Lippo China Resources Limited
力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

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

COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

SECRETARY

Ms. Millie Yuen Fun Luk

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

China CITIC Bank International Limited
Fubon Bank (Hong Kong) Limited
Oversea-Chinese Banking Corporation Limited

SOLICITORS

Howse Williams Bowers

REGISTRAR

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

REGISTERED OFFICE

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

NEW REGISTERED OFFICE

(with effect from 1st August, 2017)

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

STOCK CODE

156

WEBSITE

www.lcr.com.hk

Chairman's Statement

I am pleased to present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31st March, 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$388 million for the Year, as compared to a consolidated loss of approximately HK$309 million 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 HK0.75 cent per share for the Year. Together with the interim dividend of HK0.2 cent per share, total dividends for the Year will be HK0.95 cent 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. The Group 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 year ended 31st March, 2016 (the "Last Year" or "2016"). 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.

Revenue for the Year totalled HK$2,461 million (2016 — HK$2,532 million). Food businesses were the principal sources of revenue of the Group, representing 97 per cent. (2016 — 96 per cent.) of total revenue.

Food businesses

The Group's food businesses are mainly operated by Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group"), a subsidiary of the Company. The 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.

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.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Food businesses (continued)

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. In order to allow the Company 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 the Company entered into a letter of undertaking on 13th April, 2017 pursuant to which Silver Creek undertakes with the Company 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 the Company may from time to time issue and deliver to Silver Creek.

Property investment

The Group's investment properties are located mainly in Hong Kong and mainland China and provide a recurring income. Total segment revenue from the property investment business for the Year amounted to HK$44 million (2016 — HK$51 million).

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 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 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$415 million (2016 — HK$56 million) for the Year.

Property development

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 People's Republic of China, the 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 Group in May 2017. The aggregate consideration received and receivable by the Group from the above disposal shall amount to RMB175 million. By reference to the consideration for the disposal of the equity interest, the 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) and reported a loss of HK$27 million (2016 — loss of HK$19 million, which excluded the non-recurring net gain in relation to disposal of subsidiaries in the Last Year). 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.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK$24 million during the Year (2016 — HK$34 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$1,028 million (2016 — HK$714 million), comprising equity securities of HK$434 million (2016 — HK$242 million), debt securities of HK$206 million (2016 — HK$193 million) and investment funds of HK$388 million (2016 — HK$279 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$182 million for the Year as compared to net fair value loss of HK$121 million for the Last Year. The net fair value gain of the securities investment segment for the Year included HK$149 million gain on listed equity securities, HK$10 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$187 million for the Year (2016 — loss of HK$106 million).

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%	5%	107,167	128,334	78%
US Treasury N/B 2.000% 11/15/26	63,192	6%	1%	—	819	0%
TSY INFL IX N/B 0.125% 07/15/26	55,294	5%	1%	—	(699)	n.m.
iShares EM Local Govt Bond UCITS ETF ("IEML")	52,231	5%	1%	15,036	(914)	n.m.
Others (Note)	621,939	61%	14%	591,325	36,439	22%
	1,028,157	100%	22%	713,528	163,979	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.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments (continued)

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 78 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.

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.

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)*

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 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.

In early June 2016, a complaint was filed by certain investors of Skye 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. This litigation remains ongoing.

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.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

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 the Company, 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 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.

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 sponsor-supervised listing platform 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$6.5 billion (2016 — HK$5.7 billion, restated). Property-related assets amounted to HK$1.7 billion as at 31st March, 2017 (2016 — HK$1.7 billion), representing 26 per cent. (2016 — 29 per cent., restated) of the total assets. Total liabilities increased to HK$1.9 billion (2016 — HK$1.4 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 2.4 (2016 — 4.5, restated).

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$2.5 billion (2016 — HK$1.9 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$1,067 million (2016 — HK$569 million). As at 31st March, 2017, bank loans amounted to HK$475 million and were secured by certain properties of the Group. Bank loans as at 31st March, 2016 amounted to HK$567 million, comprised secured bank loans of HK$550 million and unsecured bank loans of HK$17 million. The bank loans were mainly denominated in Hong Kong dollars. 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 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 99.9 per cent. (2016 — 10 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 26.0 per cent. (2016 — 14.6 per cent.).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK$4.1 billion as at 31st March, 2017 (2016 — HK$3.8 billion). This was equivalent to HK45 cents per share (2016 — HK42 cents per share).

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$630 million (2016 — HK$132 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 1,878 employees as at 31st March, 2017 (2016 — 2,231 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Year amounted to HK$465 million (2016 — HK$514 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.

Report of the Directors *(continued)*

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. 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, property management, mineral exploration and extraction, securities investment, treasury investment and money lending.

The activities and other particulars of the principal subsidiaries, principal associates, principal joint ventures and joint operations are set out in the financial statements on pages 148 to 157, page 158, page 159 and page 160, respectively.

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

SEGMENT INFORMATION

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

RESULTS AND DIVIDENDS

The results and details of cash flows of the Group for the Year and the financial position of the Group as at 31st March, 2017 are set out in the financial statements on pages 54 to 160.

An interim dividend of HK0.2 cent per share (For the six months ended 30th September, 2015 — HK0.2 cent per share) for the six months ended 30th September, 2016 was paid on 26th January, 2017. The Directors have resolved to recommend the payment of a final dividend of HK0.75 cent per share (2016 — HK0.75 cent per share) amounting to approximately HK$68.9 million for the Year (2016 — approximately HK$68.9 million). Total dividends for the Year will be HK0.95 cent per share (2016 — HK0.95 cent per share) amounting to approximately HK$87.3 million (2016 — approximately HK$87.3 million).

SUMMARY OF GROUP FINANCIAL INFORMATION

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

Report of the Directors *(continued)*

GOODWILL

Details of movements in goodwill during the Year are set out in Note 14 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties during the Year are set out in Note 17 to the financial statements.

BANK LOANS

Details of bank loans are summarised in Note 29 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 32 to the financial statements.

SHARE OPTION SCHEMES

Details of the share option schemes of the Company and its subsidiary are set out in Note 33 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st March, 2017, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK$1,260,367,000.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in Note 46 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 148 to 157.

DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$2,357,000 (2016 – HK$38,227,000).

DIRECTORS

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

Executive Directors

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

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

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

Report of the Directors *(continued)*

DIRECTORS *(continued)*

In accordance with Article 112 of the Company's Articles of Association (the "Articles"), Dr. Stephen Riady and Mr. 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.

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

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 Tsui and Victor Ha Kuk Yung entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30th September, 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. James Siu Lung Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st May, 2017. All the above letter agreements will be terminable by either party by giving three months' prior written notice. The term of office of the Directors is also subject to the provisions of the Articles. In accordance with the Articles, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors.

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

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

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

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

Report of the Directors *(continued)*

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Stephen Riady, aged 57, was appointed a Director of the Company in 1992 and is the Chairman of board of directors of the Company. Dr. Riady is also an executive director and the Chairman of the board of directors of Lippo Limited ("Lippo") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. He has been the Executive President of each of the Company, Lippo and HKC since January 2015. Dr. Riady is a director of Lanius Limited, Lippo Capital Limited, First Tower Corporation ("First Tower") and Skyscraper Realty Limited ("Skyscraper"). He is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. Dr. Riady also holds directorship in certain subsidiaries of the Company, Lippo and HKC. He is 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.

Mr. John Luen Wai Lee, BBS, JP, aged 68, was appointed a Director of the Company in 1992 and is the Chief Executive Officer of the Company. Mr. Lee is the Managing Director and Chief Executive Officer of Lippo. He is an executive director and the Chief Executive Officer of HKC, 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 is also a director of First Tower and Skyscraper. 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, Lippo 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. James Siu Lung Lee, aged 47, was appointed an executive Director of the Company on 1st May, 2015. Mr. Lee has over 15 years of experience in mergers and acquisitions on technology companies. Mr. Lee joined Lippo Securities Limited ("LSL"), a subsidiary of HKC, in 1997 and was the Head of Derivatives Department before he left LSL in late 1999. Mr. Lee was subsequently appointed as an assistant to the then Managing Director of the Company in early 2000 and left the Company in early 2009. He was a director of Systech Century Group from 2009 to 2014. In December 2014, Mr. Lee rejoined the Group and was appointed an Executive Vice President of business development. He also holds directorship in certain subsidiaries of the Company. Mr. Lee holds a Bachelor degree in Manufacturing Engineering with honours from Queen's University, Belfast, United Kingdom and a Doctor degree in Engineering (major in Hierarchical Operations Management and Control for Automated Systems and Robotics) from The University of Hong Kong. He also holds a Master of Laws (major in International Economic Law) from The Chinese University of Hong Kong.

Report of the Directors *(continued)*

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

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 Lippo and HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. He is also a director of a subsidiary of HKC and 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.

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 Lippo. 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 Lippo.

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 Lippo and HKC. He is the Chairman of the Audit Committee of HKC and a member of the Audit Committee of each of the Company and Lippo. He is also the Chairman of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC.

Mr. Victor Ha Kuk Yung, aged 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 Lippo and HKC. Mr. Yung is the Chairman of the Audit Committee of each of the Company and Lippo and a member of the Audit Committee of HKC. He is also a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. Mr. Yung is an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a public listed company in Hong Kong. He 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.

Report of the Directors *(continued)*

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

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

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

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

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

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

The emoluments of the Directors for the Year have been covered by their respective letter agreements and/or employment agreement/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) the discretionary bonus of Mr. John Luen Wai Lee in an amount of HK$2,000,000;

(c) the discretionary bonus of Mr. James Siu Lung Lee in an amount of HK$2,000,000; and

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

Dr. Stephen Riady and Messrs. John Luen Wai Lee and James Siu Lung 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. The fees paid to the non-executive Directors for serving as 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 the non-executive Directors per annum for serving as Chairmen and/or members of various board committees of the Company were adjusted as follows:

	HK$
Audit Committee	
Chairman	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	–	–	6,669,969,389 *Notes (i) and (ii)*	6,669,969,389	72.60
James Siu Lung Lee	2,000	–	–	2,000	0.00
Number of ordinary shares in Lippo Limited ("Lippo")					
Stephen Riady	–	–	369,800,219 *Note (i)*	369,800,219	74.98
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
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
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03
James Siu Lung Lee	2,000	–	–	2,000	0.00

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

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

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

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 share capital 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
First Tower Corporation	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo 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
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

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.

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 Limited ("Lippo")	6,669,969,389	72.60
Lippo Capital Limited ("Lippo Capital")	6,669,969,389	72.60
Lanius Limited ("Lanius")	6,669,969,389	72.60
Dr. Mochtar Riady	6,669,969,389	72.60
Madam Lidya Suryawaty	6,669,969,389	72.60

Note:

1. 6,669,969,389 ordinary shares of the Company were held by Skyscraper Realty Limited directly as beneficial owner which in turn is a wholly-owned subsidiary of First Tower Corporation ("First Tower"). First Tower is a wholly-owned subsidiary of Lippo. Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in ordinary shares representing approximately 74.98 per cent. of the issued shares of Lippo.

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's interests in the ordinary shares of the Company were recorded as the interests of Lippo Capital, Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 6,669,969,389 ordinary shares in the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 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.

Report of the Directors *(continued)*

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.

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

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

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

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

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

Continuing Connected Transactions

(A) A lease agreement dated 10th October, 2013 (the "Collyer Quay Lease Agreement") was entered into between Clifford Development Pte. Ltd. ("Clifford"), a wholly-owned subsidiary of OUE Limited ("OUE") which in turn is a subsidiary of a joint venture of Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company, and Auric Pacific Group Limited ("Auric"), a subsidiary of the Company, pursuant to which Auric agreed to lease from Clifford Unit #06-03, 50 Collyer Quay, Singapore, with a floor area of approximately 4,187 square feet, (the "Collyer Quay Property") for a term of three years from 15th July, 2013 to 14th July, 2016, both days inclusive, with an option to renew for a term of two years, at monthly rental of S$40,613.90 plus the Goods and Services Tax (the "GST") thereon at the prevailing GST rate in Singapore for the period from 15th July, 2013 to 31st December, 2013 and a monthly rental of S$46,057.00 plus the GST thereon for the period from 1st January, 2014 to 14th July, 2016, for office use. The service charge to be paid by Auric under the Collyer Quay Lease Agreement shall be S$5,443.10 per month plus GST thereon. On 27th January, 2014, the Collyer Quay Lease Agreement was novated to DBS Trustee Limited, the trustee of OUE Commercial Real Estate Investment Trust ("OUE C-REIT", which in turn is a joint venture of HKC) (the "Trustee"). The Trustee became the new landlord of the Collyer Quay Lease Agreement. The Company anticipated that the maximum aggregate annual rental and service charge to be paid by Auric under the Collyer Quay Lease Agreement for the Year to be HK$1,300,000 (approximately S$203,000).

