



Lippo Limited
力寶有限公司

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

2017
Interim Report

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The Directors of Lippo Limited (the "Company") present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2017.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th September, 2017

		Unaudited six months ended 30th September,	
	Note	2017 HK\$'000	2016 HK\$'000
Revenue	4	1,263,630	1,421,397
Cost of sales	5	(696,764)	(723,150)
Gross profit		566,866	698,247
Administrative expenses		(360,637)	(396,366)
Other operating expenses		(155,971)	(222,900)
Net fair value gain on investment properties		52,110	13,600
Net fair value gain on financial instruments at fair value through profit or loss	5	81,080	79,897
Gain on disposal of joint ventures		45,443	–
Provision for impairment losses on properties under development	6	–	(100,000)
Write-back of provision/(Provision) for impairment losses on loans and receivables		20,040	(2,823)
Net gain/(loss) on disposal of subsidiaries	23	(14,560)	332,031
Finance costs		(31,885)	(17,947)
Share of results of associates		(9,747)	2,522
Share of results of joint ventures	7	4,988	126,227
Profit before tax	5	197,727	512,488
Income tax	8	(19,638)	(24,768)
Profit for the period		178,089	487,720
Attributable to:			
Equity holders of the Company		99,835	307,808
Non-controlling interests		78,254	179,912
		178,089	487,720
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company			
Basic and diluted	9	20	62

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2017

	Note	Unaudited	
		six months ended 30th September, 2017 HK\$'000	2016 HK\$'000 (Restated) ⁽¹⁾
Profit for the period		178,089	487,720
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		10,893	8,881
Adjustment for derecognition	13	(12,919)	–
Adjustments for disposal		–	1,381
		(2,026)	10,262
Exchange differences on translation of foreign operations		116,595	(68,207)
Exchange differences reclassified to profit or loss upon:			
Disposal of foreign subsidiaries	23	13,155	(1,570)
Disposal of a foreign joint operation		2,021	–
Share of other comprehensive income/(loss) of joint ventures		286,799	(167,382)
Share of other comprehensive income/(loss) of associates		7,204	(335)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods and other comprehensive income/(loss) for the period, net of tax		423,748	(227,232)
Total comprehensive income for the period		601,837	260,488
Attributable to:			
Equity holders of the Company		364,564	167,459
Non-controlling interests		237,273	93,029
		601,837	260,488

⁽¹⁾ Refer to Note 30

Condensed Consolidated Statement of Financial Position

As at 30th September, 2017

	Note	30th September, 2017 HK\$'000 (Unaudited)	31st March, 2017 HK\$'000 (Audited)
Non-current assets			
Intangible assets		205,028	198,765
Exploration and evaluation assets		201	1,099
Fixed assets	11	1,019,979	219,921
Investment properties	12	836,157	1,482,131
Interests in associates	13	859,234	444,337
Interests in joint ventures	14	10,156,543	9,721,551
Available-for-sale financial assets		266,283	314,515
Debtors, prepayments and deposits	15	40,009	55,454
Other financial asset		21,567	21,437
Deferred tax assets		4,982	5,223
		13,409,983	12,464,433
Current assets			
Properties held for sale		99,059	98,983
Properties under development		29,090	28,846
Inventories		196,221	237,657
Loans and advances		46,829	39,239
Debtors, prepayments and deposits	15	538,356	459,388
Financial assets at fair value through profit or loss		1,166,361	1,037,298
Other financial assets		2,053	–
Tax recoverable		4,867	3,358
Client trust bank balances		306,925	845,921
Restricted cash	16	11,884	889,489
Time deposits with original maturity of more than three months		47,868	45,434
Cash and cash equivalents		2,607,679	2,136,919
		5,057,192	5,822,532
Assets classified as held for sale	17	–	197,051
		5,057,192	6,019,583
Current liabilities			
Bank and other borrowings	18	961,357	1,540,467
Creditors, accruals and deposits received	19	1,340,873	1,868,528
Other financial liabilities		6,199	4,520
Tax payable		240,346	286,639
		2,548,775	3,700,154
Liabilities directly associated with assets classified as held for sale	17	–	379
		2,548,775	3,700,533
Net current assets		2,508,417	2,319,050
Total assets less current liabilities		15,918,400	14,783,483

Condensed Consolidated Statement of Financial Position (Continued)
As at 30th September, 2017

	Note	30th September, 2017 HK\$'000 (Unaudited)	31st March, 2017 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	18	1,067,033	477,928
Creditors, accruals and deposits received	19	20,094	21,066
Deferred tax liabilities		73,017	69,752
		1,160,144	568,746
Net assets			
		14,758,256	14,214,737
Equity			
Equity attributable to equity holders of the Company			
Share capital	20	986,598	986,598
Reserves	22	8,392,068	8,056,727
		9,378,666	9,043,325
Non-controlling interests		5,379,590	5,171,412
		14,758,256	14,214,737

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September, 2017

	Unaudited										
	Attributable to equity holders of the Company									Non-controlling interests	Total equity
	Share capital	Share option reserve	Special capital reserve	Investment revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total			
	HK\$'000	HK\$'000	(Note 22(b)) HK\$'000	HK\$'000	(Note 22(b)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1st April, 2017	986,598	-	1,709,202	146,520	(10,333)	(58,229)	6,269,567	9,043,325	5,171,412		
Profit for the period	-	-	-	-	-	-	99,835	99,835	78,254	178,089	
Other comprehensive income/(loss) for the period:											
Available-for-sale financial assets:											
Changes in fair value	-	-	-	7,892	-	-	-	7,892	3,001	10,893	
Adjustment for derecognition	-	-	-	(9,379)	-	-	-	(9,379)	(3,540)	(12,919)	
Exchange differences on translation of foreign operations	-	-	-	-	-	61,139	-	61,139	55,456	116,595	
Exchange differences reclassified to profit or loss upon:											
Disposal of a foreign subsidiary	-	-	-	-	-	9,551	-	9,551	3,604	13,155	
Disposal of a foreign joint operation	-	-	-	-	-	1,467	-	1,467	554	2,021	
Share of other comprehensive income/(loss) of joint ventures	-	-	-	5,925	(4,940)	187,843	-	188,828	97,971	286,799	
Share of other comprehensive income of associates	-	-	-	-	-	5,231	-	5,231	1,973	7,204	
Total comprehensive income/(loss) for the period	-	-	-	4,438	(4,940)	265,231	99,835	364,564	237,273	601,837	
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	(4,565)	(4,565)	(2,369)	(6,934)	
2016/2017 final dividend declared to shareholders of the Company	-	-	-	-	-	-	(24,658)	(24,658)	-	(24,658)	
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(26,726)	(26,726)	
At 30th September, 2017	986,598	-	1,709,202	150,958	(15,273)	207,002	6,340,179	9,378,666	5,379,590	14,758,256	
At 1st April, 2016											
As previously reported	986,598	923	1,709,202	141,374	(18,771)	201,892	6,121,826	9,143,044	5,331,160	14,474,204	
Prior year adjustment (Note 30)	-	-	-	-	-	386	16,805	17,191	8,920	26,111	
At 1st April, 2016 (restated)	986,598	923	1,709,202	141,374	(18,771)	202,278	6,138,631	9,160,235	5,340,080	14,500,315	
Profit for the period	-	-	-	-	-	-	307,808	307,808	179,912	487,720	
Other comprehensive income/(loss) for the period:											
Available-for-sale financial assets:											
Changes in fair value	-	-	-	6,037	-	-	-	6,037	2,844	8,881	
Adjustments for disposal	-	-	-	909	-	-	-	909	472	1,381	
Exchange differences on translation of foreign operations	-	-	-	-	-	(35,855)	-	(35,855)	(32,352)	(68,207)	
Exchange differences reclassified to profit or loss upon disposal of foreign subsidiaries	-	-	-	-	-	(1,118)	-	(1,118)	(452)	(1,570)	
Share of other comprehensive loss of joint ventures (restated)	-	-	-	(1,440)	(4,471)	(104,175)	-	(110,086)	(57,296)	(167,382)	
Share of other comprehensive loss of associates	-	-	-	-	-	(236)	-	(236)	(99)	(335)	
Total comprehensive income/(loss) for the period (restated)	-	-	-	5,506	(4,471)	(141,384)	307,808	167,459	93,029	260,488	
Changes in non-controlling interests without change in control (Note 24)	-	-	-	-	-	-	11,979	11,979	(22,135)	(10,156)	
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	1,075	43	(26,963)	(25,845)	(13,409)	(39,254)	
Disposal of subsidiaries with loss of control (Note 23)	-	-	-	-	-	-	-	-	4,298	4,298	
Transfer of share option reserve upon disposal of a subsidiary	-	(923)	-	-	-	-	923	-	-	-	
2015/2016 final dividend declared to shareholders of the Company	-	-	-	-	-	-	(49,315)	(49,315)	-	(49,315)	
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(33,088)	(33,088)	
At 30th September, 2016 (restated)	986,598	-	1,709,202	146,880	(22,167)	60,937	6,383,063	9,264,513	5,368,775	14,633,288	

