporting period, the total cash and bank balances of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK$349,977,000 (2016 — HK$509,881,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

Notes to the Financial Statements *(continued)*

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

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets classified as available-for-sale financial assets (Note 21) and financial assets at fair value through profit or loss (Note 26) as at 31st March, 2017. The Group's listed financial assets are mainly listed on the Hong Kong, Singapore, New York and London stock exchanges and are valued at quoted market prices at the end of the reporting period.

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

	31st March, 2017	**High/Low 2017**	31st March, 2016	High/Low 2016
Hong Kong — Hang Seng Index	**24,112**	**24,657/19,595**	20,777	28,589/18,278
Republic of Singapore — Straits Times Index	**3,175**	**3,188/2,703**	2,841	3,550/2,528
New York — NYSE Composite Index	**11,520**	**11,688/9,919**	10,207	11,255/8,938
London — FTSE All-Share Index	**3,990**	**4,048/3,169**	3,395	4,032/3,031

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

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

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

(e) Equity price risk *(continued)*

	2017		2016	
	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity* HK$'000	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity* HK$'000
Available-for-sale financial assets				
Republic of Singapore	–	2,779	–	–
United States of America	–	54	–	88
Global and others	–	3,369	–	2,539
	–	6,202	–	2,627
Financial assets at fair value through profit or loss				
Hong Kong	3,342	–	3,016	–
Republic of Singapore	9,694	–	7,100	–
United States of America	4,688	–	2,495	–
Global and others	7,111	–	6,139	–
	24,835	–	18,750	–

* Excluding retained profits

(f) Capital management

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

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2017 and 2016.

Notes to the Financial Statements *(continued)*

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

(f) Capital management *(continued)*

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

	2017 **HK$'000**	2016 HK$'000 (Restated)
Bank and other borrowings *(Note 30)*	**2,018,395**	1,288,921
Less: Non-controlling interests in bank and other borrowings	**(455,873)**	(171,801)
Bank and other borrowings, net of non-controlling interests	**1,562,522**	1,117,120
Equity attributable to equity holders of the Company	**9,043,325**	9,160,235
Gearing ratio	**17.3 per cent.**	12.2 per cent.

48. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the financial statements, the Group had the following material events after the reporting period:

(a) In February 2017, it was announced that Silver Creek Capital Pte. Ltd. ("Silver Creek", of which Dr. Stephen Riady, an executive director of the Company, is the majority shareholder) made a voluntary conditional cash offer for all the issued and paid-up ordinary shares in the capital of Auric, other than those which were owned, controlled or agreed to be acquired by Silver Creek or by parties acting in concert or deemed to be acting in concert with Silver Creek (the "Auric Offer"), with a view to delist Auric from the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Auric Offer did not extend to the Group. The Auric Offer closed on 7th April, 2017. Trading of the shares in Auric was suspended on 10th April, 2017 and Auric was subsequently delisted on 17th April, 2017. Silver Creek and LCR entered into a letter of undertaking (the "Undertaking") on 13th April, 2017 pursuant to which Silver Creek undertakes with LCR that Silver Creek shall, among other things, exercise or refrain from exercising the voting rights attached to a certain number of ordinary shares in the capital of Auric in accordance with the written directions as LCR may from time to time issue and deliver to Silver Creek. Hence, the Group considers it continues to control Auric as the Group, through its non-wholly owned subsidiaries, has over 50 per cent. voting rights in Auric based on the shares held by the Group and the power given by the Undertaking. The Group does not expect any financial impact to the consolidated financial statements.

48. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(b) In February 2017, Gentle Care had made a voluntary conditional cash offer for all the issued and paid-up ordinary shares in Healthway Medical Corporation Limited ("Healthway") at an offer price of S$0.042 (equivalent to approximately HK$0.231) per share (the "Healthway Offer"). Healthway is a company listed on the sponsor-supervised listing platform of the SGX-ST. Healthway, together with its subsidiaries, owns, operates and manages medical centres and clinics.

The Healthway Offer was also extended to the convertible notes in the total principal amount of S$70,000,000 (equivalent to approximately HK$385,000,000) issued by Healthway (the "CN") to a third party during the offer period. The CN can be convertible into shares in Healthway ("Healthway Shares") at a conversion price of S$0.03384 (equivalent to approximately HK$0.18612) per share. As at 31st March, 2017, CN of S$10,000,000 (equivalent to approximately HK$55,000,000) was issued, which was subsequently fully converted into Healthway Shares in April 2017.