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Continuing Connected Transactions *(continued)*

(A) *(continued)*

On 17th March, 2016, Auric exercised its option to renew the Collyer Quay Lease Agreement and entered into a lease agreement (the "New Collyer Quay Lease Agreement") with the Trustee pursuant to which Auric agreed to lease from the Trustee the Collyer Quay Property for a term of two years from 15th July, 2016 to 14th July, 2018, both days inclusive, with an option to renew for a further term of two years, at a monthly rental of S$46,057.00 plus GST thereon at the prevailing GST rate, for office use. The service charge to be paid by Auric under the New Collyer Quay Lease Agreement shall be S$5,443.10 per month plus GST thereon. The Company anticipated that the maximum aggregate annual rental and service charge to be paid by Auric under the New Collyer Quay Lease Agreement for the Year to be HK$3,100,000 (approximately S$485,000).

Further details of the above leases are disclosed in Note 42 to the financial statements.

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

Based on the estimates on the sales volume, the prevailing and anticipated unit price of the food and beverage products to be transacted and the expected appreciation of Singapore Dollars in the relevant period in respect of the revenues to be receivable under the above supply agreement, the Company estimated that the maximum aggregate revenues receivable by APM under the above supply agreement for the Year to be HK$3,800,000 (approximately S$600,000). Further details of the above supply of food and beverage products are disclosed in Note 42 to the financial statements.

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

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Continuing Connected Transactions *(continued)*

(C) *(continued)*

The maximum aggregate value, that is, the annual cap for the above tenancy agreement, which is equivalent to the annual rental and the annual LCR Catering 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.

(D) On 31st December, 2014, a sub-tenancy agreement (the "Existing Sub-Tenancy Agreement") was entered into between LCR Management Limited ("LCR Management"), as lessor, a wholly-owned subsidiary of the Company, and Lippo Limited ("Lippo"), as lessee, pursuant to which Lippo agreed to lease from LCR Management portion of 24th Floor, Tower One, Lippo Centre (the "Premises"), with a gross floor area of approximately 11,028 square feet, for a term of three years from 1st January, 2015 to 31st December, 2017, both days inclusive, at a monthly rental of HK$490,650 (equivalent to HK$5,887,800 per annum), exclusive of rates, service charges and all other outgoings, for office use. The service charge of HK$53,390 per calendar month (subject to adjustment) payable by Lippo to LCR Management shall be applied by LCR Management in respect of charges for the maintenance and management of the Premises provided that such service charge may not exceed HK$70,000 per calendar month unless agreed by both parties in writing (the "Maximum Service Charge"). The maximum aggregate rental, inclusive of the Maximum Service Charge, was HK$6,727,800 for the Year. The rental was determined by reference to the then prevailing open market rentals. Further details of the above tenancy are disclosed in Note 42 to the financial statements.

On 18th May, 2016, a tenancy agreement was entered into between Superform Investment Limited as landlord and LCR Management as tenant in respect of the leasing of 24th Floor, Tower One, Lippo Centre (of which the Premises form part) (the "Head Tenancy Agreement"). In light of the amended terms in the Head Tenancy Agreement, including, an increase in rentals payable and a change to the term of the lease, it was in the interests of LCR Management to execute the endorsement on 18th May, 2016 in relation to the termination of the Existing Sub-Tenancy Agreement and to enter into a new sub-tenancy agreement which reflects the terms of the Head Tenancy agreement.

On 18th May, 2016, a new sub-tenancy agreement was entered into between LCR Management, as lessor, and Lippo, as lessee, (the "New Sub-Tenancy Agreement") pursuant to which Lippo agreed to lease from LCR Management the Premises, with a gross floor area of approximately 11,028 square feet, for a term from 19th May, 2016 to 31st July, 2017, both days inclusive, at a monthly rental of HK$617,458, exclusive of rates, service charges and all other outgoings, for office use with an option to renew this lease for a further term of 9 months subject to the exercise of the option to renew by LCR Management under the Head Tenancy Agreement. The service charge of HK$63,649 per calendar month (subject to adjustment) payable by Lippo to LCR Management shall be applied by LCR Management in respect of charges for the maintenance and management of the Premises provided that such service charge may not exceed HK$75,000 per calendar month unless agreed by both parties in writing (the "New Maximum Service Charge"). The maximum aggregate rental, inclusive of the New Maximum Service Charge, was HK$7,215,000 for the Year. The rental was determined by reference to the then prevailing open market rentals. Further details of the above tenancy are disclosed in Note 42 to the financial statements.

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Continuing Connected Transactions *(continued)*

(E) On 3rd March, 2017, Food Junction Management Pte Ltd ("Food Junction") (as tenant), a non-wholly owned subsidiary of the Company, accepted the letter of offer dated 22nd February, 2017 issued by OUB Centre Limited ("OUBC", an approximately 83.33% indirect subsidiary of OUE C-REIT) (as landlord) for leasing the premises (the "Lease") located in the shopping mall known as #05-07, Tower One, One Raffles Place, 1 Raffles Place, Singapore 048616 with a floor area of 10,258 square feet, for a term of three years commencing from the expiry of the fitting-out period which is expected to be one month after the possession date (that is, 1st June, 2017 or such later date as advised by OUBC) with an option to renew by Food Junction for a further term of three years. The rental for the Lease will comprise a base rent of S$37,954.60 per month, a service charge of S$12,309.60 per month and advertising and promotional fees of S$3,077.40 per month (collectively, the "Fixed Rent") and a percentage rent of (i) 0.5% of the gross sales turnover for that month; or (ii) 10% of the gross sales turnover for that month less the Fixed Rent, whichever is higher. The above monthly rental shall be subject to GST at the prevailing rate. The above premises will be used as a food court with hawker food stalls and drinks stalls.

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

The independent non-executive Directors have confirmed that the above agreements had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the above agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Ernst & Young, the Company's auditor, was engaged to report on the Group's continuing connected transactions 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 transactions disclosed above (save for the Lease, the term of which has not yet commenced as at the year end date) 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 TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Connected Transaction

(F) On 13th April, 2017, a letter of undertaking was entered into between Silver Creek Capital Pte. Ltd. ("Silver Creek") and the Company pursuant to which Silver Creek undertook with the Company 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 the Company may from time to time issue and deliver to Silver Creek (the "Undertaking"). The Undertaking would allow the Company to maintain majority control in Auric and remain as the holding company (as defined 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 (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 transactions and connected transaction disclosed herein.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Save as disclosed above and in Note 42 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the year or at any time during the year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

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

DIRECTORS' SERVICE CONTRACTS

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

MANAGEMENT CONTRACTS

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

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

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

Report of the Directors *(continued)*

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 supplies 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.

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 29 to 38.

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 39 to 48. 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.

Report of the Directors *(continued)*

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
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 12), including three executive Directors and four non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 14 to 16). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.lcr.com.hk) 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.

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS *(continued)*

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

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

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

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS *(continued)*

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 Directors present.

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

	Attendance/Number of Meetings				
Directors	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 *(Chief Executive Officer)*	14/15	N/A	N/A	N/A	1/1
Mr. James Siu Lung Lee	14/15	N/A	N/A	N/A	1/1
Non-executive Director					
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").

Corporate Governance Report *(continued)*

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

REMUNERATION OF DIRECTORS

A Remuneration Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lcr.com.hk) 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.lcr.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.

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.lcr.com.hk). The Company believes that diversity can strengthen the performance of the Board, and promote effective decision-making and better corporate governance and monitoring.

Majority of the Committee members are non-executive Directors and three of them are independent. The Nomination Committee currently comprises five members including three independent non-executive Directors, namely Messrs. King Fai Tsui (being the Chairman of the Nomination Committee), Edwin Neo and Victor Ha Kuk Yung, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. 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.lcr.com.hk).

Corporate Governance Report *(continued)*

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 14 to 16.

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 *(Chief Executive Officer)*	(1), (2) and (3)
Mr. James Siu Lung Lee	(1), (2) and (3)
Non-executive Director	
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)

Corporate Governance Report *(continued)*

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.

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$6.7 million (2016 – HK$6.5 million) and approximately HK$1.2 million (2016 – HK$0.2 million), respectively. The non-statutory audit services provided during the Year consisted of the review of the Group's continuing connected transactions and other reporting services.

AUDIT COMMITTEE

The Board established an Audit Committee in December 1998. The Audit Committee has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lcr.com.hk) 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.

Corporate Governance Report *(continued)*

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 39 to 48. 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.lcr.com.hk).

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

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

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 lcr.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 lcr.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.lcr.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 49 to 53.

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

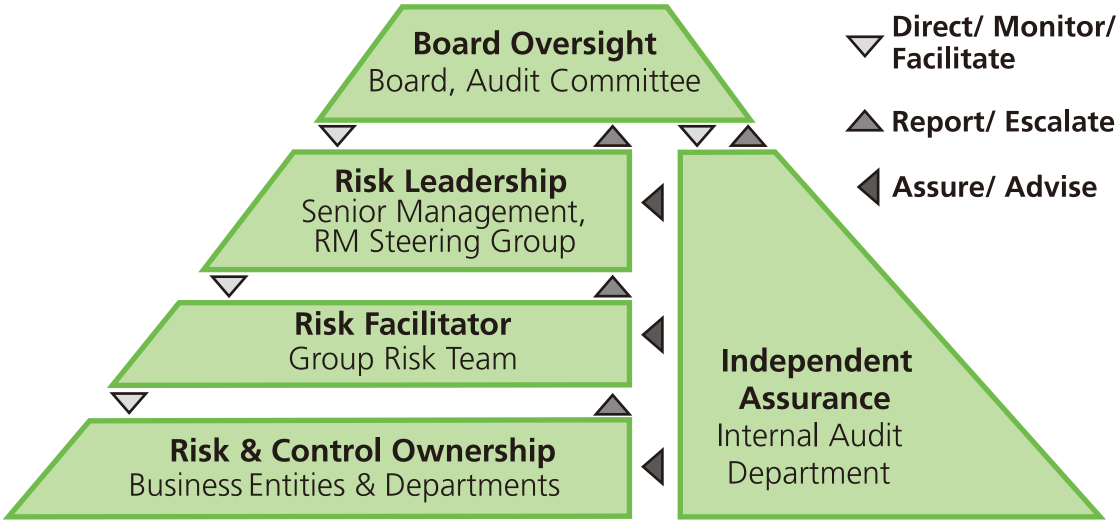
- Enable the Group to strike the right balance between risks and rewards by making risk informed decisions in accordance with the Group's business objectives and risk appetite

- 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

MATERIAL RISKS

In 2016, 9 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, • 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
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 policy with guidelines on credit terms and limits for food business debtors	Risk level has remained steady

Risk level has increased

Risk level has remained steady

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.

Risk Management Report *(continued)*

REVIEW OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS *(continued)*

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

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

OPINION

We have audited the consolidated financial statements of Lippo China Resources Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 160, 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 14 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.
Provision for obsolete inventories	
As at 31st March 2017, the Group had inventories of HK$237.7 million, which mainly consisted of fast-moving consumer goods from the Group's food businesses segment. These inventories were inherently subject to risk of obsolescence due to their perishable nature. The Group has a process to review inventories that are close to expiration date or expired. The obsolete inventories were written down to their net realisable values reflective of their consumption patterns and saleability. Significant judgements and estimates were involved in the estimation of the inventory provision. Related disclosures are included in Notes 3 and 24 to the consolidated financial statements.	We evaluated management's process to identify inventories which were close to their expiration dates or expired. We also assessed the inventory provision by checking the historical consumption and loss patterns of inventories, the aging of inventories by expiry date and subsequent sales made after the year end.

Independent Auditor's Report *(continued)*

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Fair value of investment properties	
As at 31st March 2017, investment properties measured at fair values amounted to approximately HK$1,371.0 million, with a corresponding net fair value gain of HK$63.8 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 17 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.