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th September, 2017

	Note	Unaudited	
		six months ended 30th September,	
		2017	2016
		HK\$'000	HK\$'000
Net cash flows from/(used in) operating activities		(110,467)	475,321
Cash flows from investing activities			
Purchase of fixed assets		(47,706)	(15,891)
Purchase of investment properties		(54,510)	–
Purchase of interests in an associate		(311,055)	–
Advances to joint ventures		(138,247)	(192,235)
Repayment from an associate		28,827	–
Disposal of subsidiaries, net of cash and cash equivalents disposed of	23	161,337	366,203
Proceeds from disposal of joint ventures		59,338	–
Other net cash flows arising from investing activities		(14,839)	(45,832)
Net cash flows from/(used in) investing activities		(316,855)	112,245
Cash flows from financing activities			
Drawdown of bank and other borrowings		801,484	153,098
Repayment of bank and other borrowings		(788,328)	(379,550)
Decrease in restricted cash		882,764	2,740
Other cash flows arising from financing activities		(38,056)	(27,819)
Net cash flows from/(used in) financing activities		857,864	(251,531)
Net increase in cash and cash equivalents		430,542	336,035
Cash and cash equivalents at beginning of period		2,136,919	2,941,113
Exchange realignments		40,218	(19,726)
Cash and cash equivalents at end of period		2,607,679	3,257,422

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31st March, 2017.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31st March, 2017, except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “revised HKFRSs”) as disclosed in Note 2 to the interim financial statements.

The financial information relating to the year ended 31st March, 2017 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st March, 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

2. CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>Disclosure of Interests in Other Entities</i>

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

Notes to the Interim Financial Statements (Continued)

2. CHANGES IN ACCOUNTING POLICIES (Continued)

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

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ¹
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ¹
HKFRS 9	<i>Financial Instruments</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i> ¹
HKFRS 16	<i>Leases</i> ²
Amendments to HKAS 40	<i>Transfers of Investment Property</i> ¹
Amendments to HKFRS 1 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i> ¹
Amendments to HKAS 28 included in <i>Annual Improvements 2014–2016 Cycle</i>	<i>Investment in Associates and Joint Ventures</i> ¹
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> ¹
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ²

¹ Effective for annual periods beginning on or after 1st January, 2018

² Effective for annual periods beginning on or after 1st January, 2019

³ No mandatory effective date yet determined but available for adoption

The Directors of the Company anticipate that the adoption of HKFRS 9, HKFRS 15 and HKFRS 16 will have impact on the Group's consolidated financial statements. The management is in the process of making an assessment of the full impact of these new HKFRSs, and the result is consistent with assessment the management made and disclosed in the annual financial statements for the year ended 31st March, 2017. It is expected that the adoption of other new and revised HKFRSs will have no significant impact on the financial performance and the financial position of the Group.

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION

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

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

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

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

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

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

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

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30th September, 2017

	Property investment	Property development	Treasury investment	Securities investment	Corporate finance and securities broking	Food businesses	Healthcare services	Banking business	Mineral exploration and extraction	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue												
External	43,183	17,036	4,153	16,237	7,754	1,167,105	-	-	-	8,162	-	1,263,630
Inter-segment	2,999	-	-	-	4	-	-	-	-	348	(3,351)	-
Total	46,182	17,036	4,153	16,237	7,758	1,167,105	-	-	-	8,510	(3,351)	1,263,630
Segment results	113,586	(8,917)	4,153	101,600	(5,896)	85,165	7,630	130	(32)	2,397	-	299,816
	<i>(Note (a))</i>											
Unallocated corporate expenses												(72,323)
Finance costs												(25,007)
Share of results of associates	-	1,851	-	-	-	-	(13,178)	-	-	1,580	-	(9,747)
Share of results of joint ventures	1,345	(65)	-	-	-	289	-	3,525	(106)	-	-	4,988
Profit before tax												197,727
Other segment information:												
Capital expenditure (Note (b))	54,570	-	-	-	140	12,582	-	-	240	-	-	67,532
Depreciation	(7,460)	(24)	-	-	(81)	(22,948)	-	-	(27)	(41)	-	(30,581)
Amortisation of intangible assets	-	-	-	-	-	(102)	-	-	-	-	-	(102)
Interest income	25,659	-	4,153	1,103	-	1,808	-	-	-	881	-	33,604
Finance costs	(6,305)	-	-	-	-	(573)	-	-	-	-	-	(6,878)
Gain/(Loss) on disposal of:												
A subsidiary	-	(14,560)	-	-	-	-	-	-	-	-	-	(14,560)
Joint ventures	30,993	-	-	-	-	14,450	-	-	-	-	-	45,443
Available-for-sale financial assets	-	-	-	5,730	-	-	-	-	-	-	-	5,730
Gain on derecognition of available-for-sale financial assets	-	-	-	-	-	-	12,919	-	-	-	-	12,919
Write-back of provision/(Provisions) for impairment losses on:												
Fixed assets	-	-	-	-	-	(28)	-	-	-	-	-	(28)
A joint venture	-	465	-	-	-	-	-	-	-	-	-	465
Inventories	-	-	-	-	-	(2,296)	-	-	-	-	-	(2,296)
Loans and receivables	-	-	-	-	-	(1,412)	-	-	21,452	-	-	20,040
Net fair value gain on financial instruments at fair value through profit or loss	-	-	-	80,262	-	204	484	130	-	-	-	81,080
Net fair value gain on investment properties	52,110	-	-	-	-	-	-	-	-	-	-	52,110
Unallocated:												
Capital expenditure (Note (b))												51,338
Depreciation												(4,890)
Finance costs												(25,007)

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30 September, 2016

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

Note:

- The amount included gain on disposal of a joint venture of HK\$30,993,000 (2016 — Nil). The amount in 2016 included gain on disposal of a subsidiary of HK\$332,286,000.
- Capital expenditure includes additions to fixed assets, investment properties and exploration and evaluation assets.
- The amount for the six months ended 30th September, 2016 included provision for impairment losses on properties under development of HK\$100,000,000.