On 21st April, 2017, CN of S$60,000,000 (equivalent to approximately HK$330,000,000) was issued by Healthway. On 23rd April, 2017, an agreement was entered into between Gentle Care and the noteholder pursuant to which Gentle Care acquired S$15,000,000 (equivalent to approximately HK$82,500,000) CN for a consideration of approximately S$18,617,000 (equivalent to approximately HK$102,400,000) and such CN were subsequently converted into Healthway Shares. The Healthway Offer closed on 12th May, 2017. Immediately after the completion of settlement of the offer price on 23rd May, 2017, the Group was interested in approximately 55.02 per cent. of Healthway Shares and approximately 38.86 per cent. of the maximum potential issued share capital of Healthway assuming all outstanding CN issued were fully converted into Healthway Shares. The aggregate cash consideration paid for the above acquisition amounted to approximately S$71,409,000 (equivalent to approximately HK$392,750,000), which included acquisition of Healthway Shares before the Healthway Offer.

After the close of the Healthway Offer, Healthway would be accounted for as an associate of the Company under HKFRS and accordingly, the earnings, assets and liabilities of Healthway would not be consolidated into the financial statements of the Company.

(c) The Lippo Realty Disposal, details of which are disclosed in Note 29 to the financial statements. It is expected that the Lippo Realty Disposal would give rise to a loss on disposal of approximately HK$19,265,000, which shall be recorded in the consolidated statement of profit or loss for the year ending 31st March, 2018.

49. COMPARATIVE FIGURES

As further explained in Note 2.2 to the financial statements, due to reassessment of the deferred tax on indefinite life intangible assets based on IFRIC agenda decision and revision of comparative information after the completion of purchase price allocation by a joint venture during the current year, certain prior year adjustments have been made, and certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment, and a third statement of financial position as at 1st April, 2015 has been presented.

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

Notes to the Financial Statements *(continued)*

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
Non-current assets		
Fixed assets	**388**	758
Interests in subsidiaries	**3,335,789**	3,519,507
Available-for-sale financial assets	**–**	1,200
	3,336,177	3,521,465
Current assets		
Amounts due from joint ventures	**–**	10,102
Debtors, prepayments and deposits	**3,079**	2,288
Cash and cash equivalents	**52,652**	104,098
	55,731	116,488
Current liabilities		
Bank loans	**475,000**	345,000
Creditors, accruals and deposits received	**2,701**	2,507
	477,701	347,507
Net current liabilities	**(421,970)**	(231,019)
Total assets less current liabilities	**2,914,207**	3,290,446
Non-current liabilities		
Bank loans	**–**	375,000
Net assets	**2,914,207**	2,915,446
Equity		
Share capital	**984,440**	984,440
Reserves *(Note)*	**1,929,767**	1,931,006
	2,914,207	2,915,446

John Luen Wai Lee
Director

Stephen Riady
Director

Notes to the Financial Statements *(continued)*

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Special capital reserve *(Note 35(a))* HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
2017				
At 1st April, 2016	**1,709,202**	**–**	**221,804**	**1,931,006**
Profit for the year	**–**	**–**	**62,871**	**62,871**
Other comprehensive income/(loss) for the year:				
Fair value loss on available-for-sale financial assets	**–**	**(1,200)**	**–**	**(1,200)**
Reclassification adjustment for impairment on available-for-sale financial assets	**–**	**1,200**	**–**	**1,200**
Total comprehensive income for the year	**–**	**–**	**62,871**	**62,871**
2015/2016 final dividend declared and paid to shareholders of the Company	**–**	**–**	**(49,315)**	**(49,315)**
2016/2017 interim dividend declared and paid to shareholders of the Company	**–**	**–**	**(14,795)**	**(14,795)**
At 31st March, 2017	**1,709,202**	**–**	**220,565**	**1,929,767**
2016				
At 1st April, 2015	1,709,202	–	283,876	1,993,078
Profit for the year and total comprehensive income for the year	–	–	2,038	2,038
2014/2015 final dividend declared and paid to shareholders of the Company	–	–	(49,315)	(49,315)
2015/2016 interim dividend declared and paid to shareholders of the Company	–	–	(14,795)	(14,795)
At 31st March, 2016	1,709,202	–	221,804	1,931,006

Included in the retained profits of the Company as at 31st March, 2017 was an amount of final dividend for the year then ended of HK$24,658,000 (2016 — HK$49,315,000) proposed after the end of the reporting period.

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29th June, 2017.

Particulars of Principal Subsidiaries

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31ST MARCH, 2017 ARE AS SET OUT BELOW.