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.

Independent Auditor's Report *(continued)*

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.

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.

Independent Auditor's Report *(continued)*

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

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.

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	**2,461,337**	2,531,572
Cost of sales		**(1,341,555)**	(1,376,505)
Gross profit		**1,119,782**	1,155,067
Administrative expenses		**(737,564)**	(815,829)
Other operating expenses		**(389,256)**	(465,582)
Gain on disposal of subsidiaries	36	**333,865**	430,335
Net fair value gain on investment properties		**63,810**	21,644
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	6	**189,925**	(188,291)
Provisions for impairment losses on:			
Intangible assets	14	**(11,976)**	(238,915)
Loans and receivables	9	**(69,228)**	(163,388)
Available-for-sale financial assets	9	**(13,402)**	(124,631)
Associates	9	**(102)**	(34,925)
Finance costs	10	**(17,697)**	(19,319)
Share of results of associates		**(1,689)**	(3,756)
Share of results of joint ventures		**2,945**	5,814
Profit/(Loss) before tax	6	**469,413**	(441,776)
Income tax	11	**(31,430)**	(7,513)
Profit/(Loss) for the year		**437,983**	(449,289)
Attributable to:			
Equity holders of the Company		**387,785**	(309,172)
Non-controlling interests		**50,198**	(140,117)
		437,983	(449,289)
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	12		
Basic and diluted		**4.22**	(3.37)

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000
Profit/(Loss) for the year		**437,983**	(449,289)
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		**22,430**	(1,380)
Adjustment for impairment losses		**398**	–
		22,828	(1,380)
Exchange differences on translation of foreign operations		**(70,082)**	(39,560)
Exchange differences reclassified to profit or loss upon:			
Disposal of foreign subsidiaries	36	**(1,568)**	(10,249)
Cessation of foreign operations	6	**–**	4,944
Deemed disposal of a foreign associate		**353**	–
		(1,215)	(5,305)
Share of other comprehensive loss of an associate		**(352)**	(960)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the year, net of tax		**(48,821)**	(47,205)
Total comprehensive income/(loss) for the year		**389,162**	(496,494)
Attributable to:			
Equity holders of the Company		**370,763**	(360,801)
Non-controlling interests		**18,399**	(135,693)
		389,162	(496,494)

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	14	**198,765**	224,983	474,382
Exploration and evaluation assets	15	**1,099**	1,017	1,040
Fixed assets	16	**178,217**	246,061	343,368
Investment properties	17	**1,370,971**	1,253,292	1,238,691
Interests in associates	18	**15,245**	17,839	56,954
Interests in joint ventures	19	**13,616**	17,204	16,833
Available-for-sale financial assets	20	**310,398**	173,252	115,544
Loans and advances	21	**–**	3,679	1,582
Debtors, prepayments and deposits	22	**55,454**	46,582	67,487
Deferred tax assets	31	**5,223**	8,028	6,812
		2,148,988	1,991,937	2,322,693
Current assets				
Properties held for sale		**3,603**	4,426	5,639
Properties under development	23	**–**	231,450	598,352
Inventories	24	**237,657**	248,774	274,628
Loans and advances	21	**19,583**	68,350	8,082
Debtors, prepayments and deposits	22	**403,917**	477,941	451,616
Financial assets at fair value through profit or loss	25	**1,028,157**	713,528	314,467
Other financial asset	26	**–**	18	169
Tax recoverable		**3,330**	5,127	12,395
Restricted cash	27	**888,422**	18,576	22,700
Time deposits with original maturity of more than three months		**45,434**	–	–
Cash and cash equivalents		**1,538,558**	1,921,905	2,548,139
		4,168,661	3,690,095	4,236,187
Assets classified as held for sale	28	**197,051**	39,543	–
		4,365,712	3,729,638	4,236,187
Current liabilities				
Bank and other borrowings	29	**1,065,467**	57,095	302,280
Creditors, accruals and deposits received	30	**566,096**	561,303	575,157
Other financial liabilities	26	**4,520**	4,168	4,522
Tax payable		**217,680**	211,533	265,751
		1,853,763	834,099	1,147,710
Liabilities directly associated with assets classified as held for sale	28	**379**	1,414	–
		1,854,142	835,513	1,147,710
Net current assets		**2,511,570**	2,894,125	3,088,477
Total assets less current liabilities		**4,660,558**	4,886,062	5,411,170

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	29	**1,261**	511,826	372,220
Creditors, accruals and deposits received	30	**21,066**	25,711	30,724
Deferred tax liabilities	31	**49,347**	60,521	100,933
		71,674	598,058	503,877
Net assets		**4,588,884**	4,288,004	4,907,293
Equity				
Equity attributable to equity holders of the Company				
Share capital	32	**1,705,907**	1,705,907	1,705,907
Reserves	34	**2,399,048**	2,115,708	2,597,578
		4,104,955	3,821,615	4,303,485
Non-controlling interests		**483,929**	466,389	603,808
		4,588,884	4,288,004	4,907,293

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 HK$'000	Share option reserve HK$'000	Investment revaluation reserve HK$'000	Exchange equalisation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April, 2016	**1,705,907**	**1,294**	**(952)**	**53,242**	**2,062,124**	**3,821,615**	**466,389**	**4,288,004**
Profit for the year	**–**	**–**	**–**	**–**	**387,785**	**387,785**	**50,198**	**437,983**
Other comprehensive income/(loss) for the year:								
Available-for-sale financial assets:								
Changes in fair value	**–**	**–**	**22,430**	**–**	**–**	**22,430**	**–**	**22,430**
Adjustment for impairment losses	**–**	**–**	**398**	**–**	**–**	**398**	**–**	**398**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**(38,283)**	**–**	**(38,283)**	**(31,799)**	**(70,082)**
Exchange differences reclassified to profit or loss upon:								
Disposal of foreign subsidiaries	**–**	**–**	**–**	**(1,568)**	**–**	**(1,568)**	**–**	**(1,568)**
Deemed disposal of a foreign associate	**–**	**–**	**–**	**353**	**–**	**353**	**–**	**353**
Share of other comprehensive loss of an associate	**–**	**–**	**–**	**(352)**	**–**	**(352)**	**–**	**(352)**
Total comprehensive income/(loss) for the year	**–**	**–**	**22,828**	**(39,850)**	**387,785**	**370,763**	**18,399**	**389,162**
Change in non-controlling interests without change in control	**–**	**–**	**–**	**–**	**(147)**	**(147)**	**(859)**	**(1,006)**
Transfer of share option reserve upon disposal of a subsidiary	**–**	**(1,294)**	**–**	**–**	**1,294**	**–**	**–**	**–**
2015/2016 final dividend declared and paid to shareholders of the Company	**–**	**–**	**–**	**–**	**(68,902)**	**(68,902)**	**–**	**(68,902)**
2016/2017 interim dividend declared and paid to shareholders of the Company	**–**	**–**	**–**	**–**	**(18,374)**	**(18,374)**	**–**	**(18,374)**
At 31st March, 2017	**1,705,907**	**–**	**21,876**	**13,392**	**2,363,780**	**4,104,955**	**483,929**	**4,588,884**
At 1st April, 2015	1,705,907	1,324	428	103,461	2,492,365	4,303,485	603,808	4,907,293
Loss for the year	–	–	–	–	(309,172)	(309,172)	(140,117)	(449,289)
Other comprehensive income/(loss) for the year:								
Available-for-sale financial assets:								
Changes in fair value	–	–	(1,380)	–	–	(1,380)	–	(1,380)
Exchange differences on translation of foreign operations	–	(30)	–	(40,954)	–	(40,984)	1,424	(39,560)
Exchange differences reclassified to profit or loss upon:								
Disposal of foreign subsidiaries	–	–	–	(10,249)	–	(10,249)	–	(10,249)
Cessation of foreign operations	–	–	–	1,944	–	1,944	3,000	4,944
Share of other comprehensive loss of an associate	–	–	–	(960)	–	(960)	–	(960)
Total comprehensive loss for the year	–	(30)	(1,380)	(50,219)	(309,172)	(360,801)	(135,693)	(496,494)
Change in non-controlling interests without change in control *(Note 37)*	–	–	–	–	(6,232)	(6,232)	6,232	–
2014/2015 final dividend declared and paid to shareholders of the Company	–	–	–	–	(68,902)	(68,902)	–	(68,902)
2014/2015 special final dividend declared and paid to shareholders of the Company	–	–	–	–	(27,561)	(27,561)	–	(27,561)
2015/2016 interim dividend declared and paid to shareholders of the Company	–	–	–	–	(18,374)	(18,374)	–	(18,374)
Dividend declared and paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	(7,958)	(7,958)
At 31st March, 2016	1,705,907	1,294	(952)	53,242	2,062,124	3,821,615	466,389	4,288,004

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 used in operations	38	**(15,043)**	(312,863)
Interest received		**10,062**	21,043
Dividends received from:			
A joint venture		**5,999**	5,767
Investments		**16,543**	17,991
Taxes paid:			
Hong Kong		**(4,530)**	(3,362)
Overseas		**(16,208)**	(82,890)
Net cash flows used in operating activities		**(3,177)**	(354,314)
Cash flows from investing activities			
Proceeds from disposals of:			
Fixed assets		**1,411**	792
Available-for-sale financial assets		**4,109**	2,143
Payments to acquire:			
Fixed assets		**(23,397)**	(46,631)
Exploration and evaluation assets		**(829)**	(1,484)
An associate		**–**	(844)
Available-for-sale financial assets		**(128,475)**	(188,470)
Loans and advances		**–**	(217,305)
Additions to investment properties		**(64,092)**	–
Repayment from an associate		**–**	455
Advance to an associate		**(102)**	(99)
Disposal of subsidiaries	36	**369,704**	417,495
Increase in time deposits with original maturity of more than three months		**(45,434)**	–
Net cash flows from/(used in) investing activities		**112,895**	(33,948)
Cash flows from financing activities			
Finance costs paid		**(14,392)**	(18,981)
Drawdown of bank and other borrowings		**716,416**	272,563
Repayment of bank loans		**(216,897)**	(375,755)
Repayment of obligations under finance leases		**(589)**	(649)
Dividends paid to shareholders of the Company		**(87,276)**	(114,837)
Dividends paid to non-controlling shareholders of a subsidiary		**–**	(7,958)
Decrease/(Increase) in restricted cash		**(870,446)**	4,560
Net cash flows used in financing activities		**(473,184)**	(241,057)
Net decrease in cash and cash equivalents		**(363,466)**	(629,319)
Cash and cash equivalents at beginning of year		**1,921,905**	2,548,139
Cash and cash equivalents included in assets classified as held for sale	28	**(465)**	–
Exchange realignments		**(19,416)**	3,085
Cash and cash equivalents at end of year		**1,538,558**	1,921,905

Notes to the Financial Statements

1. CORPORATE AND GROUP INFORMATION

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

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

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

Details of the principal subsidiaries are set out on pages 148 to 157.

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)*

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. The effects of the change are as follows:

	2017 HK$'000	2016 HK$'000
Consolidated statement of profit or loss		
Increase in provision for impairment loss on intangible assets	**–**	(30,927)
Decrease in income tax expense	**–**	30,927
Change in profit/(loss) for the year and total comprehensive income/(loss) for the year	**–**	–

The change in accounting policy did not have any impact on the earnings/(loss) per share attributable to equity holders of the Company for the years ended 31st March, 2017 and 2016.

	31st March, 2017 HK$'000	31st March, 2016 HK$'000	1st April, 2015 HK$'000
Consolidated statement of financial position			
Increase in intangible assets and total non-current assets	**15,737**	16,262	47,079
Increase in deferred tax liabilities and total non-current liabilities	**(15,737)**	(16,262)	(47,079)
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.

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$377,659,000 (Note 40(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.

Notes to the Financial Statements *(continued)*

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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

(d) Fair value measurement

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Fair value measurement *(continued)*

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.

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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Investment properties

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Intangible assets (other than goodwill)

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Exploration and evaluation assets

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

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

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

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

(l) Leases

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

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

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

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

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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Subsequent measurement (continued)

Available-for-sale financial assets

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

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

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

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

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

(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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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.

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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Assets carried at cost

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

Available-for-sale financial assets

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

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

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement or 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

(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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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;

(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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

Share-based payments

The Company operates a share option scheme 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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ab) Employee benefits *(continued)*

Share-based payments (continued)

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.