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

	Property investment	Property development	Treasury investment	Securities investment	Corporate finance and securities broking	Food businesses	Healthcare services	Banking business	Mineral exploration and extraction	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30th September, 2017 (unaudited)												
Segment assets	1,709,970	176,787	1,166,863	2,263,671	344,209	1,588,576	-	21,567	1,982	40,483	-	7,314,108
Interests in associates	6,769	390,178	-	-	-	-	443,386	-	2	18,899	-	859,234
Interests in joint ventures	9,767,676	2,028	-	-	-	-	-	248,698	138,141	-	-	10,156,543
Unallocated assets												137,290
Total assets												18,467,175
Segment liabilities	714,490	21,320	-	270,766	456,616	485,388	432,672	270,630	171,091	36,595	(348,619)	2,510,949
Unallocated liabilities												1,197,970
Total liabilities												3,708,919
At 31st March, 2017 (audited)												
Segment assets	1,612,168	332,892	2,375,555	1,376,717	872,432	1,469,218	129,282	21,437	3,021	39,509	-	8,232,231
Interests in associates	6,102	421,026	-	-	-	-	-	-	-	17,209	-	444,337
Interests in joint ventures	9,461,229	2,022	-	-	-	13,276	-	245,024	-	-	-	9,721,551
Unallocated assets												85,897
Total assets												18,484,016
Segment liabilities	648,685	283,226	-	275,176	988,473	480,617	118,105	270,630	33,199	35,346	(635,626)	2,497,831
Unallocated liabilities												1,771,448
Total liabilities												4,269,279

Notes to the Interim Financial Statements (Continued)

4. REVENUE

Revenue represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from underwriting and securities broking, income from sales of goods and food and beverage, fees charged to food court tenants, gross income from property and project management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

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

	Six months ended 30th September,	
	2017	2016
	HK\$'000	HK\$'000
Property rental income	17,524	18,740
Sales of properties	17,036	83,029
Interest income	33,604	50,652
Dividend income	15,622	14,678
Corporate finance and securities broking	7,754	8,512
Sales of goods	855,175	884,910
Sales of food and beverage	227,094	271,694
Fees charged to food court tenants	66,877	70,499
Other	22,944	18,683
	1,263,630	1,421,397

Notes to the Interim Financial Statements (Continued)

5. PROFIT BEFORE TAX

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

	Six months ended 30th September,	
	2017	2016
	HK\$'000	HK\$'000
Cost of sales:		
Cost of properties sold	(3,398)	(35,366)
Cost of inventories sold	(673,330)	(668,605)
Other	(20,036)	(19,179)
	(696,764)	(723,150)
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	51,021	70,106
Debt securities	737	195
Investment funds	22,064	10,973
	73,822	81,274
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	(1,679)	(321)
Derivative financial instruments	8,937	(1,056)
	81,080	79,897
Interest income:		
Financial assets at fair value through profit or loss	1,103	1,363
Available-for-sale financial assets	–	878
Loans and advances	26,540	41,854
Other	5,961	6,557
Gain/(Loss) on disposal of available-for-sale financial assets	5,730	(1,412)
Gain on derecognition of available-for-sale financial assets	12,919	–
Write-back of provision/(Provisions) for impairment losses on:		
Fixed assets	(28)	(10,153)
A joint venture	465	2,062
Available-for-sale financial assets	–	(5,354)
Inventories	(2,296)	(18,182)
Depreciation	(35,471)	(38,071)
Amortisation of intangible assets	(102)	(3,940)
Foreign exchange gains/(losses) — net	12,524	(1,398)

Notes to the Interim Financial Statements (Continued)

6. PROVISION FOR IMPAIRMENT LOSSES ON PROPERTIES UNDER DEVELOPMENT

For the six months ended 30th September, 2016, in view of the poor market conditions in the region, the Group intended to slow down the development of a property development project in Taizhou City, Jiangsu Province, mainland China (the "Taizhou Project") and a provision for impairment loss on properties under development of HK\$100,000,000 was charged to the consolidated statement of profit or loss for the period with reference to the recoverable amount of such properties under development which was subsequently adjusted to HK\$22,753,000 for the year ended 31st March, 2017 by reference to the sales consideration when the sale was subsequently concluded. The properties under development were sold during the six months ended 30th September, 2017, details of which are disclosed in Note 17 to the interim financial statements.

7. SHARE OF RESULTS OF JOINT VENTURES

For the six months ended 30th September, 2017, the Group's share of profit in Lippo ASM Asia Property Limited ("LAAPL") amounted to approximately HK\$1,345,000 (2016 — HK\$124,273,000). The decrease in share of profit was mainly resulted from a reduction in the reversal of impairment loss on the development properties under LAAPL.

LAAPL is a joint venture set up to hold the controlling stake in OUE Limited ("OUE"), a listed company in Singapore. OUE focuses its business across commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

8. INCOME TAX

	Six months ended 30th September,	
	2017	2016
	HK\$'000	HK\$'000
Hong Kong:		
Charge for the period	845	3,320
Underprovision in prior periods	–	75
Deferred	(106)	(2,194)
	739	1,201
Overseas:		
Charge for the period	16,025	24,714
Underprovision in prior periods	2,463	1,044
Deferred	411	(2,191)
	18,899	23,567
Total charge for the period	19,638	24,768

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

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

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

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2017 and 2016.

Notes to the Interim Financial Statements (Continued)

10. INTERIM DIVIDEND

	Six months ended 30th September,	
	2017	2016
	HK\$'000	HK\$'000
Interim dividend, declared, of HK3 cents (2016 — HK3 cents) per ordinary share	14,795	14,795

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

11. FIXED ASSETS

	Leasehold land and buildings HK\$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK\$'000	Yacht HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 31st March, 2017 and at 1st April, 2017					
Cost or valuation	182,942	720,457	51,545	1,700	956,644
Accumulated depreciation and impairment losses	(102,489)	(620,611)	(13,340)	(283)	(736,723)
Net carrying amount	80,453	99,846	38,205	1,417	219,921
At 1st April, 2017, net of accumulated depreciation and impairment losses	80,453	99,846	38,205	1,417	219,921
Additions during the period (Note)	–	64,114	–	6	64,120
Reclassification from investment properties (Note 12)	768,500	–	–	–	768,500
Disposals during the period	–	(1,358)	–	–	(1,358)
Depreciation provided for the period	(6,190)	(26,652)	(2,629)	–	(35,471)
Impairment during the period	–	(28)	–	–	(28)
Write-off during the period	–	(227)	–	–	(227)
Exchange adjustments	842	2,358	1,306	16	4,522
At 30th September, 2017, net of accumulated depreciation and impairment losses	843,605	138,053	36,882	1,439	1,019,979
At 30th September, 2017					
Cost or valuation	955,201	775,935	53,360	1,732	1,786,228
Accumulated depreciation and impairment losses	(111,596)	(637,882)	(16,478)	(293)	(766,249)
Net carrying amount	843,605	138,053	36,882	1,439	1,019,979

Note: The amounts include reinstatement costs of HK\$236,000 for dismantling, removal and restoration of fixed assets and a reclassification from prepayment of HK\$16,178,000. Cash payments of HK\$47,706,000 were made to purchase fixed assets during the period.