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Acematic Limited	British Virgin Islands	US$1	100	100	Investment holding
Lippo Finance Holdings Limited	British Virgin Islands	US$50,000	100	100	Investment holding
Creaworld (Holdings) Company Limited	Hong Kong	HK$2	–	100	Investment holding
福建華陽湄洲開發有限公司 (Fujian Creaworld Meizhou Development Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	HK$101,950,000*	–	100	Property investment and property development
Hennessy Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Lippo Korea Holdings Pte. Limited**	Republic of Singapore	S$2	–	100	Investment holding
Lippo Investments Management Limited	Hong Kong	HK$63,500,000	–	100	Fund Management
Skyscraper Realty Limited	British Virgin Islands	US$10	–	100	Investment holding
Lippo China Resources Limited *(listed on The Stock Exchange of Hong Kong Limited)*	Hong Kong	HK$1,704,031,044.03	–	72.6	Investment holding
Admiralty Development Limited	Hong Kong	HK$446,767,129	–	72.6	Property investment
Ally Wise Capital Limited	British Virgin Islands	US$1	–	72.6	Investment
Apexwin Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Asia Now Resources Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Broadwell Asia Limited	British Virgin Islands	US$1	–	72.6	Property investment
Cajan Enterprises Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Capital Wave Limited	British Virgin Islands	US$1	–	72.6	Investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Caross Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Carvio Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Castar Assets Limited	British Virgin Islands	US$1	–	72.6	Property investment
Chalton Assets Limited	British Virgin Islands	US$1	–	72.6	Property investment
China Chance Investments Limited	Hong Kong	HK$10	–	72.6	Investment holding
China Gold Pte. Ltd.**	Republic of Singapore	S$1	–	72.6	Investment holding
China Pacific Electric Limited	British Virgin Islands	US$100	–	72.6	Investment holding
Continental Equity Inc.	British Virgin Islands	US$1	–	72.6	Investment
Direct Union Limited	British Virgin Islands	US$1	–	72.6	Investment
Dragon Board Holdings Limited	British Virgin Islands	S$1	–	72.6	Investment holding
Energetic Holdings Limited	British Virgin Islands	US$1	–	72.6	Property investment
Ethnos Ltd.**	Israel	NIS100	–	72.6	Property investment
Fortune Finance Investment Limited	British Virgin Islands	US$1	–	72.6	Investment
Fortune Star Asia Limited	Hong Kong	HK$1	–	72.6	Investment
Frontop Limited	British Virgin Islands	US$1	–	72.6	Investment holding
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited)** — wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	–	72.6	Property management

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Gabarro Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Gain Motion International Limited	Hong Kong	HK$1	–	72.6	Investment
Gentle Care Pte. Ltd.**	Republic of Singapore	S$1	–	72.6	Investment holding
Globe Energy Development Limited**	Hong Kong	HK$1	–	72.6	Property investment
Golden Rain Holdings Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Golden Sunshine Worldwide Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Golden Super Holdings Limited	British Virgin Islands	US$1	–	72.6	Investment
Goldmax Pacific Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Gothic Investments Limited	Samoa	US$1	–	72.6	Property investment
Grandbeam Limited	Hong Kong	HK$1	–	72.6	Investment holding
Grand Vista Limited	British Virgin Islands	US$1	–	72.6	Investment holding
HKCL Investments Pte. Ltd.**	Republic of Singapore	S$2	–	72.6	Property development
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Securities investment
Integral Fortress Limited	British Virgin Islands	US$1	–	72.6	Investment
Istan Assets Limited	British Virgin Islands	US$1	–	72.6	Property investment
Keytime Holdings Limited	British Virgin Islands	US$1	–	72.6	Property investment
Kingz Ltd	British Virgin Islands	US$1	–	72.6	Investment holding
LCR Ltd.	British Virgin Islands	US$1	–	72.6	Intellectual property