(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.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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.

Notes to the Financial Statements *(continued)*

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 wholly-owned subsidiaries and 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$1,370,971,000 (2016 — HK$1,253,292,000). Further details are disclosed in Note 17 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 14 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 14 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$67,096,000 (2016 — HK$158,871,000) 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$19,583,000 (2016 — HK$72,029,000).

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$13,402,000 (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$310,398,000 (2016 — HK$173,252,000).

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

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

(g) the "other" segment comprises principally money lending and the provision of property management services.

Management monitors the results of 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	Food businesses HK$'000	Mineral exploration and extraction HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue									
External	38,466	–	5,721	18,469	2,383,223	–	15,458	–	2,461,337
Inter-segment	5,976	–	–	–	–	–	–	(5,976)	–
Total	44,442	–	5,721	18,469	2,383,223	–	15,458	(5,976)	2,461,337
Segment results	415,106	(27,363)	5,721	181,341	101,212	(84,532)	11,882	–	603,367
	(Note (a))	*(Note (b))*			*(Note (c))*	*(Note (d))*			
Unallocated corporate expenses									(118,158)
Finance costs									(17,052)
Share of results of associates	–	–	–	–	–	(1,892)	203	–	(1,689)
Share of results of joint ventures	–	(16)	–	–	2,961	–	–	–	2,945
Profit before tax									469,413
Segment assets	1,464,647	198,265	1,823,115	1,363,459	1,469,218	3,021	149,365	–	6,471,090
Interests in associates	–	–	–	–	–	–	15,245	–	15,245
Interests in joint ventures	–	340	–	–	13,276	–	–	–	13,616
Unallocated assets									14,749
Total assets									6,514,700
Segment liabilities	168,369	261,697	–	275,453	480,617	33,199	152,918	(635,626)	736,627
Unallocated liabilities									1,189,189
Total liabilities									1,925,816
Other segment information:									
Capital expenditure *(Note (e))*	64,737	–	–	–	30,530	838	4	–	96,109
Depreciation	(6,000)	(60)	–	–	(63,524)	(97)	(413)	–	(70,094)
Amortisation of intangible assets	–	–	–	–	(7,715)	–	–	–	(7,715)
Interest income	–	–	5,721	3,430	2,725	–	1,014	–	12,890
Finance costs	–	–	–	–	(645)	–	–	–	(645)
Gain/(Loss) on disposal of:									
Subsidiaries	332,398	–	–	–	(101)	1,568	–	–	333,865
Available-for-sale financial assets	–	–	–	2,859	–	–	–	–	2,859
Loss on deemed disposal of an associate	–	–	–	–	–	(785)	–	–	(785)
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)
Available-for-sale financial assets	–	–	–	(8,160)	(5,242)	–	–	–	(13,402)
A property under development	–	(22,753)	–	–	–	–	–	–	(22,753)
A property held for sale	(822)	–	–	–	–	–	–	–	(822)
Inventories	–	–	–	–	(24,798)	–	–	–	(24,798)
Loans and receivables	–	–	–	–	(2,714)	(58,272)	(8,242)	–	(69,228)
Fixed assets written off	–	–	–	–	(863)	–	–	–	(863)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	181,889	(1,861)	–	9,897	–	189,925
Net fair value gain on investment properties	63,810	–	–	–	–	–	–	–	63,810
Unallocated:									
Capital expenditure *(Note (e))*									2,528
Depreciation									(725)
Finance costs									(17,052)

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	Food businesses HK$'000	Mineral exploration and extraction HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue									
External	45,362	–	12,754	21,661	2,433,376	–	18,419	–	2,531,572
Inter-segment	5,974	–	–	–	–	–	–	(5,974)	–
Total	51,336	–	12,754	21,661	2,433,376	–	18,419	(5,974)	2,531,572
Segment results	55,602	344,494	12,754	(118,563)	(220,708)	(336,126)	13,529	–	(249,018)
	(Note (a))	*(Note (b))*			*(Note (c))*	*(Note (d))*			
Unallocated corporate expenses									(177,042)
Finance costs									(17,774)
Share of results of associates	–	–	–	–	–	(2,405)	(1,351)	–	(3,756)
Share of results of joint ventures	–	1,956	–	–	3,858	–	–	–	5,814
Loss before tax									(441,776)
Segment assets	1,412,329	233,419	615,021	1,856,517	1,464,379	68,748	14,392	–	5,664,805
Interests in associates	–	–	–	–	–	2,715	15,124	–	17,839
Interests in joint ventures	–	6,512	–	–	10,692	–	–	–	17,204
Unallocated assets									21,727
Total assets									5,721,575
Segment liabilities	260,008	262,348	–	189,920	508,545	98,715	24,124	(619,435)	724,225
Unallocated liabilities									709,346
Total liabilities									1,433,571
Other segment information:									
Capital expenditure *(Note (e))*	11	–	–	–	49,085	1,484	54	–	50,634
Depreciation	(5,915)	(300)	–	–	(73,168)	(122)	(570)	–	(80,075)
Amortisation of intangible assets	–	–	–	–	(11,690)	–	–	–	(11,690)
Interest income	–	–	12,754	5,414	1,512	–	727	–	20,407
Finance costs	–	–	–	–	(1,545)	–	–	–	(1,545)
Gain on disposal of subsidiaries	–	428,613	–	–	–	–	1,722	–	430,335
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)
Available-for-sale financial assets	–	–	–	–	–	(124,631)	–	–	(124,631)
A property held for sale	(1,214)	–	–	–	–	–	–	–	(1,214)
Inventories	–	–	–	–	(22,736)	–	–	–	(22,736)
Loans and receivables	–	–	–	–	(3,935)	(159,453)	–	–	(163,388)
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 loss on financial instruments at fair value through profit or loss	–	(64,637)	–	(120,620)	(3,034)	–	–	–	(188,291)
Net fair value gain on investment properties	21,644	–	–	–	–	–	–	–	21,644
Unallocated:									
Capital expenditure *(Note (e))*									7
Depreciation									(1,692)
Finance costs									(17,774)

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Note:

(a) The amount included gain on disposal of a subsidiary of HK$332,398,000 (2016 — Nil).

(b) The amount included provision for impairment losses on a property under development of HK$22,753,000 (2016 — Nil). The amount in 2016 also included gain on disposal of subsidiaries of HK$428,613,000.

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

(d) 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.

(e) 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	**323,206**	367,426
Mainland China	**16,221**	21,357
Republic of Singapore	**1,591,596**	1,588,502
Malaysia	**517,203**	538,178
Other	**13,111**	16,109
	2,461,337	2,531,572

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	**1,205,733**	1,131,686
Mainland China	**192,006**	196,558
Republic of Singapore	**335,364**	374,494
Malaysia	**14,558**	21,798
Other	**47,447**	44,077
	1,795,108	1,768,613

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 sales of goods and food and beverage, fees charged to food court tenants, gross income from property management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

An analysis of the revenue of the Group is as follows:

	2017 HK$'000	2016 HK$'000
Property rental income	**38,466**	45,362
Interest income	**12,890**	20,407
Dividend income	**17,310**	17,876
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	**42,051**	48,227
	2,461,337	2,531,572

6. PROFIT/(LOSS) BEFORE TAX

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

	2017 HK$'000	2016 HK$'000
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	**159,338**	(124,963)
Debt securities	**(3,190)**	8,736
Investment funds	**7,831**	(76,150)
	163,979	(192,377)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**(482)**	354
Derivative financial instruments	**26,428**	3,732
	189,925	(188,291)

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
Employee benefit expense *(Note (a))*:		
Wages and salaries	**(425,834)**	(477,963)
Retirement benefit costs *(Note (b))*	**(38,932)**	(35,949)
Total staff costs	**(464,766)**	(513,912)
Interest income:		
Financial assets at fair value through profit or loss	**2,513**	5,414
Available-for-sale financial assets	**917**	–
Loans and advances	**1,014**	727
Other	**8,446**	14,266
Gain on disposal of available-for-sale financial assets	**2,859**	–
Loss on disposal of fixed assets	**(920)**	(442)
Loss on deemed disposal of an associate	**(785)**	–
Provisions for impairment losses on *(Note (c))*:		
Exploration and evaluation assets	**(731)**	(1,468)
Fixed assets	**(22,236)**	(8,392)
A property under development	**(22,753)**	–
A property held for sale	**(822)**	(1,214)
Inventories	**(24,798)**	(22,736)
Fixed assets written off	**(863)**	(14,859)
Depreciation	**(70,819)**	(81,767)
Amortisation of intangible assets *(Note (d))*	**(7,715)**	(11,690)
Foreign exchange losses — net	**(3,140)**	(37,177)
Realised translation losses reclassified to the statement of profit or loss relating to cessation of foreign operations	**–**	(4,944)
Auditor's remuneration	**(6,861)**	(6,694)
Operating leases:		
Minimum lease payments	**(223,192)**	(227,202)
Contingent rents	**(11,147)**	(14,601)
Direct operating expenses arising on rental-earning investment properties	**(3,675)**	(4,145)
Cost of inventories sold	**(1,326,758)**	(1,347,362)

Note:

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

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

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

(d) 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") and 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	**2,542**	2,458
Basic salaries, allowances and benefits in kind	**7,414**	7,144
Discretionary bonuses paid and payable	**12,000**	11,084
Retirement benefit costs	**72**	107
	22,028	20,793

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	223	5,812	8,000	36	14,071
John Luen Wai Lee	223	803	2,000	18	3,044
James Siu Lung Lee	223	799	2,000	18	3,040
	669	7,414	12,000	72	20,155
Non-executive director:					
Leon Nim Leung Chan	371	–	–	–	371
Independent non-executive directors:					
Edwin Neo	735	–	–	–	735
King Fai Tsui	371	–	–	–	371
Victor Ha Kuk Yung	396	–	–	–	396
	1,502	–	–	–	1,502
	2,542	7,414	12,000	72	22,028

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$'000	Retirement benefits costs HK$'000	Total HK$'000
Executive directors:					
Stephen Riady	216	5,616	8,084	73	13,989
John Luen Wai Lee	216	798	2,000	18	3,032
James Siu Lung Lee	198	730	1,000	16	1,944
	630	7,144	11,084	107	18,965
Non-executive director:					
Leon Nim Leung Chan	360	–	–	–	360
Independent non-executive directors:					
Edwin Neo	724	–	–	–	724
King Fai Tsui	360	–	–	–	360
Victor Ha Kuk Yung	384	–	–	–	384
	1,468	–	–	–	1,468
	2,458	7,144	11,084	107	20,793

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 one Director (2016 — two Directors), details of whose emoluments are set out in Note 7 to the financial statements. Details of the emoluments of the remaining four (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	**11,098**	5,850
Discretionary bonuses paid and payable	**11,600**	21,200
Retirement benefit costs	**18**	18
	22,716	27,068

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	**2**	–
4,500,001 — 5,000,000	**1**	–
10,000,001 — 10,500,000	**1**	–
20,000,001 — 20,500,000	**–**	1
	4	3

Notes to the Financial Statements *(continued)*

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 wholly-owned 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.

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.

Notes to the Financial Statements *(continued)*

10. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on bank and other borrowings	**17,619**	19,247
Interest on finance leases	**78**	84
Total interest	**17,697**	19,331
Less: Interest capitalised	**–**	(12)
	17,697	19,319

11. INCOME TAX

	2017 HK$'000	2016 HK$'000 (Restated)
Hong Kong:		
Charge for the year	**3,610**	4,887
Underprovision/(Overprovision) in prior years	**75**	(256)
Deferred *(Note 31)*	**(2,371)**	(1,329)
	1,314	3,302
Overseas:		
Charge for the year	**36,863**	46,465
Overprovision in prior years	**(4,022)**	(5,060)
Deferred *(Note 31)*	**(2,725)**	(37,194)
	30,116	4,211
Total charge for the year	**31,430**	7,513

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)*

11. 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	**469,413**	(441,776)
Tax at the statutory tax rate of 16.5 per cent. (2016 — 16.5 per cent.)	**77,453**	(72,893)
Effect of different tax rates in other jurisdictions	**5,354**	(8,143)
Adjustments in respect of current tax of previous years	**(3,947)**	(5,316)
Profits attributable to joint ventures and associates	**(207)**	(340)
Income not subject to tax	**(92,403)**	(32,078)
Expenses not deductible for tax	**35,883**	106,495
Effect of partial tax exemption and tax relief	**(3,576)**	(4,170)
Deferred tax on royalty income	**(118)**	(509)
Benefits from tax losses/temporary differences previously unrecognised	**(4,353)**	(613)
Tax losses/temporary differences not recognised	**17,344**	25,080
Tax charge at the Group's effective rate	**31,430**	7,513

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

The share of tax charge attributable to associates and joint ventures amounting to HK$213,000 (2016 — HK$144,000) and HK$645,000 (2016 — HK$705,000), 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.