Notes to the Interim Financial Statements (Continued)

11. 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 30th September, 2017 was HK\$1,547,000 (31st March, 2017 — HK\$1,728,000). Leased assets are pledged as security for the related finance lease obligations as set out in Note 18 to the interim financial statements.

Certain leasehold land and buildings have been mortgaged to secure banking facilities made available to the Group as set out in Note 18 to the interim financial statements.

12. INVESTMENT PROPERTIES

	HK\$'000
At 31st March, 2017 and at 1st April, 2017	1,482,131
Additions during the period	54,510
Fair value adjustments	52,110
Reclassification to fixed assets (Note 11)	(768,500)
Exchange adjustments	15,906
At 30th September, 2017	836,157

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 18 to the interim financial statements.

13. INTERESTS IN ASSOCIATES

The increase in interests in associates for the six months ended 30th September, 2017 was mainly due to the additional investments in Healthway Medical Corporation Limited ("Healthway") made during the period. Healthway is a company listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited. Healthway, together with its subsidiaries, owns, operates and manages close to 100 medical centres and clinics.

In February 2017, Gentle Care Pte. Ltd. ("Gentle Care"), a subsidiary of the Company, made a voluntary conditional cash offer for all the issued and paid-up ordinary shares in 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\$70,000,000 issued by Healthway (the "CNs") to an independent third party during the offer period. The CNs were convertible into shares in Healthway at a conversion price of S\$0.03384 per share. The Healthway Offer closed on 12th May, 2017. Following the completion of the Healthway Offer, the Group was interested in 55.02 per cent. of the total number of issued shares in Healthway. The aggregate consideration paid for the acquisition of the above shares in Healthway amounted to approximately S\$71,409,000. Healthway is accounted for as an associate of the Company under the HKFRSs. Upon the completion of the Healthway Offer, the investments in Healthway previously held by the Group were reclassified from available-for-sale financial assets and financial assets at fair value through profit or loss to interests in associates. Accordingly, the cumulated fair value gain of HK\$12,919,000 in relation to the available-for-sale financial assets were reclassified from other comprehensive income to statement of profit or loss for the six months ended 30th September, 2017 (2016 — Nil).

13. INTERESTS IN ASSOCIATES (Continued)

As at 30th September, 2017, the aggregate carrying amount of the Group's interest in Healthway amounted to HK\$443,386,000, which included S\$3,000,000 CNs (equivalent to approximately HK\$21,419,000) acquired after the Healthway Offer during the period. The purchase price allocation review of the interests in Healthway has not been completed as at 30th September, 2017.

On 30th October, 2017, the Group had exercised its conversion rights to the S\$3,000,000 CNs and subsequently, on the same date, an independent third party had also exercised its conversion rights to all its S\$42,000,000 CNs (together, the "CNs Conversion"). Following the CNs Conversion, there are no outstanding CNs in Healthway. The Group's interest in Healthway was diluted from approximately 55.02 per cent. to approximately 40.82 per cent. of the enlarged issued share capital of Healthway. After the CNs Conversion, Healthway continues to be treated as an associate of the Company under HKFRSs.

14. INTERESTS IN JOINT VENTURES

Interests in joint ventures as at 30th September, 2017 mainly included the Group's interest in LAAPL of approximately HK\$9,767,676,000 (31st March, 2017 — HK\$9,461,229,000). The increase in interests in LAAPL for the six months ended 30th September, 2017 was mainly due to the increase in share in exchange reserve on translation of LAAPL's investment from the appreciation of the Singapore dollar during the period.

The increase in interests in joint ventures for the six months ended 30th September, 2017 was also attributable to investment in relation to the JV Company (as defined below).

As previously announced, the Group holds a minority ownership interest in Skye Mineral Partners, LLC ("Skye") whose major asset is substantially all of the equity interest in CS Mining, LLC ("CS Mining"), a company that owned a number of copper ore deposits in the Milford Mineral Belt in Beaver County, State of Utah in U.S. and had engaged in the business of mining and processing copper and other minerals. The Group, in response to the majority investors' failure to properly manage the business of CS Mining, commenced a series of litigation aimed at permitting CS Mining to obtain additional capital needed to turnaround its business, including a petition filed in Delaware Chancery Court asking for the appointment of a receiver. In response to those actions, an involuntary bankruptcy petition was filed by certain creditors of CS Mining pursuant to Chapter 11 of the United States Bankruptcy Code in June 2016. In the course of its bankruptcy case, CS Mining commenced a process to sell (the "Sale Process") all or substantially all of its assets (the "Assets"), and which assets included certain claims or causes of action that CS Mining may have against the Group (the "Claims"). Notwithstanding the difficulties faced by CS Mining, the Group remained generally positive about the long term prospects of the underlying business of CS Mining. Accordingly, the Group made an investment in a joint venture consortium (the "JV Company") for the purpose of participating in the Sale Process and bidding on the Assets. Following a competitive auction that culminated the Sale Process, the JV Company's bid of US\$35,000,000 (together with the assumption of certain liabilities of CS Mining) was declared the winning bid for the Assets. The acquisition of the Assets, including all of the Claims, was completed on 28th August, 2017. The Group is effectively interested in 45 per cent. of the issued and outstanding membership interests in the JV Company. Following the purchase of the Assets, the JV Company, as the owner of all of the Claims, had entered into and granted a release of all of the Claims in favour of the Group. In addition, the majority investors in Skye dismissed without prejudice litigation filed in early June 2016 against certain entities in the Group for damages allegedly suffered by CS Mining. Finally, all of the litigation filed by the Group against the majority investors of Skye for, among other things, their mismanagement of Skye, remains pending.

As at 30th September, 2017, the Group's interests in joint ventures in relation to the JV Company amounted to HK\$138,141,000 (31st March, 2017 — Nil).

Notes to the Interim Financial Statements (Continued)

15. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Outstanding balances with ages:		
Repayable on demand	13,641	7,507
Within 30 days	238,382	251,160
Between 31 and 60 days	62,508	56,419
Between 61 and 90 days	34,763	37,320
Between 91 and 180 days	24,949	15,848
Over 180 days	86	83
	374,329	368,337

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

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

16. RESTRICTED CASH

As at 30th September, 2017, the restricted cash balance 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 18 and 25 to the interim financial statements, respectively.