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
LCR Management Limited	Hong Kong	HK$1	–	72.6	Management services
Laurel Century Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Liberty Town Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Property investment
Lippo Consortium Pte. Limited**	Republic of Singapore	S$2	–	72.6	Property development
Lippo Energy Group Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Lippo Group International Pte. Limited**	Republic of Singapore	S$2	–	72.6	Investment holding
Lippo Property Management Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Investment holding
力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$29,330,000*	–	72.6	Property development
Lippo Resources Investments Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Lippo Retail Holdings Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Mantor Assets Limited	British Virgin Islands	US$1	–	72.6	Property investment
Masstrong Limited	Hong Kong	HK$1	–	72.6	Investment holding
Mastafield Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Property investment
Maxfit Holding Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Netscope Limited	British Virgin Islands	US$1	–	72.6	Investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Oriental Coronet Limited	British Virgin Islands	US$1	–	72.6	Investment
PacNet Holdings Limited	British Virgin Islands	US$1	–	72.6	Investment holding
PacNet Capital (U.S.) Limited	United States of America	US$0.998	–	72.6	Investment holding
Pantogon Holdings Pte Ltd**	Republic of Singapore	S$1,000,000	–	72.6	Investment holding
Polarstar Capital Limited	British Virgin Islands	US$1	–	72.6	Investment
莆田力寶商業顧問有限公司 (Putian Lippo Commercial Consultants Limited)** — wholly foreign-owned enterprise##	People's Republic of China	RMB2,000,000*	–	72.6	Commercial consulting
莆田塔林基礎建設有限公司 (Putian Talin Infrastructure Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	US$300,000*	–	72.6	Property services
Powerful Arch Limited	British Virgin Islands	US$1	–	72.6	Investment
Queenz Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Radical Profits Limited	British Virgin Islands	US$1	–	72.6	Property investment
Reiley Inc.	British Virgin Islands	US$1	–	72.6	Investment holding
Rickon Holdings Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Rock Phoenix Limited	British Virgin Islands	US$1	–	72.6	Property investment
Season Spark Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Investment
Serene Yield Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Sincere Wish Global Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Star Trendy Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Property holding
Starford Corporation Limited	Hong Kong	HK$1	–	72.6	Investment
Super Assets Company Limited	Samoa	US$1	–	72.6	Investment holding
Super Equity International Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Superonic Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Tamsett Holdings Limited	British Virgin Islands	US$1	–	72.6	Investment holding
Topstar China Limited	Hong Kong	HK$1	–	72.6	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US$1	–	72.6	Property investment
Vitaland Limited	Hong Kong	HK$1	–	72.6	Investment holding
Waterloo Street Limited	British Virgin Islands	US$1	–	72.6	Financing
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Property investment
Win Joyce Limited	Hong Kong	HK$2	–	72.6	Money lending and investment holding
Winplace Global Limited	British Virgin Islands	US$1	–	72.6	Property investment
Wollora Assets Limited	British Virgin Islands	US$1	–	72.6	Property investment
World Grand Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	72.6	Investment
Writring Investments Limited	Hong Kong	HK$2	–	72.6	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Lippo Select HK & Mainland Property ETF** *(an exchange traded fund listed on The Stock Exchange of Hong Kong Limited)*	Hong Kong	N/A	–	68.9@	Investment
Jeremiah Holdings Limited	British Virgin Islands	S$1,298,645	–	43.6	Investment holding
Nine Heritage Pte Ltd**	Republic of Singapore	S$1,000,000	–	34.8	Investment holding
Auric Pacific Group Limited** *(formerly listed on Singapore Exchange Securities Trading Limited)*	Republic of Singapore	S$64,460,182	–	28.6	Investment holding
Auric Pacific Food Industries Pte Ltd**	Republic of Singapore	S$54,400,000	–	28.6	General wholesale trade in food products
Auric Pacific Marketing Pte Ltd**	Republic of Singapore	S$10,000,000	–	28.6	General wholesale trade and distribution
Centurion Marketing Pte Ltd**	Republic of Singapore	S$500,000	–	28.6	Wholesale of other specific commodities
Delifrance Asia Ltd**	Republic of Singapore	S$18,058,100	–	28.6	Management and holding company, development and sale of franchising activities

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Delifrance (HK) Limited	Hong Kong	HK$12,000,000	–	28.6	Manufacture and sale of French bakery and pastry products and the operation of café-bakeries and kiosks
Delifrance (Malaysia) Sdn. Bhd.**	Malaysia	RM7,500,000	–	28.6	Manufacturing and sale of French bakery and pastry products and the operation of café-bakeries
Delifrance Singapore Pte Ltd**	Republic of Singapore	S$4,000,002	–	28.6	Manufacture and sale of French bakery and pastry products, and the operation of café-bakeries, bakery corners and restaurants
Edmontor Investments Pte Ltd@@	Republic of Singapore	S$144,988,335	–	28.6	Investment holding and wholesale trade
上海德利法蘭新食品有限公司 (Shanghai Delifrance Foodstuff Co., Ltd.)@@ — wholly foreign-owned enterprise##	People's Republic of China	US$1,880,000*	–	28.6	Sale of bakery and pastry products and the operation of café-bakeries
Auric Marketing Sdn. Bhd.** *(formerly known as Auric Chun Yip Sdn. Bhd.)*	Malaysia	RM12,000,000	–	28.6	Supply of bakery, confectionery materials and other general products

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Auric Pacific (M) Sdn. Bhd.**	Malaysia	RM1,000,000	–	28.6	Marketing and distribution of food products
Auric Pacific Food Processing Sdn. Bhd.**	Malaysia	RM1,200,000	–	28.6	Manufacturer of and dealing in butter, margarine and related confectionery products
Auric Pacific Food Manufacturing Pte. Ltd.**	Republic of Singapore	S$10,000,000	–	28.6	Manufacturer of other food products
Auric Pacific Investment Pte. Ltd.**	Republic of Singapore	S$2	–	28.6	Investment holding
Auric Pacific Realty Pte. Ltd.**	Republic of Singapore	S$1	–	28.6	Property developers and investment
Cuisine Continental (HK) Limited**	Hong Kong	HK$3,000,000	–	28.6	Retailing of food and beverage products and services
Top-One Foods Pte Ltd@@	Republic of Singapore	S$2	–	28.6	Wholesale and retail of wine
Food Junction Holdings Limited**	Republic of Singapore	S$12,707,435.70	–	28.0	Investment holding and provision of management services to its subsidiary companies, fast food restaurants and general wholesale trade