12. 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 9,186,913,000 ordinary shares (2016 — approximately 9,186,913,000 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.

Notes to the Financial Statements *(continued)*

13. DIVIDENDS

	2017 HK$'000	2016 HK$'000
Interim dividend, declared, of HK0.2 cent (2016 — HK0.2 cent) per ordinary share	**18,374**	18,374
Final dividend, proposed, of HK0.75 cent (2016 — HK0.75 cent) per ordinary share	**68,902**	68,902
	87,276	87,276

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

14. 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	212,172	305,106	168,565	685,843
Prior year adjustments *(Note 2.2)*	47,982	–	–	47,982
As restated	260,154	305,106	168,565	733,825
Write-off during the year	–	–	(1,727)	(1,727)
Exchange adjustments	(7,839)	(9,851)	(5,427)	(23,117)
At 31st March, 2017	252,315	295,255	161,411	708,981
Accumulated amortisation and impairment losses:				
At 1st April, 2016				
As previously reported	118,538	209,434	149,150	477,122
Prior year adjustments *(Note 2.2)*	31,720	–	–	31,720
As restated	150,258	209,434	149,150	508,842
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	146,234	202,671	161,311	510,216
Net carrying amount:				
At 31st March, 2017	106,081	92,584	100	198,765

Notes to the Financial Statements *(continued)*

14. 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	209,615	299,362	165,392	674,369
Prior year adjustments *(Note 2.2)*	47,079	–	–	47,079
As restated	256,694	299,362	165,392	721,448
Exchange adjustments (restated)	3,460	5,744	3,173	12,377
At 31st March, 2016 (restated)	260,154	305,106	168,565	733,825
Accumulated amortisation and impairment losses:				
At 1st April, 2015	108,143	22,408	116,515	247,066
Amortisation provided for the year	–	–	11,690	11,690
Impairment during the year (restated)	39,039	181,927	17,949	238,915
Exchange adjustments (restated)	3,076	5,099	2,996	11,171
At 31st March, 2016 (restated)	150,258	209,434	149,150	508,842
Net carrying amount:				
At 31st March, 2016 (restated)	109,896	95,672	19,415	224,983
At 1st April, 2015 (restated)	148,551	276,954	48,877	474,382

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).

Notes to the Financial Statements *(continued)*

14. INTANGIBLE ASSETS *(continued)*

Impairment testing of goodwill, trademarks and trademark licence agreement

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.

14. INTANGIBLE ASSETS *(continued)*

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

15. 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.

Notes to the Financial Statements *(continued)*

16. FIXED ASSETS

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures, plant and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
2017						
At 31st March, 2016 and at 1st April, 2016						
Cost	217,747	323,092	384,716	19,540	3,153	948,248
Accumulated depreciation and impairment losses	(132,662)	(234,867)	(323,147)	(11,218)	(293)	(702,187)
Net carrying amount	85,085	88,225	61,569	8,322	2,860	246,061
At 1st April, 2016, net of accumulated depreciation and impairment losses	85,085	88,225	61,569	8,322	2,860	246,061
Additions during the year *(Note)*	–	23,443	6,496	3,155	622	33,716
Reclassification to assets held for sale *(Note 28)*	–	–	(76)	–	–	(76)
Reclassification	–	1,984	–	–	(1,984)	–
Disposals during the year	–	(269)	(1,204)	(858)	–	(2,331)
Depreciation provided for the year	(3,760)	(42,130)	(23,003)	(1,926)	–	(70,819)
Impairment during for the year	–	(17,442)	(4,794)	–	–	(22,236)
Write-off during the year	–	(179)	(684)	–	–	(863)
Exchange adjustments	(872)	(2,085)	(1,910)	(287)	(81)	(5,235)
At 31st March, 2017, net of accumulated depreciation and impairment losses	80,453	51,547	36,394	8,406	1,417	178,217
At 31st March, 2017						
Cost	214,186	308,626	358,995	18,506	1,700	902,013
Accumulated depreciation and impairment losses	(133,733)	(257,079)	(322,601)	(10,100)	(283)	(723,796)
Net carrying amount	80,453	51,547	36,394	8,406	1,417	178,217

Notes to the Financial Statements *(continued)*

16. FIXED ASSETS *(continued)*

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures, plant and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
2016						
At 1st April, 2015						
Cost	438,321	327,919	402,297	23,185	783	1,192,505
Accumulated depreciation and impairment losses	(308,561)	(207,858)	(316,645)	(15,786)	(287)	(849,137)
Net carrying amount	129,760	120,061	85,652	7,399	496	343,368
At 1st April, 2015, net of accumulated depreciation and impairment losses	129,760	120,061	85,652	7,399	496	343,368
Additions during the year *(Note)*	29	29,355	14,106	3,313	2,354	49,157
Reclassification to assets held for sale *(Note 28)*	(39,304)	–	–	–	–	(39,304)
Disposals during the year	–	–	(870)	(364)	–	(1,234)
Disposals of subsidiaries *(Note 36)*	(795)	–	(251)	(161)	–	(1,207)
Depreciation provided for the year	(5,075)	(46,415)	(28,902)	(1,375)	–	(81,767)
Impairment during for the year	–	(4,137)	(3,768)	(487)	–	(8,392)
Write-off during the year	–	(10,223)	(4,636)	–	–	(14,859)
Exchange adjustments	470	(416)	238	(3)	10	299
At 31st March, 2016, net of accumulated depreciation and impairment losses	85,085	88,225	61,569	8,322	2,860	246,061
At 31st March, 2016						
Cost	217,747	323,092	384,716	19,540	3,153	948,248
Accumulated depreciation and impairment losses	(132,662)	(234,867)	(323,147)	(11,218)	(293)	(702,187)
Net carrying amount	85,085	88,225	61,569	8,322	2,860	246,061

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$23,397,000 (2016 — HK$46,631,000) were made to purchase fixed assets during the year.

Notes to the Financial Statements *(continued)*

16. FIXED ASSETS *(continued)*

The carrying amount of the Group's fixed assets held under finance leases included in the total amount of furniture, fixtures, plant and equipment 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 29 to the financial statements.

Certain leasehold land and buildings have been mortgaged to secure banking facilities made available to the Group as set out in Note 29 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.

17. INVESTMENT PROPERTIES

	2017 HK$'000	2016 HK$'000
Balance at beginning of year	**1,253,292**	1,238,691
Additions during the year	**64,092**	–
Fair value adjustments	**63,810**	21,644
Exchange adjustments	**(10,223)**	(7,043)
Balance at end of year	**1,370,971**	1,253,292

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 29 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 Vigers Appraisal and Consulting Limited, RHL Appraisal Limited, D'Valuer Property Consultants Pte Ltd, Dalia Assis and CBRE, Inc., independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK$1,370,971,000 (2016 — HK$1,253,292,000).

Notes to the Financial Statements *(continued)*

17. 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	**–**	**–**	**290,961**	**290,961**
	–	**–**	**1,370,971**	**1,370,971**
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	–	–	224,932	224,932
	–	–	1,253,292	1,253,292

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	**1,253,292**	1,238,691
Additions	**64,092**	–
Net gain from fair value adjustments	**63,810**	21,644
Exchange adjustments	**(10,223)**	(7,043)
Carrying amount at end of year	**1,370,971**	1,253,292

Notes to the Financial Statements *(continued)*

17. 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$16,000 to HK$124,000 (2016 — HK$16,000 to HK$80,000)

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

18. INTERESTS IN ASSOCIATES

	2017 HK$'000	2016 HK$'000
Share of net assets	**62,716**	65,664
Goodwill	**470**	470
Due from associates	**31,938**	31,836
	95,124	97,970
Provisions for impairment losses	**(79,879)**	(80,131)
	15,245	17,839

The balances with the associates are unsecured, interest-free and have no fixed terms of repayment and 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 page 158.

Notes to the Financial Statements *(continued)*

18. 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	**(1,689)**	(3,756)
Share of the associates' other comprehensive loss for the year	**(352)**	(960)
Share of the associates' total comprehensive loss for the year	**(2,041)**	(4,716)
Aggregate carrying amount of the Group's interests in the associates	**15,245**	17,839

19. INTERESTS IN JOINT VENTURES

	2017 HK$'000	2016 HK$'000
Share of net assets	**13,616**	17,204

Details of the principal joint ventures are set out on page 159.

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 and total comprehensive income for the year	**2,945**	5,814
Aggregate carrying amount of the Group's interests in the joint ventures	**13,616**	17,204

The Group's trade receivable balance due from a joint venture is disclosed in Note 22 to the financial statements.

Notes to the Financial Statements *(continued)*

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 HK$'000	2016 HK$'000
Financial assets stated at fair value:		
Equity securities	**92,640**	–
Debt securities	**16,430**	7,686
Investment funds	**112,273**	84,598
	221,343	92,284
Financial assets stated at cost:		
Equity securities	**242,154**	215,463
Investment funds	**86,276**	109,493
	328,430	324,956
Provisions for impairment losses	**(239,375)**	(243,988)
	89,055	80,968
	310,398	173,252

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$22,430,000 (2016 — loss of HK$1,380,000).

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$13,402,000 (2016 — HK$124,631,000), which included a reclassification from consolidated other comprehensive income of HK$398,000 (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 27 to the financial statements.

Notes to the Financial Statements *(continued)*

21. LOANS AND ADVANCES

The loans and advances to customers of the Group bear interest rates ranging from 6.0 per cent. to 8.0 per cent. (2016 — 6.0 per cent. to 10.5 per cent.) per annum.

At the end of the reporting period, the carrying amount before provision of individually impaired loans and advances was HK$226,298,000 (2016 — HK$217,022,000). 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	**158,871**	–
Impairment losses recognised *(Note)*	**67,096**	158,871
Exchange adjustments	**331**	–
Balance at end of year	**226,298**	158,871

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.

22. 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:		
Within 30 days	**247,558**	174,518
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
	357,228	373,385

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

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

Included in the trade debtors is an amount of HK$3,468,000 (2016 — HK$3,855,000) due from a joint venture of the Group. The amount due from the joint venture arose from sales made to that company, and is unsecured, non-interest bearing and repayable within normal trade credit terms and is to be settled in cash.

At the end of the reporting period, the carrying amount before provision of individually impaired trade and other receivables was HK$9,428,000 (2016 — HK$14,770,000), which was mainly related to the food businesses segment. The Group does not hold any collateral or other credit enhancements over these balances. Movements in the allowance for bad and doubtful debts for these individually impaired receivables during the year are as follows:

	2017 HK$'000	2016 HK$'000
Balance at beginning of year	**14,770**	20,292
Impairment losses recognised	**2,132**	4,517
Amount written off as uncollectible	**(6,618)**	(8,935)
Exchange adjustments	**(856)**	(1,104)
Balance at end of year	**9,428**	14,770

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

Notes to the Financial Statements *(continued)*

23. PROPERTIES UNDER DEVELOPMENT

	2017 HK$'000	2016 HK$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	**231,450**	798,455
Additions during the year	**1,362**	10,427
Reclassified to assets held for sale *(Note 28)*	**(218,593)**	–
Disposal of subsidiaries *(Note 36)*	**–**	(535,099)
Exchange adjustments	**(14,219)**	(42,333)
Balance at end of year	**–**	231,450
Provisions for impairment losses:		
Balance at beginning of year	**–**	(200,103)
Impairment during the year	**(22,753)**	–
Reclassified to assets held for sale *(Note 28)*	**22,753**	–
Disposal of subsidiaries *(Note 36)*	**–**	189,191
Exchange adjustments	**–**	10,912
Balance at end of year	**–**	–
	–	231,450

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

24. 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)*

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Held for trading:		
Equity securities	**434,181**	242,259
Debt securities	**206,188**	192,821
Investment funds	**387,788**	278,448
	1,028,157	713,528

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 27 to the financial statements.