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, HK\$628,105,000 and HK\$867,000, respectively were pledged to a bank as security for the bankers' guarantees issued to Gentle Care in connection with the Healthway Offer. The bankers' guarantees had not been utilised and were expired in June 2017. The charges on these restricted cash, financial assets at fair value through profit or loss and available-for-sale financial assets had been released accordingly.

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

力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited) (“Lippo Realty”), a then indirect subsidiary of the Company, engaged in the Taizhou Project. As at 31st March, 2017, the Group had 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 agreements for the disposal of its entire interests in Lippo Realty for an aggregate consideration of RMB175,000,000 (equivalent to approximately HK\$202,506,000) (the “TZ Disposal”). 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 were 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\$22,753,000 was recorded for the year ended 31st March, 2017. As at 31st March, 2017, cumulative exchange losses on translation of foreign operations relating to Lippo Realty included in other comprehensive income and equity amounted to HK\$19,265,000. The TZ Disposal was completed in August 2017.

The major classes of assets and liabilities classified as held for sale as at 31st March, 2017 were as follows:

	31st March, 2017 HK\$'000
Fixed assets	76
Properties under development	195,840
Debtors and deposits paid	670
Cash and cash equivalents	465
	<hr/>
Total assets classified as held for sale	197,051
	<hr/>
Creditors, accruals and deposits received	379
	<hr/>
Total liabilities classified as held for sale	379
	<hr/>
Net assets	196,672
	<hr/>

Notes to the Interim Financial Statements (Continued)

18. BANK AND OTHER BORROWINGS

	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Current portion:		
Bank loans:		
Secured (Note (a))	887,580	850,000
Unsecured	73,294	100,000
Other borrowings:		
Unsecured other loan (Note (b))	–	590,000
Obligations under finance leases (Note (c))	483	467
	961,357	1,540,467
Non-current portion:		
Bank loans:		
Secured (Note (a))	586,802	–
Unsecured	479,167	476,667
Other borrowings:		
Obligations under finance leases (Note (c))	1,064	1,261
	1,067,033	477,928
	2,028,390	2,018,395
Bank and other borrowings by currency:		
Hong Kong dollar	2,013,549	2,016,667
Malaysian Ringgit	14,841	1,728
	2,028,390	2,018,395
Bank loans repayable:		
Within one year	960,874	950,000
In the second year	74,588	–
In the third to fifth years, inclusive	991,381	476,667
	2,026,843	1,426,667
Other borrowings repayable:		
Within one year	483	590,467
In the second year	483	467
In the third to fifth years, inclusive	581	794
	1,547	591,728

The Group's bank loans bear interest at floating rates ranging from 1.8 per cent. to 4.0 per cent. (31st March, 2017 — 1.5 per cent. to 3.0 per cent.) per annum.

Notes to the Interim Financial Statements (Continued)

18. BANK AND OTHER BORROWINGS (Continued)

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) shares in certain listed subsidiaries of the Group with market value of HK\$3,348,407,000 (31st March, 2017 — HK\$3,192,739,000);
 - (ii) first legal mortgages over certain investment properties and leasehold land and buildings of the Group with carrying amounts of HK\$301,160,000 (31st March, 2017 — HK\$1,017,550,000) and HK\$819,542,000 (31st March, 2017 — HK\$56,030,000), respectively; and
 - (iii) certain bank deposits of the Group with a carrying amount of HK\$1,005,000 (31st March, 2017 — HK\$1,005,000).
- (b) The Group's other loan as at 31st March, 2017 represented an unsecured loan advanced from the ultimate holding company of the Company, which bore interest at 3 per cent. per annum. The unsecured other loan was fully repaid during the period.
- (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. (31st March, 2017 — 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\$1,547,000 (31st March, 2017 — HK\$1,728,000).

19. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised deposits received for the further disposal of a 31 per cent. equity interest in The Macau Chinese Bank Limited ("MCB", a joint venture of the Company) (the "Further Disposal") of HK\$270,630,000 (31st March, 2017 — HK\$270,630,000), a non-refundable exclusivity payment of HK\$130,000,000 (31st March, 2017 — HK\$130,000,000) in relation to the negotiation of the proposed disposal of a majority stake of the Group's securities broking operation and trade creditors relating to food businesses and securities broking operation. The Further Disposal was completed in November 2017, with further details disclosed in Note 29 to the interim financial statements.

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

	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Outstanding balances with ages:		
Repayable on demand	284,985	815,921
Within 30 days	140,289	166,897
Between 31 and 60 days	66,368	53,735
Between 61 and 90 days	16,562	3,857
Between 91 and 180 days	12,242	9,564
Over 180 days	68	1,850
	520,514	1,051,824

The decrease in trade creditors was mainly due to the reduction of payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation from HK\$855,803,000 as at 31st March, 2017 to HK\$323,370,000 as at 30th September, 2017. As at 30th September, 2017, total client trust bank balances amounted to HK\$306,925,000 (31st March, 2017 — HK\$845,921,000).

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

Notes to the Interim Financial Statements (Continued)

20. SHARE CAPITAL

	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Issued and fully paid:		
493,154,032 (31st March, 2017 — 493,154,032) ordinary shares	986,598	986,598

21. SHARE OPTION SCHEMES

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

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

A share option scheme of the Company (the "Share Option Scheme") was adopted and approved by the shareholders of the Company on 7th June, 2007.

As at the beginning and end of the period, there were no outstanding options granted under the Share Option Scheme to subscribe for shares in the Company. No option of the Company was granted, exercised, cancelled or lapsed during the period.

The Share Option Scheme expired in June 2017.

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

A share option scheme of Lippo China Resources Limited ("LCR"), a listed subsidiary of the Company, was adopted and approved by the shareholders of LCR and the Company on 7th June, 2007 (the "LCR Share Option Scheme").

As at the beginning and end of the period, there were no outstanding options granted under the LCR Share Option Scheme to subscribe for shares in LCR. No option of LCR was granted, exercised, cancelled or lapsed during the period.

The LCR Share Option Scheme expired in June 2017.

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

A share option scheme of Hongkong Chinese Limited ("HKC"), a listed subsidiary of the Company, was adopted and approved by the shareholders of HKC, LCR and the Company on 7th June, 2007 (the "HKC Share Option Scheme").

As at the beginning and end of the period, there were no outstanding options granted under the HKC Share Option Scheme to subscribe for shares of HK\$1.00 each in HKC. No option of HKC was granted, exercised, cancelled or lapsed during the period.

The HKC Share Option Scheme expired in June 2017.

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

A share option scheme of Asia Now Resources Corp. ("Asia Now") (the "ANR Share Option Scheme"), which was approved by the shareholders of Asia Now, LCR and the Company, was adopted on 11th September, 2014.

As at the beginning and end of the period, there were no outstanding options granted under the ANR Share Option Scheme to subscribe for shares in Asia Now. No option of Asia Now was granted, exercised, cancelled or lapsed during the period.

The receivership of Asia Now was completed in April 2016.