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Food Junction International Pte Ltd**	Republic of Singapore	S$400,000	–	28.0	Fast food restaurants and general wholesale trade
Food Junction Management Pte Ltd**	Republic of Singapore	S$1,489,000	–	28.0	Operation and management of food court and fast food restaurants, and general wholesale trade
Food Junction Singapore Pte Ltd**	Republic of Singapore	S$400,000	–	28.0	Fast food restaurants and general wholesale trade
LP+Tetsu Pte. Ltd.@@	Republic of Singapore	S$200,000	–	28.0	Sale of food and beverages, and management of restaurants, cafés and bars
邁博餐飲管理(上海)有限公司 (Maibo Restaurant Management (Shanghai) Co., Ltd)** — wholly foreign-owned enterprise##	People's Republic of China	US$1,264,983*	–	28.0	Management and operation of restaurants in Shanghai
福將坊(北京)餐飲有限公司 (Food Junction Beijing Co., Ltd)** — wholly foreign-owned enterprise##	People's Republic of China	US$3,200,000	–	28.0	Management of food courts and operation of food outlets
PT FJ Square Indonesia@@	Indonesia	US$400,000	–	28.0	Management of food courts and operation of food outlets

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)[#]		Principal activities
Eggs & Berries (Singapore) Pte. Ltd.[@@]	Republic of Singapore	S$500,000	–	28.0	Sale of food and beverages
Medzs (Singapore) Pte. Ltd.[@@]	Republic of Singapore	S$200,000	–	28.0	Sale of food and beverages
T & W Food Junction Sdn. Bhd.**	Malaysia	RM500,000	–	28.0	Management of food courts and operation of food outlets
The Boxing Crab Pte. Ltd.[@@]	Republic of Singapore	S$200,000	–	28.0	Sale of food and beverages
Wan Style (Singapore) Pte. Ltd.[@@]	Republic of Singapore	S$200,000	–	28.0	Sale of food and beverages
Zutis Pte. Ltd.**	Republic of Singapore	S$200,000	–	28.0	Sale of food and beverages, and management of restaurants, cafés and bars
LCR Catering Services Limited**	Hong Kong	HK$9,000,000	–	25.3	Owns and operates a restaurant in Hong Kong

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Hongkong Chinese Limited *(listed on The Stock Exchange of Hong Kong Limited)*	Bermuda/ Hong Kong	HK$1,998,280,097	–	65.8	Investment holding
Allyield Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Beaming Empire Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Capital Place International Limited**	British Virgin Islands/ Republic of the Philippines	US$50,000	–	65.8	Property investment
成都力寶置業有限公司 (Chengdu Lippo Realty Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$3,000,000*	–	65.8	Property investment and management
Compass Link Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Conrich Inc.	British Virgin Islands	US$1	–	65.8	Investment holding
Cyberspot Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Cyfield Limited	British Virgin Islands	US$1	–	65.8	Property investment
Dragonjoy Investment Limited	Hong Kong	HK$10,000	–	65.8	Securities trading
Everwin Pacific Ltd.	British Virgin Islands	US$1	–	65.8	Property investment
Fairseas 1 Pte. Ltd**	Republic of Singapore	S$1	–	65.8	Owner of a motor yacht
Fiatsco Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Firstclass Real Estate Development Limited	Macau	MOP25,000	–	65.8	Property development
Golden Stellar Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Green Assets Investments Limited	British Virgin Islands	US$1	–	65.8	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
HCL Management Limited	Hong Kong	HK$1	–	65.8	Management services
HKC Property Investment Holdings Limited	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment holding
HKC Realty LLC**	United States of America	US$2,250,000*	–	65.8	Property investment
Hong Kong Housing Loan Limited	Hong Kong	HK$40,000,000	–	65.8	Money lending
ImPac Asset Management (HK) Limited	Hong Kong	HK$8,500,000	–	65.8	Investment advisory and asset management
ImPac Asset Management (Holdings) Ltd.	British Virgin Islands	US$2,000,100	–	65.8	Investment holding
Lippo Asia Limited	Hong Kong	HK$120,000,000	–	65.8	Investment holding
Lippo Asset Management (HK) Limited	Hong Kong	HK$400,000	–	65.8	Fund management
Lippo Futures Limited	Hong Kong	US$2,000,000	–	65.8	Commodities brokerage
Lippo Securities Holdings Limited	Hong Kong	US$23,000,000	–	65.8	Investment holding
Lippo Securities, Inc.**	Republic of the Philippines	Pesos 69,500,000	–	65.8	Investment holding
Lippo Securities Limited	Hong Kong	HK$220,000,000	–	65.8	Securities brokerage
L.S. Finance Limited	Hong Kong	HK$5,000,000	–	65.8	Money lending
Mass Empire Limited	Hong Kong	HK$1	–	65.8	Investment
Masuda Limited	British Virgin Islands	US$10,000	–	65.8	Investment holding
MGS Ltd.	British Virgin Islands	US$1	–	65.8	Investment holding
Norfyork International Limited	Hong Kong	HK$25,000,000	–	65.8	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
One Realty Pte. Limited**	Republic of Singapore	S$2	–	65.8	Investment holding and provision of project and management services
Pacific Bond Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Pacific Landmark Holdings Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Peakmillion Asia Limited	British Virgin Islands	US$1	–	65.8	Investment
Polar Step Limited	British Virgin Islands	US$1	–	65.8	Investment
Sinogain Asia Limited	British Virgin Islands	US$1	–	65.8	Property investment
Sinorite Limited	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment
Stargala Limited	British Virgin Islands	US$1	–	65.8	Property investment
Topbest Asia Inc.	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment
Uchida Limited	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment holding
Wealtop Limited	British Virgin Islands/ Hong Kong	US$1	–	65.8	Investment holding
Winluck Asia Limited	British Virgin Islands	US$1	–	65.8	Property investment
Winluck Pacific Limited	British Virgin Islands	US$1	–	65.8	Property investment
Winrider Limited	British Virgin Islands	US$1	–	65.8	Investment holding
Wonder Plan Holdings Limited	British Virgin Islands	US$1	–	65.8	Investment
Yield Point Limited	British Virgin Islands	US$1	–	65.8	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.)** — cooperative joint venture enterprise##	People's Republic of China	US$18,000,000*	–	52.6^	Property development
Wealthy Place Limited	British Virgin Islands	US$2	–	52.6	Investment holding
Lippo Project Pte. Limited**	Republic of Singapore	S$2	–	52.6	Property development
Kingtek Limited	British Virgin Islands	US$100	–	39.5	Investment holding