26. OTHER FINANCIAL ASSET/LIABILITIES

	2017		2016	
	Asset HK$'000	**Liabilities HK$'000**	Asset HK$'000	Liabilities HK$'000
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

27. RESTRICTED CASH

In connection with the Healthway Offer with details disclosed in Note 46 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 banker' 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 29 and 39 to the financial statements, respectively.

Notes to the Financial Statements *(continued)*

28. 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 wholly-owned 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 wholly-owned 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.

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	16	**76**	39,304
Properties under development	23	**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	31	**–**	1,349
Total liabilities classified as held for sale		**379**	1,414
Net assets		**196,672**	38,129

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 29 to the financial statements.

Notes to the Financial Statements *(continued)*

29. BANK AND OTHER BORROWINGS

	2017 HK$'000	2016 HK$'000
Current portion:		
Bank loans:		
Secured *(Note (a))*	**475,000**	40,000
Unsecured	**–**	16,612
Other borrowings:		
Unsecured other loan *(Note (b))*	**590,000**	–
Obligations under finance leases *(Note (c))*	**467**	483
	1,065,467	57,095
Non-current portion:		
Secured bank loans *(Note (a))*	**–**	510,000
Obligations under finance leases *(Note (c))*	**1,261**	1,826
	1,261	511,826
	1,066,728	568,921
Bank and other borrowings by currency:		
Hong Kong dollar	**1,065,000**	550,000
Malaysian Ringgit	**1,728**	13,180
Singapore dollar	**–**	5,741
	1,066,728	568,921
Bank loans repayable:		
Within one year	**475,000**	56,612
In the second year	**–**	510,000
	475,000	566,612
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 2.4 per cent. to 2.9 per cent. (2016 — 2.2 per cent. to 4.3 per cent.) per annum.

Notes to the Financial Statements *(continued)*

29. BANK AND OTHER BORROWINGS *(continued)*

Note:

(a) At the end of the reporting period, the bank loans were secured by 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 — HK96,694,000), respectively.

The bank loans as at 31st March, 2016 were also secured by certain bank deposits of the Group with a carrying amount of HK$1,958,000.

(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		2016	
	Present value of minimum lease payments HK$'000	**Minimum lease payments HK$'000**	Present value of minimum lease payments HK$'000	Minimum lease payments HK$'000
Within one year	**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

30. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	2017 HK$'000	2016 HK$'000
Outstanding balances with ages:		
Within 30 days	**126,631**	173,772
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
	195,637	204,527

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

31. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Provision and accruals HK$'000	Indefinite life intangible assets HK$'000	Others HK$'000	Total HK$'000
2017							
At 1st April, 2016							
As previously reported	10,712	27,484	(207)	(8,531)	–	6,773	36,231
Prior year adjustments *(Note 2.2)*	–	–	–	–	16,262	–	16,262
As restated	10,712	27,484	(207)	(8,531)	16,262	6,773	52,493
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 11)*	(4,243)	2,517	(419)	2,125	–	(5,076)	(5,096)
Exchange adjustments	(293)	(2,855)	–	524	(525)	(124)	(3,273)
At 31st March, 2017	6,176	27,146	(626)	(5,882)	15,737	1,573	44,124

Notes to the Financial Statements *(continued)*

31. DEFERRED TAX *(continued)*

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Provision and accruals HK$'000	Indefinite life intangible assets HK$'000	Others HK$'000	Total HK$'000
2016							
At 1st April, 2015							
As previously reported	14,249	27,660	(1,296)	(7,334)	–	13,763	47,042
Prior year adjustments *(Note 2.2)*	–	–	–	–	47,079	–	47,079
As restated	14,249	27,660	(1,296)	(7,334)	47,079	13,763	94,121
Deferred tax charged/(credited) to the statement of profit or loss during the year (restated) *(Note 11)*	(2,321)	2,147	1,018	(1,394)	(30,927)	(7,046)	(38,523)
Reclassified to assets held for sale *(Note 28)*	(1,420)	–	71	–	–	–	(1,349)
Exchange adjustments (restated)	204	(2,323)	–	197	110	56	(1,756)
At 31st March, 2016 (restated)	10,712	27,484	(207)	(8,531)	16,262	6,773	52,493

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	**49,347**	60,521	100,933
Net deferred tax liabilities	**44,124**	52,493	94,121

The Group has tax losses of HK$971,042,000 (2016 — HK$891,365,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for tax losses of HK$42,636,000 (2016 — HK$33,846,000) 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.

Notes to the Financial Statements *(continued)*

31. DEFERRED TAX *(continued)*

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, 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.

32. SHARE CAPITAL

	2017 **HK$'000**	2016 HK$'000
Issued and fully paid: 9,186,912,716 (2016 — 9,186,912,716) ordinary shares	**1,705,907**	1,705,907

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

Notes to the Financial Statements *(continued)*

33. SHARE OPTION SCHEMES

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

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

Pursuant to the share option scheme of the Company (the "Share Option Scheme") adopted and approved by the shareholders of the Company and Lippo Limited ("Lippo"), an intermediate holding company of the Company, on 7th June, 2007 (the "Adoption Date"), the board of the Directors (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.

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 920,108,871 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.

Notes to the Financial Statements *(continued)*

33. SHARE OPTION SCHEMES *(continued)*

(b) 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, the Company and Lippo, 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)*

33. SHARE OPTION SCHEMES *(continued)*

(b) 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)*

34. RESERVES

The amounts of the Group's reserves and movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on page 58.

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$68,902,000 (2016 — HK$68,902,000) proposed after the end of the reporting period.

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

Auric is considered a subsidiary that has material non-controlling interests. The percentage of ownership interest held by its non-controlling interests as at 31st March, 2017 was 60.6 per cent. (2016 — 60.6 per cent.). Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2017 HK$'000	2016 HK$'000
Profit/(Loss) for the year allocated to non-controlling interests	**47,217**	(134,933)
Dividends paid to non-controlling interests	**–**	7,958
Accumulated balances of non-controlling interests at the end of the reporting period	**483,929**	471,071

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

	2017 HK$'000	2016 HK$'000 (Restated)
Revenue	**2,383,223**	2,433,376
Total expenses	**(2,305,766)**	(2,655,689)
Profit/(Loss) for the year	**77,457**	(222,313)
Total comprehensive income/(loss) for the year	**62,136**	(236,210)
Current assets	**1,123,411**	1,011,070
Non-current assets	**367,172**	475,336
Current liabilities	**(487,862)**	(502,038)
Non-current liabilities	**(43,722)**	(56,872)
Net cash flows from operating activities	**197,087**	175,852
Net cash flows used in investing activities	**(11,466)**	(37,152)
Net cash flows used in financing activities	**(8,348)**	(30,658)
Net increase in cash and cash equivalents	**177,273**	108,042

Notes to the Financial Statements *(continued)*

36. DISPOSAL OF SUBSIDIARIES

	2017 HK$'000	2016 HK$'000
Net assets disposed of:		
Fixed assets	**39,304**	1,207
Properties under development	**–**	345,908
Inventories	**34**	–
Debtors, prepayments and deposits	**773**	840
Cash and cash equivalents	**–**	5,292
Creditors, accruals and deposits received	**(1,355)**	(7,972)
Deferred tax liabilities	**(1,349)**	–
	37,407	345,275
Release of cumulative exchange differences on translation of foreign operations	**(1,568)**	(10,249)
	35,839	335,026
Gain on disposal	**333,865**	430,335
	369,704	765,361
Satisfied by:		
Cash consideration received	**369,704**	422,787
Financial assets at fair value through profit or loss	**–**	342,574
	369,704	765,361

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	**369,704**	422,787
Cash and cash equivalents disposed of	**–**	(5,292)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**369,704**	417,495

Notes to the Financial Statements *(continued)*

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

During the year ended 31st March, 2017, there were no material changes in ownership interests in subsidiaries without change in control.

In August 2015, China Gold Pte. Ltd. ("China Gold"), a wholly-owned subsidiary of the Company 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$6,232,000 and a decrease in retained profits of HK$6,232,000 during the year ended 31st March, 2016.

Notes to the Financial Statements *(continued)*

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	2017 HK$'000	2016 HK$'000 (Restated)
Profit/(Loss) before tax		**469,413**	(441,776)
Adjustments for:			
Share of results of associates		**1,689**	3,756
Share of results of joint ventures		**(2,945)**	(5,814)
Loss/(Gain) on disposal of:			
Fixed assets	6	**920**	442
Subsidiaries	36	**(333,865)**	(430,335)
Available-for-sale financial assets	6	**(2,859)**	–
Loss on deemed disposal of an associate	6	**785**	–
Provisions 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
Available-for-sale financial assets		**13,402**	124,631
A property under development	6	**22,753**	–
A property held for sale	6	**822**	1,214
Inventories	6	**24,798**	22,736
Loans and receivables		**69,228**	163,388
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	**(189,925)**	188,291
Net fair value gain on investment properties		**(63,810)**	(21,644)
Finance costs		**17,697**	19,319
Interest income	5	**(12,890)**	(20,407)
Dividend income	5	**(17,310)**	(17,876)
Depreciation	6	**70,819**	81,767
Amortisation of intangible assets	6	**7,715**	11,690
		112,345	(17,115)
Increase in properties under development		**(1,362)**	(10,427)
Decrease/(Increase) in inventories		**(21,747)**	8,387
Increase in loans and advances		**(13,498)**	(1,937)
Decrease/(Increase) in debtors, prepayments and deposits		**39,764**	(4,668)
Increase in financial instruments at fair value through profit or loss		**(125,210)**	(248,864)
Decrease in creditors, accruals and deposits received		**(5,205)**	(42,122)
Increase/(Decrease) in other financial liabilities		**(130)**	3,883
Cash used in operations		**(15,043)**	(312,863)

Notes to the Financial Statements *(continued)*

39. 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.

40. 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	**99,123**	123,851
In the second to fifth years, inclusive	**33,062**	45,511
After five years	**643**	–
	132,828	169,362

Notes to the Financial Statements *(continued)*

40. OPERATING LEASE ARRANGEMENTS *(continued)*

(b) As lessee

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

As at 31st March, 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	**197,043**	152,081
In the second to fifth years, inclusive	**146,467**	250,276
After five years	**34,149**	23,050
	377,659	425,407

41. 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	**69,082**	57,346
Other commitments:		
Contracted, but not provided for *(Note)*	**560,863**	74,200
	629,945	131,546

Note: The balance as at 31st March, 2017 mainly included commitment in relation to the Healthway Offer as disclosed in Note 46 to the financial statements of approximately HK$506,116,000.

Notes to the Financial Statements *(continued)*

42. 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, LCR Management Limited ("LCRM"), a subsidiary of the Company, received rental income (including service charge) of HK$2,909,000 (2016 — HK$2,888,000) from Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 15th September, 2017. The Group expects the total future minimum lease receivables for the year ending 31st March, 2018 to be approximately HK$1,183,000.

(b) During the year, LCRM received rental income (including service charge) of HK$7,963,000 (2016 — HK$6,537,000) from Lippo. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31st July, 2017. The Group expects the total future minimum lease receivables for the year ending 31st March, 2018 to be approximately HK$2,470,000.

(c) 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 HKC. 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.

(d) During the period from 1st April, 2016 to 30th October, 2016, the Group sold food and beverage products of HK$269,000 (2016 — HK$1,300,000) to a joint venture of a fellow subsidiary. The sales were made on normal commercial terms in line with, and with reference to, the industry practice.

(e) 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.

(f) As at 31st March, 2017, the Group had balances with its associates and a joint venture, further details of which are set out in Notes 18 and 22 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 transactions referred to in items (b) to (d) above are/were also continuing connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules. Further details of such transactions are disclosed in the section headed "Continuing Connected Transactions and Connected Transaction" in the Report of Directors. The transaction referred to in item (a) above was a continuing connected transaction exempted from reporting, annual review and independent shareholders' approval under Chapter 14A of the Listing Rules. The transactions referred to in items (e) to (g) above were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules.