Notes to the Interim Financial Statements (Continued)

22. RESERVES

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

Note:

(a) *Special capital reserve*

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

(b) *Hedging reserve*

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

23. DISPOSAL OF SUBSIDIARIES

The loss on disposal of subsidiaries for the six months ended 30th September, 2017 included loss on the TZ Disposal of HK\$14,560,000. The following table summarises the consideration and the amounts of net assets disposed of:

	Six months ended 30th September,	
	2017	2016
	HK\$'000	HK\$'000
Net assets disposed of:		
Fixed assets	79	39,448
Properties under development	203,832	–
Debtors, prepayments and deposits	–	448
Cash and cash equivalents	338	3,502
Creditors, accruals and deposits received	(338)	(7,215)
Deferred tax liabilities	–	(1,237)
Non-controlling interests	–	4,298
	203,911	39,244
Release of cumulative exchange differences on translation of foreign operations	13,155	(1,570)
	217,066	37,674
Gain/(Loss) on disposal	(14,560)	332,031
	202,506	369,705
Satisfied by:		
Cash consideration received	161,675	369,705
Other receivables	40,831	–
	202,506	369,705

Notes to the Interim Financial Statements (Continued)

23. DISPOSAL OF SUBSIDIARIES (Continued)

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

	Six months ended 30th September,	
	2017	2016
	HK\$'000	HK\$'000
Cash consideration received	161,675	369,705
Cash and cash equivalents disposed of	(338)	(3,502)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	161,337	366,203

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

For the six months ended 30th September, 2017, there was no change in ownership interest without change in control.

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

25. CONTINGENT LIABILITIES

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

	30th September,	31st March,
	2017	2017
	HK\$'000	HK\$'000
Secured bankers' guarantee (Note (a))	13,002	19,181
Unsecured bankers' guarantee (Note (b))	18,082	14,163
	31,084	33,344

Note:

- The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used in the food businesses segment. As at 30th September, 2017, fixed deposits of approximately HK\$10,815,000 (31st March, 2017 — HK\$10,363,000) were pledged to banks as security for bankers' guarantees issued.
- The Group had bankers' guarantees issued to suppliers in the ordinary course of business and in lieu of rental and utility deposits for the premises used in the food businesses segment.

Notes to the Interim Financial Statements (Continued)

26. COMMITMENTS

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

	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Commitments in respect of properties, plant and equipment and properties under development:		
Contracted, but not provided for	7,303	76,224
Other commitments:		
Contracted, but not provided for (Note)	76,256	561,438
	83,559	637,662

Note: The balance as at 30th September, 2017 included the Group's commitments for available-for-sale financial assets of HK\$76,256,000 (31st March, 2017 — HK\$46,771,000). The balance as at 31st March, 2017 also included commitment in relation to the Healthway Offer of approximately HK\$506,116,000. The Healthway Offer was closed on 12th May, 2017.

27. RELATED PARTY TRANSACTIONS

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

- (a) During the period, the Group paid rental expenses (including service charges) of HK\$3,545,000 (2016 — HK\$3,874,000) to certain joint ventures of the Group. The rentals were determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group generated sales of HK\$997,000 (2016 — HK\$5,957,000) from a then joint venture of the Group. The prices and terms of sales are on normal commercial terms and are comparable to, or no more favorable than the prices and terms offered to other customers who are independent third parties of similar credit standing, trading volume and trading record.
- (c) During the period, the Group received interest income of HK\$25,659,000 (2016 — HK\$41,300,000) from a joint venture of the Group.
- (d) As at 30th September, 2017, the Group had amounts due from the associates of HK\$120,324,000 (31st March, 2017 — HK\$126,841,000). The amounts due from associates included S\$3,000,000 CNs (equivalent to HK\$21,419,000) (31st March, 2017 — Nil) issued by Healthway. The CNs did not carry a coupon and were convertible into shares in Healthway at a conversion price of S\$0.03384 per share. The Group had exercised its conversion rights in October 2017, details of which are disclosed in Note 13 to the interim financial statements. The amounts due from the associates included a loan of HK\$36,763,000 (31st March, 2017 — HK\$36,564,000), which bears interest at 8.5 per cent. per annum and is repayable on demand. The remaining balances due from the associates are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Interim Financial Statements (Continued)

27. RELATED PARTY TRANSACTIONS (Continued)

- (e) As at 30th September, 2017, the Group had amounts due from joint ventures of HK\$2,502,034,000 (31st March, 2017 — HK\$2,259,272,000). The amounts due from joint ventures included balances of HK\$2,346,542,000 (31st March, 2017 — HK\$2,241,562,000), which are unsecured, bear interest at rates ranging from nil to 2.25 per cent. per annum and are repayable on demand. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment.
- (f) As at 30th September, 2017, the Group had trade payables due to a joint venture of HK\$6,846,000 (31st March, 2017 — HK\$3,954,000). The balance is unsecured, interest-free and repayable within the normal trade credit terms.

28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Financial assets				
Available-for-sale financial assets	164,550	225,460	164,550	225,460
Financial assets at fair value through profit or loss	1,166,361	1,037,298	1,166,361	1,037,298
Other financial assets:				
Put Option (Note)	21,567	21,437	21,567	21,437
Other derivatives financial instruments	2,053	—	2,053	—
	1,354,531	1,284,195	1,354,531	1,284,195
Financial liabilities				
Other financial liabilities	6,199	4,520	6,199	4,520

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

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, restricted cash, client trust bank balances, financial assets included in debtors, prepayments and deposits, loans and advances, unsecured other loan and financial liabilities included in creditors, accruals and deposits received approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates on or near to the end of the reporting period and the Group's non-performance risk is considered to be minimal.

Notes to the Interim Financial Statements (Continued)

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

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 and investment funds at fair value through profit or loss classified under Level 3 of the fair value measurement hierarchy, the fair values are determined based on the net asset values of those investment funds. When the net asset value increases/decreases 3 per cent. (31st March, 2017 — 3 per cent.), the fair value will be increased/decreased by HK\$4,210,000 (31st March, 2017 — HK\$3,671,000).

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

Below is a summary of significant unobservable inputs to the valuation of the Put Option used in Level 3 fair value measurements as at 30th September, 2017:

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Other financial asset: Put Option	Monte-Carlo simulation method	Volatility of underlying shares	22.6 per cent. to 24.1 per cent. (31st March, 2017 — 23.4 per cent. to 24.7 per cent.)	When the volatility of the underlying shares increases/decreases 5 per cent. (31st March, 2017 — 5 per cent.), the fair value will be increased/decreased by HK\$618,000 and HK\$387,000 (31st March, 2017 — HK\$672,000 and HK\$459,000), respectively

Notes to the Interim Financial Statements (Continued)

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

Fair value hierarchy

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

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30th September, 2017				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	11,529	–	–	11,529
Debt securities	–	20,421	–	20,421
Investment funds	–	–	132,600	132,600
Financial assets at fair value through profit or loss:				
Equity securities	536,501	–	–	536,501
Debt securities	221,824	–	–	221,824
Investment funds	398,502	1,797	7,737	408,036
Other financial assets:				
Derivative financial instruments	2,053	–	21,567	23,620
	1,170,409	22,218	161,904	1,354,531
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	6,199	–	6,199
At 31st March, 2017				
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	92,664	–	–	92,664
Debt securities	–	18,730	–	18,730
Investment funds	–	–	114,066	114,066
Financial assets at fair value through profit or loss:				
Equity securities	434,863	–	–	434,863
Debt securities	206,188	–	–	206,188
Investment funds	385,881	2,070	8,296	396,247
Other financial asset:				
Derivative financial instrument	–	–	21,437	21,437
	1,119,596	20,800	143,799	1,284,195
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	4,520	–	4,520