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*
@ *based on the interest attributable to the Group*
^ *profit sharing ratio*
\## *type of legal entity*
* *paid up registered capital*
** *audited by certified public accountants other than Ernst & Young, Hong Kong*
@@ *qualified for exemption from audit for the financial year ended 31st December, 2016 in accordance with section 205(b) of the Singapore Companies Act.*

Note:

MOP — Macau patacas
NIS — New Israeli shekels
Pesos — Philippines pesos
RM — Malaysian ringgits
RMB — People's Republic of China renminbi
S$ — Singapore dollars
US$ — United States dollars

As at 31st March, 2017, all the subsidiaries of the Company had no loan capital or convertible loan capital.

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31ST MARCH, 2017 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group#	Principal activities
Standard Pacific Limited	Corporate	Hong Kong	HK$4,290,000	50	Investment holding
MIDAN City Development Co., Ltd.	Corporate	Republic of Korea	KRW89,266,285,000	38.5	Property development
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK$2	36.3	Property management services
Greenix Limited	Corporate	British Virgin Islands	US$100,000	32.9	Investment holding
Lippo Marina Collection Pte. Ltd.	Corporate	Republic of Singapore	S$1,000,000	32.9	Property development
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,250,000*	29.0	Water supply
DXS Capital Limited	Corporate	British Virgin Islands	US$100	29.0	Investment holding
Catalyst Enterprises Limited	Corporate	British Virgin Islands	US$50,000	25.4	Investment holding
Goldfix Pacific Ltd.	Corporate	British Virgin Islands	US$16,286.6	24.2	Investment holding
Haranga Resources Limited	Corporate	Australia	A$40,342,613	22.8	Exploration of mineral resources
Rebound Power Limited	Corporate	British Virgin Islands	US$300	*Note (b)*	Investment holding
Proton Power Asia Limited	Corporate	Hong Kong	HK$90	*Note (c)*	Investment holding
Proton Power Pte. Ltd.	Corporate	Republic of Singapore	S$1	*Note (c)*	Green energy development

based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

* *paid up registered capital*

Particulars of Principal Associates *(continued)*

Note:

(a)		
A$	—	*Australian dollars*
KRW	—	*Korean wons*
RMB	—	*People's Republic of China renminbi*
S$	—	*Singapore dollars*
US$	—	*United States dollars*

(b) Its issued share capital comprised of (i) 100 voting, non-participating class "A" shares of US$1.00 each; (ii) 100 non-voting, participating class "B" shares of US$1.00 each; (iii) 50 non-voting, participating class "C" shares of US$1.00 each; and (iv) 50 non-voting, participating class "D" shares of US$1.00 each. The Group, through a non-wholly owned subsidiary, was interested in 50 per cent. of all the class "A" shares in issue, 100 per cent. of all the class "B" shares in issue and approximately 36.32 per cent. of all the class "C" shares in issue which entitled the Group, through a non-wholly owned subsidiary, to 50 per cent. of the voting rights and approximately 75.45 per cent. of the profit sharing of this company.

(c) This company is a wholly-owned subsidiary of Rebound Power Limited.