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

Notes to the Financial Statements *(continued)*

43. 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$'000	Derivative financial instrument HK$'000	Total HK$'000
At 31st March, 2017					
Available-for-sale financial assets	**–**	**–**	**310,398**	**–**	**310,398**
Financial assets at fair value through profit or loss	**1,028,157**	**–**	**–**	**–**	**1,028,157**
Loans and advances	**–**	**19,583**	**–**	**–**	**19,583**
Financial assets included in debtors, prepayments and deposits	**–**	**432,593**	**–**	**–**	**432,593**
Restricted cash	**–**	**888,422**	**–**	**–**	**888,422**
Time deposits with original maturity of more than three months	**–**	**45,434**	**–**	**–**	**45,434**
Cash and cash equivalents	**–**	**1,538,558**	**–**	**–**	**1,538,558**
	1,028,157	**2,924,590**	**310,398**	**–**	**4,263,145**
At 31st March, 2016					
Available-for-sale financial assets	–	–	173,252	–	173,252
Financial assets at fair value through profit or loss	713,528	–	–	–	713,528
Loans and advances	–	72,029	–	–	72,029
Financial assets included in debtors, prepayments and deposits	–	494,255	–	–	494,255
Other financial asset	–	–	–	18	18
Restricted cash	–	18,576	–	–	18,576
Cash and cash equivalents	–	1,921,905	–	–	1,921,905
	713,528	2,506,765	173,252	18	3,393,563

Notes to the Financial Statements *(continued)*

43. 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	**–**	**1,066,728**	**1,066,728**
Financial liabilities included in creditors, accruals and deposits received	**–**	**532,969**	**532,969**
Other financial liabilities	**4,520**	**–**	**4,520**
	4,520	**1,599,697**	**1,604,217**
At 31st March, 2016			
Bank and other borrowings	–	568,921	568,921
Financial liabilities included in creditors, accruals and deposits received	–	551,544	551,544
Other financial liabilities	4,168	–	4,168
	4,168	1,120,465	1,124,633

44. 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	**221,343**	92,284	**221,343**	92,284
Financial assets at fair value through profit or loss	**1,028,157**	713,528	**1,028,157**	713,528
Other financial asset	**–**	18	**–**	18
	1,249,500	805,830	**1,249,500**	805,830
Financial liabilities				
Other financial liabilities	**4,520**	4,168	**4,520**	4,168

Notes to the Financial Statements *(continued)*

44. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Fair Value of Financial Instruments *(continued)*

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, restricted cash, 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 reporting period and the Group's non-performance risk is considered to be minimal.

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

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

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

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

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

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 classified under Level 3 of the fair value measurement hierarchy, the fair values are determined based on the net asset values of those investments funds. When the net asset value increases/decreases 3 per cent. (2016 — 3 per cent.), the fair value will be increased/decreased by HK$3,368,000 (2016 — HK$2,538,000).

Notes to the Financial Statements *(continued)*

44. 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	92,640	–	–	92,640
Debt securities	–	16,430	–	16,430
Investment funds	–	–	112,273	112,273
Financial assets at fair value through profit or loss:				
Equity securities	434,181	–	–	434,181
Debt securities	206,188	–	–	206,188
Investment funds	385,881	1,907	–	387,788
	1,118,890	18,337	112,273	1,249,500
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

Notes to the Financial Statements *(continued)*

44. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

Fair Value Hierarchy of Financial Instruments *(continued)*

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31st March, 2016				
Assets measured at fair value				
Available-for-sale financial assets:				
Debt securities	–	7,686	–	7,686
Investment funds	–	–	84,598	84,598
Financial assets at fair value through profit or loss:				
Equity securities	242,259	–	–	242,259
Debt securities	192,821	–	–	192,821
Investment funds	274,566	3,882	–	278,448
Other financial asset:				
Derivative financial instrument	–	18	–	18
	709,646	11,586	84,598	805,830
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

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

	2017 HK$'000	2016 HK$'000
Available-for-sale investment funds		
Balance at beginning of year	**84,598**	12,150
Total gains/(losses) recognised in other comprehensive income	**6,702**	(1,380)
Additions	**36,278**	73,828
Return of capital	**(15,305)**	–
Balance at end of year	**112,273**	84,598

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.

Notes to the Financial Statements *(continued)*

44. FAIR VALUE AND FAIR VALUE HIERARCHY *(continued)*

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.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

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

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

Notes to the Financial Statements *(continued)*

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

(a) Credit risk *(continued)*

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	**2,513**	2,687
Mainland China	**178**	613
Republic of Singapore	**272,784**	256,509
Malaysia	**95,029**	118,900
United States of America	**6,307**	58,151
Others	**–**	8,554
	376,811	445,414

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

(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 99.9 per cent. (2016 — 10.0 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	**–**	**227,680**	**858,045**	**1,522**	**1,087,247**
Creditors, accruals and deposits received	**–**	**213,092**	**319,877**	**–**	**532,969**
Other financial liabilities	**4,520**	**–**	**–**	**–**	**4,520**
Bankers' guarantee	**–**	**819**	**9,254**	**23,271**	**33,344**
	4,520	**441,591**	**1,187,176**	**24,793**	**1,658,080**
At 31st March, 2016					
Bank and other borrowings	–	36,756	20,414	512,096	569,266
Creditors, accruals and deposits received	–	259,986	291,558	–	551,544
Other financial liabilities	4,168	–	–	–	4,168
Bankers' guarantee	–	5,869	9,825	27,827	43,521
	4,168	302,611	321,797	539,923	1,168,499

Notes to the Financial Statements *(continued)*

45. 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 (through the impact on interest-bearing monetary assets and liabilities).

	2017		2016	
	Increase/ (Decrease) in basis points	**Increase/ (Decrease) in profit before tax HK$'000**	Increase/ (Decrease) In basis points	Increase/ (Decrease) in profit before tax HK$'000
Hong Kong dollar	**+50**	**(384)**	+50	(894)
United States dollar	**+50**	**(3,425)**	+50	(5,800)
Singapore dollar	**+50**	**2,606**	+50	1,059
Renminbi	**+50**	**500**	+50	1,193
Hong Kong dollar	**–50**	**384**	–50	894
United States dollar	**–50**	**3,849**	–50	6,237
Singapore dollar	**–50**	**(2,606)**	–50	(1,059)
Renminbi	**–50**	**(500)**	–50	(1,193)

Notes to the Financial Statements *(continued)*

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

(d) Foreign currency risk

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

The Group monitors the relative foreign exchange positions of its assets and liabilities 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.)	**8,064**	1,820
— weakened 3 per cent. (2016 — 3 per cent.)	**(8,064)**	(1,820)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (2016 — 3 per cent.)	**7,179**	6,319
— weakened 3 per cent. (2016 — 3 per cent.)	**(7,179)**	(6,319)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (2016 — 3 per cent.)	**77**	1,856
— weakened 3 per cent. (2016 — 3 per cent.)	**(77)**	(1,856)

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$167,153,000 (2016 — HK$175,414,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets classified as available-for-sale financial assets (Note 20) and financial assets at fair value through profit or loss (Note 25) 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.

Notes to the Financial Statements *(continued)*

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

(e) Equity price risk *(continued)*

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

	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.

	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**	–	–
Global and others	**–**	**3,368**	–	2,538
	–	**6,147**	–	2,538
Financial assets at fair value through profit or loss				
Hong Kong	**3,322**	**–**	2,996	–
Republic of Singapore	**9,694**	**–**	4,116	–
United States of America	**4,688**	**–**	2,495	–
Global and others	**6,857**	**–**	5,885	–
	24,561	**–**	15,492	–

* Excluding retained profits

Notes to the Financial Statements *(continued)*

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

(f) Capital management

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

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2017 and 2016.

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
Bank and other borrowings *(Note 29)*	**1,066,728**	568,921
Less: Non-controlling interests in bank and other borrowings	**(1,047)**	(11,481)
Bank and other borrowings, net of non-controlling interests	**1,065,681**	557,440
Equity attributable to equity holders of the Company	**4,104,955**	3,821,615
Gearing ratio	**26.0 per cent.**	14.6 per cent.

46. 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 the Company entered into a letter of undertaking (the "Undertaking") on 13th April, 2017 pursuant to which Silver Creek undertakes with the Company 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 the Company may from time to time issue and deliver to Silver Creek. Hence, the Group considers it continues to control Auric as the Group, 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.

Notes to the Financial Statements *(continued)*

46. 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 28 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.

47. 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, 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)*

48. 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	**2,374**	326
Interests in subsidiaries	**3,292,978**	2,859,697
Available-for-sale financial assets	**15,654**	7,298
	3,311,006	2,867,321
Current assets		
Debtors, prepayments and deposits	**1,302**	2,182
Cash and cash equivalents	**552,663**	377,915
	553,965	380,097
Current liabilities		
Bank and other borrowings	**845,000**	–
Creditors, accruals and deposits received	**44,567**	5,078
Tax payable	**297**	297
	889,864	5,375
Net current assets/(liabilities)	**(335,899)**	374,722
Total assets less current liabilities	**2,975,107**	3,242,043
Non-current liabilities		
Bank and other borrowings	**–**	400,000
Net assets	**2,975,107**	2,842,043
Equity		
Share capital	**1,704,032**	1,704,032
Reserves *(Note)*	**1,271,075**	1,138,011
	2,975,107	2,842,043

John Luen Wai Lee
Director

Stephen Riady
Director

Notes to the Financial Statements *(continued)*

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Capital reserve HK$'000	Investment revaluation reserves HK$'000	Retained profits HK$'000	Total HK$'000
2017				
At 1st April, 2016	**705**	**–**	**1,137,306**	**1,138,011**
Profit for the year	**–**	**–**	**210,337**	**210,337**
Other comprehensive income for the year:				
Fair value gain on available-for-sale financial assets	**–**	**9,605**	**–**	**9,605**
Reclassification adjustment for impairment on available-for-sale financial assets	**–**	**398**	**–**	**398**
Total comprehensive income for the year	**–**	**10,003**	**210,337**	**220,340**
2015/16 final dividend declared and paid to shareholders of the Company	**–**	**–**	**(68,902)**	**(68,902)**
2016/17 interim dividend declared and paid to shareholders of the Company	**–**	**–**	**(18,374)**	**(18,374)**
At 31st March, 2017	**705**	**10,003**	**1,260,367**	**1,271,075**
2016				
At 1st April, 2015	705	–	1,515,988	1,516,693
Loss for the year and total comprehensive loss for the year	–	–	(263,845)	(263,845)
2014/15 final dividend declared and paid to shareholders of the Company	–	–	(68,902)	(68,902)
2014/15 special final dividend declared and paid to shareholders of the Company	–	–	(27,561)	(27,561)
2015/16 interim dividend declared and paid to shareholders of the Company	–	–	(18,374)	(18,374)
At 31st March, 2016	705	–	1,137,306	1,138,011

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$68,902,000 (2016 — HK$68,902,000) proposed after the end of the reporting period.