Notes to the Interim Financial Statements (Continued)

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

Fair value hierarchy (Continued)

The movements in fair value measurements in Level 3 for the six months ended 30th September, 2017 are as follows:

	Available- for-sale investment funds HK\$'000	Investment funds at fair value through profit or loss HK\$'000	Other financial asset HK\$'000
At 1st April, 2017	114,066	8,296	21,437
Total gains recognised in the statement of profit or loss	–	90	130
Total gains recognised in other comprehensive income	2,407	–	–
Additions	17,607	–	–
Return of capital	(854)	–	–
Disposals	(642)	(693)	–
Exchange adjustments	16	44	–
At 30th September, 2017	132,600	7,737	21,567

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

29. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the interim financial statements, the Group had the following material events after the reporting period:

- The CNs Conversion, details of which are disclosed in Note 13 to the interim financial statements. By reference to the unaudited published consolidated accounts of Healthway as of 30th September, 2017, it is expected that a loss on deemed disposal of approximately HK\$30,700,000 (subject to audit and adjustment) shall be reflected in the Group's results for the financial year ending 31st March, 2018.
- The completion of the Further Disposal took place in early November 2017 whereupon the Group's equity interest in MCB was reduced from 51 per cent. to 20 per cent. By reference to the unaudited accounts of MCB as of 30th September, 2017, it is estimated that a gain on disposal of approximately HK\$119,000,000 (subject to audit and adjustment) shall be reflected in the Group's results for the financial year ending 31st March, 2018.
- In November 2017, LCR had acquired 1,538,000 American Depository Shares ("ADSs") of PPDAl Group Inc. ("PPDAI") for an aggregate consideration of US\$19,994,000 (equivalent to approximately HK\$156,021,000) in the initial public offering of PPDAl's ADSs which are listed on the New York Stock Exchange. The investments are accounted for by the Group as financial assets at fair value through profit or loss.

29. EVENTS AFTER THE REPORTING PERIOD (Continued)

- (d) In July 2017, Auric Pacific Group Limited ("Auric"), a subsidiary of the Company, announced that it proposed to cancel all the shares in Auric held by its minority shareholders, representing approximately two per cent. of all the then outstanding Auric's shares in issue, by way of selective capital reduction exercise in consideration of S\$1.65 per share (the "Selective Capital Reduction") in cash amounting to a total of approximately S\$4,208,000 (equivalent to approximately HK\$24,208,000). Following the Selective Capital Reduction became effective on 16th November, 2017, the Group's actual equity interest in Auric was increased from 49.28 per cent. to 50.30 per cent. Auric remains as a subsidiary of the Company under HKFRSs. By reference to the unaudited consolidated accounts of Auric as of 30th September, 2017, it is estimated that the Group would recognise a decrease in non-controlling interests of HK\$23,424,000 and a decrease in retained profits of HK\$784,000 for the financial year ending 31st March, 2018.

30. COMPARATIVE AMOUNTS

As at 30th September, 2016, a joint venture of OUE (a subsidiary of LAAPL which in turn is a principal joint venture of the Group) had not completed the purchase price allocation review in respect of further acquisitions of its existing investments (the "Acquisitions"). Such purchase price allocation review was completed during the year ended 31st March, 2017 and OUE recorded a share of gain from bargain purchase arisen from the Acquisitions.

As a consequence, the Group made certain adjustments to retrospectively adjust the impact of the Acquisitions, which led to an increase in interests in joint ventures of HK\$26,111,000, an increase in retained earnings of HK\$16,805,000, an increase in the exchange equalisation reserve of HK\$386,000 and an increase in non-controlling interests of HK\$8,920,000 in the Group's consolidated statement of financial position as at 1st April, 2016 and a decrease in share of exchange equalisation reserve of joint ventures of HK\$263,000 for the six months ended 30th September, 2016. As a result, the net other comprehensive loss for the six months ended 30th September, 2016 was increased by HK\$263,000, of which HK\$173,000 was attributable to the equity holders of the Company and HK\$90,000 was attributable to non-controlling interests. There was no impact for the profit and earnings per share attributable to equity holders of the Company for the six months ended 30th September, 2016.

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

Business Review and Prospects

Business Review

Overview

The world economy maintained its upward momentum during the period under review. Notable pickups in investment and trade, coupled with strengthening business and consumer confidence, supported global recovery. With improving business and market sentiments, major stock markets hit record highs. While the economic recovery continues, various uncertainties and downside risks remain such as Brexit negotiations, regulatory developments and fiscal policies in the U.S. and Eurozone and geopolitical tensions in various regions.

Results for the Period

Hongkong Chinese Limited (“HKC”, together with its subsidiaries, the “HKC Group”), a 65.84 per cent. listed subsidiary of the Company, recorded a consolidated profit attributable to shareholders of approximately HK\$8 million for the six months ended 30th September, 2017 (the “Period”), as compared to a consolidated profit of approximately HK\$186 million for the six months ended 30th September, 2016 (the “Last Period” or “2016”). The decrease in profit was mainly due to the decrease in share of profit from joint ventures resulted from a reduction of the reversal of impairment loss on the development properties under a joint venture, lower interest income received from a joint venture and a drop in profit from the disposal of the properties held for sale as a result of less properties sold during the Period. Lippo China Resources Limited (“LCR”, together with its subsidiaries, the “LCR Group”), a 72.60 per cent. listed subsidiary of the Company, recorded a consolidated profit attributable to shareholders of approximately HK\$124 million for the Period, as compared to a consolidated profit of approximately HK\$286 million for the Last Period. The profit for the Period was mainly attributable to fair value gain on its investments and investment properties. As a result, the Group recorded a consolidated profit attributable to shareholders of approximately HK\$100 million for the Period, as compared to a consolidated profit of approximately HK\$308 million for the Last Period.

Revenue for the Period totalled HK\$1,264 million (2016 — HK\$1,421 million). The decrease in revenue was mainly due to lower revenue from food businesses and sales of properties. Food businesses were the principal sources of revenue of the Group, representing 92 per cent. (2016 — 87 per cent.) of total revenue.

Property investment

The Group’s investment properties are located mainly in Hong Kong and mainland China and provide a stable recurring income to the Group.

Business Review and Prospects (Continued)

Segment revenue from the property investment business is mainly attributable to recurrent rental income from the Group's investment properties portfolio and interest income from the loans to a subsidiary of Lippo ASM Asia Property Limited ("LAAPL" together with its subsidiaries, the "LAAPL Group"), a principal joint venture of HKC. The segment revenue for the Period decreased to HK\$46 million (2016 — HK\$63 million), mainly due to the reduction in the interest rate of loans to the LAAPL Group since the second half of the last financial year.