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31ST MARCH, 2017 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Approximate percentage of equity attributable to the Group (unless otherwise stated)#	Principal activities
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S$2	36.3	Property investment and property development
The Macau Chinese Bank Limited	Corporate	Macau	MOP260,000,000	33.6	Banking
Lippo Real Estate Pte. Limited	Corporate	Republic of Singapore	S$2	32.9	Property development
Sunning Asia Limited	Corporate	British Virgin Islands	US$50,000	32.9	Investment holding
Yamoo Bay Project Limited	Corporate	British Virgin Islands	US$2	32.9	Investment holding
Lippo ASM Asia Property Limited	Corporate	Cayman Islands	US$1,200	*Note (b)*	Investment holding
Delifrance Singapore Wholesale Pte. Ltd.	Corporate	Republic of Singapore	S$800,000	14.0	Wholesale of French bakery and pastry products

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

* *based on the actual interest attributable to the Group*

Note:

(a)
KRW — Korean wons
MOP — Macau patacas
S$ — Singapore dollars
US$ — United States dollars

(b) Its issued share capital comprised of (i) 800 voting, non-participating class "A" shares of US$1.00 each; (ii) 200 non-voting, participating class "B" shares of US$1.00 each; and (iii) 200 non-voting, participating class "C" shares of US$1.00 each. The Group, through non-wholly owned subsidiaries, was interested in 50 per cent. of all the class "A" shares in issue and 100 per cent. of all the class "B" shares in issue which entitled the Group, through non-wholly owned subsidiaries, to 50 per cent. of the voting rights and approximately 94.26 per cent. of the profit sharing of this company.

Particulars of Joint Operations

PARTICULARS OF JOINT OPERATIONS AS AT 31ST MARCH, 2017 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Registered capital	Approximate percentage of interest attributable to the Group#	Principal activities
雲南東鑫礦產勘查有限公司 (Yunnan Dong Xin Mineral Exploration Company Limited)	Chinese Foreign Cooperative Joint Venture Enterprise	People's Republic of China	US$14,900,000*	52.3	Exploration of mineral resources
雲南現代礦業勘查有限公司 (Yunnan Now Mineral Exploration Company Limited)	Chinese Foreign Cooperative Joint Venture Enterprise	People's Republic of China	US$6,700,000	43.6	Exploration of mineral resources

\# *represents the effective interest of the Group after non-controlling interests therein*
* *of which approximately US$14,360,000 has been injected*

Note:

US$ — United States dollars

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2017

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
		(square metres)		
Hong Kong				
Lippo Centre 89 Queensway Central Inland Lot No. 8615*	Commercial	Office: 1,941 Retail: 1,935 (net floor area)	Rental	72.6

* *The above property comprises various shop units on the podium floors and certain office floors.*

The above property is held under long term lease.

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
People's Republic of China				
19th Floor to 29th Floor and 13 car parking spaces of Lippo Tianma Plaza 1 Wuyibei Road Fuzhou, Fujian	Commercial	11,955	Rental	72.6
5 floors of Unit 1 Building 1, Lippo Tower 62 North Kehua Road Wuhou District Chengdu	Commercial	5,421	Rental	65.8

The above properties are held under medium term leases.

Schedule of Major Properties *(continued)*

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2017 *(continued)*

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
		(square metres)		
Overseas				
10 Harav Agan Street Jerusalem Block 30050 Parcel 101 Israel	Commercial	940	Rental	72.6
118 Kim Seng Road #29-08, the Trillium Singapore 239435	Residential	514	Rental	72.6
31st Floor Rufino Pacific Tower Ayala Avenue Corner Herrera Street, Makati Metropolitan Manila Republic of the Philippines	Commercial	885	Rental	65.8
522 S. Sepulveda Boulevard Los Angeles, CA 90049 United States of America	Commercial	925	Rental	65.8

The above properties are freehold.

Schedule of Major Properties *(continued)*

(2) PROPERTIES HELD FOR SALE AS AT 31ST MARCH, 2017

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest
		(square metres)	*(square metres)*	
People's Republic of China				
Certain units and car parking spaces at No. 8 Ronghua Middle Road Yizhuang Beijing Economic-Technological Development Area (北京經濟技術開發區) Beijing	Commercial/ Residential	N/A	16,770	52.6
Overseas				
Unit #03–03 The Residences Katana 20 Jalan Madge 55000 Kuala Lumpur Malaysia	Residential	N/A	360	72.6

Note: An agreement was entered into in June 2017 for the disposal of the above property.

854 West Adams Boulevard Los Angeles CA 90007 United States of America	Residential	1,142	723	65.8

Schedule of Major Properties *(continued)*

(3) PROPERTIES HELD FOR DEVELOPMENT AS AT 31ST MARCH, 2017

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest	Estimated completion date	Stage of development as at 31st March, 2017
		(square metres)	*(square metres)*			
People's Republic of China						
Meizhou Island Putian Fujian	Tourism/ Commercial	1,207,700	26,848	100	N/A	Phase I substantially completed
East of Taizhou Avenue and north of Yaocheng Avenue China Medical City (中國醫藥城) Taizhou Jiangsu Land Lot No. 321204102205GB00069	Residential	80,615	220,000	72.6	2018/2019	In planning stage

Note: Agreements were entered into in May 2017 for the disposal of the entire interest in the above property.