49. 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
			Company	Group	
Golden Sunshine Worldwide Limited	British Virgin Islands	US$1	100	100	Investment holding
Grand Vista Limited	British Virgin Islands	US$1	100	100	Investment holding
Kingz Ltd	British Virgin Islands	US$1	100	100	Investment holding
Rickon Holdings Limited	British Virgin Islands	US$1	100	100	Investment holding
Admiralty Development Limited	Hong Kong	HK$446,767,129	–	100	Property investment
Ally Wise Capital Limited	British Virgin Islands	US$1	–	100	Investment
Apexwin Limited	British Virgin Islands	US$1	–	100	Investment holding
Asia Now Resources Limited	British Virgin Islands	US$1	–	100	Investment holding
Broadwell Asia Limited	British Virgin Islands	US$1	–	100	Property investment
Cajan Enterprises Limited	British Virgin Islands	US$1	–	100	Investment holding
Capital Wave Limited	British Virgin Islands	US$1	–	100	Investment
Caross Limited	British Virgin Islands	US$1	–	100	Investment holding
Carvio Limited	British Virgin Islands	US$1	–	100	Investment holding
Castar Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Chalton Assets Limited	British Virgin Islands	US$1	–	100	Property investment
China Chance Investments Limited	Hong Kong	HK$10	–	100	Investment holding
China Gold Pte. Ltd.**	Republic of Singapore	S$1	–	100	Investment holding
China Pacific Electric Limited	British Virgin Islands	US$100	–	100	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Continental Equity Inc.	British Virgin Islands	US$1	–	100	Investment
Direct Union Limited	British Virgin Islands	US$1	–	100	Investment
Dragon Board Holdings Limited	British Virgin Islands	S$1	–	100	Investment holding
Energetic Holdings Limited	British Virgin Islands	US$1	–	100	Property investment
Ethnos Ltd.**	Israel	NIS100	–	100	Property investment
Fortune Finance Investment Limited	British Virgin Islands	US$1	–	100	Investment
Fortune Star Asia Limited	Hong Kong	HK$1	–	100	Investment
Frontop Limited	British Virgin Islands	US$1	–	100	Investment holding
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited)** – wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	–	100	Property management
Gabarro Limited	British Virgin Islands	US$1	–	100	Investment holding
Gain Motion International Limited	Hong Kong	HK$1	–	100	Investment
Gentle Care Pte. Ltd.**	Republic of Singapore	S$1	–	100	Investment holding
Globe Energy Development Limited**	Hong Kong	HK$1	–	100	Property investment
Golden Rain Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Golden Super Holdings Limited	British Virgin Islands	US$1	–	100	Investment
Goldmax Pacific Limited	British Virgin Islands	US$1	–	100	Investment holding
Gothic Investments Limited	Samoa	US$1	–	100	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Grandbeam Limited	Hong Kong	HK$1	–	100	Investment holding
HKCL Investments Pte. Ltd.**	Republic of Singapore	S$2	–	100	Property development
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Securities investment
Integral Fortress Limited	British Virgin Islands	US$1	–	100	Investment
Istan Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Keytime Holdings Limited	British Virgin Islands	US$1	–	100	Property investment
LCR Ltd.	British Virgin Islands	US$1	–	100	Intellectual property
LCR Management Limited	Hong Kong	HK$1	–	100	Management services
Laurel Century Limited	British Virgin Islands	US$1	–	100	Investment holding
Liberty Town Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Lippo Consortium Pte. Limited**	Republic of Singapore	S$2	–	100	Property development
Lippo Energy Group Limited	British Virgin Islands	US$1	–	100	Investment holding
Lippo Group International Pte. Limited**	Republic of Singapore	S$2	–	100	Investment holding
Lippo Property Management Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited)** – wholly foreign-owned enterprise##	People's Republic of China	US$29,330,000*	–	100	Property development
Lippo Resources Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
Lippo Retail Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding

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
Mantor Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Masstrong Limited	Hong Kong	HK$1	–	100	Investment holding
Mastafield Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Maxfit Holding Limited	British Virgin Islands	US$1	–	100	Investment holding
Netscope Limited	British Virgin Islands	US$1	–	100	Investment
Oriental Coronet Limited	British Virgin Islands	US$1	–	100	Investment
PacNet Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
PacNet Capital (U.S.) Limited	United States of America	US$0.998	–	100	Investment holding
Pantogon Holdings Pte Ltd**	Republic of Singapore	S$1,000,000	–	100	Investment holding
Polarstar Capital Limited	British Virgin Islands	US$1	–	100	Investment
莆田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*	–	100	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*	–	100	Property services
Powerful Arch Limited	British Virgin Islands	US$1	–	100	Investment
Queenz Limited	British Virgin Islands	US$1	–	100	Investment holding
Radical Profits Limited	British Virgin Islands	US$1	–	100	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Reiley Inc.	British Virgin Islands	US$1	–	100	Investment holding
Rock Phoenix Limited	British Virgin Islands	US$1	–	100	Property investment
Season Spark Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment
Serene Yield Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Sincere Wish Global Limited	British Virgin Islands	US$1	–	100	Investment holding
Star Trendy Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property holding
Starford Corporation Limited	Hong Kong	HK$1	–	100	Investment
Super Assets Company Limited	Samoa	US$1	–	100	Investment holding
Super Equity International Limited	British Virgin Islands	US$1	–	100	Investment holding
Superonic Limited	British Virgin Islands	US$1	–	100	Investment holding
Tamsett Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Topstar China Limited	Hong Kong	HK$1	–	100	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US$1	–	100	Property investment
Vitaland Limited	Hong Kong	HK$1	–	100	Investment holding
Waterloo Street Limited	British Virgin Islands	US$1	–	100	Financing
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Win Joyce Limited	Hong Kong	HK$2	–	100	Money lending and investment holding
Winplace Global Limited	British Virgin Islands	US$1	–	100	Property investment
Wollora Assets Limited	British Virgin Islands	US$1	–	100	Property investment
World Grand Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Writring Investments Limited	Hong Kong	HK$2	–	100	Property investment
Lippo Select HK & Mainland Property ETF** *(an exchange traded fund listed on The Stock Exchange of Hong Kong Limited)*	Hong Kong	N/A	–	94.9@	Investment
Jeremiah Holdings Limited	British Virgin Islands	S$1,298,645	–	60	Investment holding
Nine Heritage Pte Ltd**	Republic of Singapore	S$1,000,000	–	48	Investment holding
Auric Pacific Group Limited** *(formerly listed on Singapore Exchange Securities Trading Limited)*	Republic of Singapore	S$64,460,182	–	39.4	Investment holding
Auric Pacific Food Industries Pte Ltd**	Republic of Singapore	S$54,400,000	–	39.4	General wholesale trade in food products
Auric Pacific Marketing Pte Ltd**	Republic of Singapore	S$10,000,000	–	39.4	General wholesale trade and distribution
Centurion Marketing Pte Ltd**	Republic of Singapore	S$500,000	–	39.4	Wholesale of other specific commodities
Delifrance Asia Ltd**	Republic of Singapore	S$18,058,100	–	39.4	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	–	39.4	Manufacture and sale of French bakery and pastry products and the operation of café-bakeries and kiosks
Delifrance (Malaysia) Sdn. Bhd.**	Malaysia	RM7,500,000	–	39.4	Manufacturing and sale of French bakery and pastry products and the operation of café-bakeries
Delifrance Singapore Pte Ltd**	Republic of Singapore	S$4,000,002	–	39.4	Manufacture and sale of French bakery and pastry products, and the operation of café-bakeries, bakery corners and restaurants
Edmontor Investments Pte Ltd@@	Republic of Singapore	S$144,988,335	–	39.4	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*	–	39.4	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	–	39.4	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	–	39.4	Marketing and distribution of food products
Auric Pacific Food Processing Sdn. Bhd.**	Malaysia	RM1,200,000	–	39.4	Manufacturer of and dealing in butter, margarine and related confectionery products
Auric Pacific Food Manufacturing Pte. Ltd.**	Republic of Singapore	S$10,000,000	–	39.4	Manufacturing of other food products
Auric Pacific Investment Pte. Ltd.**	Republic of Singapore	S$2	–	39.4	Investment holding
Auric Pacific Realty Pte. Ltd.**	Republic of Singapore	S$1	–	39.4	Property developers and investment
Cuisine Continental (HK) Limited**	Hong Kong	HK$3,000,000	–	39.4	Retailing of food and beverage products and services
Top-One Foods Pte Ltd@@	Republic of Singapore	S$2	–	39.4	Wholesale and retail of wine
Food Junction Holdings Limited**	Republic of Singapore	S$12,707,435.70	–	38.6	Investment holding and provision of management services to its subsidiary companies, fast food restaurants and general wholesale trade
Food Junction International Pte Ltd**	Republic of Singapore	S$400,000	–	38.6	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 Management Pte Ltd**	Republic of Singapore	S$1,489,000	–	38.6	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	–	38.6	Fast food restaurants and general wholesale trade
LP+Tetsu Pte. Ltd.@@	Republic of Singapore	S$200,000	–	38.6	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*	–	38.6	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	–	38.6	Management of food courts and operation of food outlets
PT FJ Square Indonesia@@	Indonesia	US$400,000	–	38.6	Management of food courts and operation of food outlets
Eggs & Berries (Singapore) Pte. Ltd.@@	Republic of Singapore	S$500,000	–	38.6	Sale of food and beverages
Medzs (Singapore) Pte. Ltd.@@	Republic of Singapore	S$200,000	–	38.6	Sale of food and beverages

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
T & W Food Junction Sdn. Bhd.**	Malaysia	RM500,000	–	38.6	Management of food courts and operation of food outlets
The Boxing Crab Pte. Ltd.@@	Republic of Singapore	S$200,000	–	38.6	Sale of food and beverages
Wan Style (Singapore) Pte. Ltd.@@	Republic of Singapore	S$200,000	–	38.6	Sale of food and beverages
Zutis Pte. Ltd.**	Republic of Singapore	S$200,000	–	38.6	Sale of food and beverages, and management of restaurants, cafés and bars
LCR Catering Services Limited**	Hong Kong	HK$9,000,000	–	34.8	Owns and operates a restaurant in Hong Kong

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*
@ *based on the interest attributable to the Group*
\## *type of legal entity*
* *paid up registered capital*
** *audited by certified public accountants other than Ernst & Young, Hong Kong*
@@ *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:

NIS – New Israeli shekels
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
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK$2	50	Property management services
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,250,000*	40	Water supply
DXS Capital Limited	Corporate	British Virgin Islands	US$100	40	Investment holding
Catalyst Enterprises Limited	Corporate	British Virgin Islands	US$50,000	35	Investment holding
Haranga Resources Limited	Corporate	Australia	A$40,342,613	31.4	Exploration of mineral resources

based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

* *paid up registered capital*

Note:

A$ – Australian dollars
RMB – People's Republic of China renminbi
US$ – United States dollars

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31ST MARCH, 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*	Principal activities
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S$2	50	Property investment and property development
Delifrance Singapore Wholesale Pte. Ltd.	Corporate	Republic of Singapore	S$800,000	19.3	Wholesale of French bakery and pastry products

* *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

Note:

S$ – Singapore dollars

Particulars of Joint Operations

PARTICULARS OF JOINT OPERATIONS AS AT 31ST MARCH, 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#	72.0	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	60.1	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	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	100

* *The above property comprises various shop units on the podium floors and certain office floors.*

The above property is held under long term lease.

Description	Use	Approximate gross floor area	Status	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	100

The above properties are held under medium term leases.

Description	Use	Approximate gross floor area	Status	Percentage of Group's interest
Overseas				
10 Harav Agan Street Jerusalem Block 30050 Parcel 101 Israel	Commercial	940	Rental	100
118 Kim Seng Road #29-08, the Trillium Singapore 239435	Residential	514	Rental	100

The above property is freehold.

Schedule of Major Properties *(continued)*

(2) PROPERTY HELD FOR SALE AS AT 31ST MARCH, 2017

Description	Use	Approximate site area	Approximate gross floor area	Percentage of Group's interest
			(square metres)	
Overseas				
Unit #03-03 The Residences Katana 20 Jalan Madge 55000 Kuala Lumpur Malaysia	Residential	N/A	360	100

Note: An agreement was entered into in June 2017 for the disposal of the above property.

(3) PROPERTY HELD FOR DEVELOPMENT AS AT 31ST MARCH, 2017

Description	Use	Approximate site area	Approximate gross floor area	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						
East of Taizhou Avenue and north of Yaocheng Avenue China Medical City (中國醫藥城) Taizhou Jiangsu Land Lot No. 321204102205GB00069	Residential	80,615	220,000	100	2018/2019	In planning stage

Note: Agreements were entered into in May 2017 for the disposal of the entire interest in the above property.

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	100
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	100
The above properties are held under long term leases.			
Overseas			
202 Pandan Loop Singapore 128390 Lot No. MK5-6304L	Commercial	2,602	39.4
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	39.4
The above properties are held under long term leases.			
2 Senoko Avenue Singapore 758298 Lot No. MK13-2293K	Commercial	7,387	39.4
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)	Year ended 31st March, 2015 HK$'000 (Restated)	Year ended 31st March, 2014 HK$'000	Fifteen-month ended 31st March, 2013 HK$'000 (Restated)
Profit/(Loss) attributable to equity holders of the Company	**387,785**	(309,172)	399,176	124,389	293,364
Total assets	**6,514,700**	5,721,575	6,558,880	6,488,942	9,344,450
Total liabilities	**(1,925,816)**	(1,433,571)	(1,651,587)	(1,590,602)	(3,625,977)
Net assets	**4,588,884**	4,288,004	4,907,293	4,898,340	5,718,473
Non-controlling interests	**(483,929)**	(466,389)	(603,808)	(756,660)	(964,153)
Equity attributable to equity holders of the Company	**4,104,955**	3,821,615	4,303,485	4,141,680	4,754,320

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.

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.

Lippo China Resources Limited

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)