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest	Estimated completion date	Stage of development as at 31st March, 2017
Overseas						
3 pieces of land at Minakami Heights Golf Residence Gumma Japan	Residential	12,484	N/A	65.8	N/A	Vacant land

Schedule of Major Properties *(continued)*

(4) PROPERTIES HELD AS FIXED ASSETS AS AT 31ST MARCH, 2017

Description	Use	Approximate gross floor area	Approximate percentage of Group's interest
		(square metres)	
Hong Kong			
2nd Floor of Sun Court 3 Belcher's Street Kennedy Town Subsection 1 of Section C of Marine Lot No. 262, the remaining portion of Section C of Marine Lot No. 262 and the remaining portion of Marine Lot No. 262	Commercial	743	72.6
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	72.6

The above properties are held under long term leases.

Schedule of Major Properties *(continued)*

(4) PROPERTIES HELD AS FIXED ASSETS AS AT 31ST MARCH, 2017 *(continued)*

Description	Use	Approximate gross floor area	Approximate percentage of Group's interest
		(square metres)	
Overseas			
202 Pandan Loop Singapore 128390 Lot No. MK5-6304L	Commercial	2,602	28.6
Note: An agreement was entered into in June 2017 for the disposal of the above property.			
2 Enterprise Road Singapore 629814 Lot No. 354 Mukim 6	Commercial	14,085	28.6
The above properties are held under long term leases.			
2 Senoko Avenue Singapore 758298 Lot No. MK13-2293K	Commercial	7,387	28.6
The above property is held under short term lease.			

Summary of Financial Information

	Year ended 31st March, 2017 HK$'000	Year ended 31st March, 2016 HK$'000 (Restated)[1][2]	Year ended 31st March, 2015 HK$'000 (Restated)[1][2]	Year ended 31st March, 2014 HK$'000	Fifteen-month ended 31st March, 2013 HK$'000 (Restated)[3]
Profit/(Loss) attributable to equity holders of the Company	**255,963**	(169,760)	743,849	112,173	(10,002)
Total assets	**18,484,016**	17,499,019	19,604,010	19,939,519	24,331,669
Total liabilities	**(4,269,279)**	(2,998,704)	(4,509,496)	(4,457,266)	(8,476,618)
Net assets	**14,214,737**	14,500,315	15,094,514	15,482,253	15,855,051
Non-controlling interests	**(5,171,412)**	(5,340,080)	(5,608,645)	(6,851,092)	(7,006,489)
Equity attributable to equity holders of the Company	**9,043,325**	9,160,235	9,485,869	8,631,161	8,848,562

(1) The Group has made certain retrospective adjustments to adjust the financial information for the years ended 31st March, 2016 and 2015 following the completion of the purchase price allocation review in respect of the acquisition of equity interest under the Group's joint venture. Details regarding the adjustments made during the year are provided in Note 2.2 to the financial statements for the year ended 31st March, 2017.

(2) The financial information for the years ended 31st March, 2016 and 2015 is restated following the change in accounting policy of recognising the deferred tax on indefinite life intangible assets. Details regarding the adjustments are provided in Note 2.2 to the financial statements for the year ended 31st March, 2017. The financial information for the year ended 31st March, 2014 and for the fifteen-month ended 31st March, 2013 is not restated for such change in accounting policy as restating the financial information would involve delay and expenses out of proportion to the benefits of the shareholders.

(3) The financial information for the fifteen-month ended 31st March, 2013 is restated upon the adoption of HKFRS 10 *Consolidated Financial Statements*, which became effective for financial years beginning on or after 1st April, 2013.

Supplementary Financial Information

DISCLOSURE PURSUANT TO RULE 13.22 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 31st March, 2017 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	HK$'000
Pro forma combined statement of financial position	
Intangible assets	914,956
Fixed assets	4,248,412
Investment properties	37,631,738
Interests in equity-accounted investees	2,217,400
Properties held for sale	8,694,147
Properties under development	403,336
Available-for-sale financial assets	1,006,566
Financial assets at fair value through profit or loss	985,060
Loans and advances	1,446,393
Debtors, prepayments and deposits	985,723
Cash and cash equivalents	2,793,304
Other assets	174,476
Bank and other borrowings	(26,577,868)
Creditors, accruals and deposits received	(4,946,870)
Current, fixed, savings and other deposits of customers	(1,980,985)
Tax payable	(510,546)
Shareholders' advance	(3,026,933)
Deferred tax liabilities	(971,124)
Other financial liabilities	(104,053)
Non-controlling interests	(14,798,442)
	8,584,690
Group's attributable interest *(Note)*	10,165,888

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

Lippo Limited
力寶有限公司

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