As previously announced, in March 2017, the Group entered into an agreement for the exit (the "Exit Agreement") from the project to design, develop, construct and own an integrated resort located in Incheon, Korea which will include, inter alia, hotels and service apartments (the "IR Project") (the "Exit"). The total consideration for the Exit amounted to approximately US\$23.5 million. The Exit released the capital which had been tied up in the IR Project over the past few years for general corporate purposes of the Group. The Exit Agreement was fully completed in July 2017 with the balance of payment received in full during the Period, resulting in a gain on disposal of a joint venture recorded for the Period. Coupled with the increase in net fair value gain on investment properties, the segment reported a profit of HK\$114 million for the Period (2016 — HK\$401 million, which included the non-recurring gain on disposal of subsidiary of HK\$332 million) before accounting for the share of results from the Group's joint ventures.

LAAPL is the vehicle holding a controlling stake of OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a company listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") and is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. The OUE Group has established a high quality property portfolio at prime locations in Singapore, Shanghai in the People's Republic of China (the "PRC") and Los Angeles in the U.S. The transformation of OUE Downtown in Singapore into a mixed-use development has been completed, with the new Downtown Gallery and Oakwood Premier OUE Singapore commencing operations in May and June 2017 respectively. Downtown Gallery, with approximately 150,000 square feet of premium retail space spreading over six levels, has an extensive mix of tenant offerings centred on lifestyle and wellness. Oakwood Premier OUE Singapore, occupying the 7th to 32nd storeys of OUE Downtown 1, is home to 268 serviced residences and caters to international travellers looking for luxury urban living in the heart of business district. Both properties contributed positively to the OUE Group's performance and recurrent income base. The iconic U.S. Bank Tower in downtown Los Angeles, a 75-storey Class A office tower, contributed positively to the revenue of the OUE Group. With the OUE Group's active marketing effort, all the development properties of OUE Twin Peaks in Singapore were fully sold by October 2017. As at 30th September, 2017, the LAAPL Group had an equity interest of approximately 68.63 per cent. in OUE.

Business Review and Prospects (Continued)

OUE Hospitality Trust (“OUE H-Trust”), a real estate investment trust established by OUE in 2013, is listed on the Main Board of the SGX-ST. Its portfolio includes the 1,077-room Mandarin Orchard Singapore, the adjoining Mandarin Gallery (a high-end retail mall) and 563-room Crowne Plaza Changi Airport in Singapore. The performance of OUE H-Trust was satisfactory during the Period. As at 30th September, 2017, the LAAPL Group held approximately 38.13 per cent. of the total number of stapled securities of OUE H-Trust in issue.

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) was established by OUE in early 2014 and is listed on the Main Board of the SGX-ST. Its property portfolio includes OUE Bayfront and One Raffles Place in Singapore as well as the properties at Lippo Plaza in Shanghai. The portfolio enjoyed committed occupancy of 97 per cent. as at 30th September, 2017, with all three properties achieving higher-than-market committed office occupancy. The OUE Group held approximately 55.57 per cent. of the total number of OUE C-REIT units in issue as at 30th September, 2017.

The mandatory unconditional cash offer by the OUE Group for the shares in OUE Lippo Healthcare Limited (“OUE LH”, formerly known as International Healthway Corporation Limited) closed on 13th April, 2017. OUE LH, a company listed on the sponsor-supervised listing platform (the “Catalist Board”) of the SGX-ST, is an integrated healthcare services and facilities provider owning 12 quality nursing homes in Japan and derives rental revenue therefrom as well as revenue from the operation of a hospital in Wuxi, Jiangsu Province, the PRC. It also has two proposed hospital projects in the PRC and a proposed development project in Malaysia. As at 30th September, 2017, the OUE Group owned approximately 86.16 per cent. equity interest in OUE LH.

The Group recorded a share of profit of joint ventures of HK\$1 million from its investment in LAAPL for the Period (2016 — HK\$124 million). The decrease in share of profit for the Period as compared with the Last Period was mainly resulted from a reduction in the reversal of impairment loss on the development properties of the LAAPL Group. Besides, benefiting from the appreciation of the Singapore dollar during the Period, the HKC Group shared an increase in exchange reserve on translation of LAAPL’s investment of HK\$285 million during the Period. As a result, the Group’s total interests in LAAPL as at 30th September, 2017 increased to HK\$9.8 billion (31st March, 2017 — HK\$9.5 billion).

Property development

The Group continued to sell the remaining portion of its completed property development projects, including carparking spaces at “M Residences” during the Period. Sale of the remaining shophouses and carparking spaces at Beijing Economic-Technological Development Area (北京經濟技術開發區) in Beijing were sluggish due to Beijing’s tightened policy on property sale and weakened market demand. With a substantial portion of the completed development properties sold and recognised in prior years, the segment revenue decreased to HK\$17 million (2016 — HK\$83 million).

Given the market conditions in the region and the time required to complete and sell the development project located in China Medical City (中國醫藥城), Taizhou City, Jiangsu Province, the PRC, the LCR Group entered into agreements for the disposal of its entire interests in 力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited) in May 2017 for an aggregate consideration of RMB175 million (the “TZ Disposal”). The TZ Disposal was completed during the Period, giving rise to a non-recurring loss on disposal of subsidiary of approximately HK\$15 million mainly upon the release of cumulated exchange loss on translation of the subsidiary upon disposal. As a result, the segment reported a loss of HK\$9 million for the Period (2016 — HK\$63 million) and the segment asset decreased to HK\$177 million as at 30th September, 2017 (31st March, 2017 — HK\$333 million).

MIDAN City Development Company Co., Ltd. (“MCDC”), in which the Group has an approximately 38.54 per cent. equity interest, was not able to agree with Incheon Development & Transformation Corporation (“IDTC”) on the terms of refinancing of a loan of MCDC in an amount of Korean Won 337.2 billion maturing on 8th September, 2017 (the “MCDC Loan”), and pursuant to a guarantee arrangement entered into in 2015 among IDTC, MCDC and third party lenders, IDTC repaid the MCDC Loan to the third party lenders in MCDC’s stead on 8th September, 2017 (the “IDTC Repayment”), declaring the land supply agreement entered into between MCDC and IDTC in respect of a tract of land located at 326 Woonbook-dong, Jung-gu, Incheon, Republic of Korea (the “Land”) terminated as a result (the “LSA Termination”). Given the purported LSA Termination, MCDC purportedly loses the rights to acquire the Land. The Group and other shareholders of MCDC are in discussion for a suitable course of action with regards to their investments in MCDC including, but not limited to, issues concerning IDTC Repayment and LSA Termination. It is currently expected the above events shall not have any material effect on the financial position of the Group.

Food businesses

The Group's food businesses are operated by Auric Pacific Group Limited ("Auric", a subsidiary of LCR) and its subsidiaries (together, the "APG Group"). The LCR Group was interested in approximately 49.28 per cent. of the issued shares of Auric during the Period. The segment recorded a revenue of HK\$1,167 million (2016 — HK\$1,239 million), mainly from wholesale and distribution of fast moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros.

The segment showed an improvement of the results and recorded a profit of HK\$85 million for the Period (2016 — HK\$64 million). Auric continues to focus building stronger foundation for its core businesses and to seek new avenues and opportunities for business growth.

The cash offer for the issued and paid-up ordinary shares in the capital of Auric (the "Auric Offer") by Silver Creek Capital Pte. Ltd., of which Dr. Stephen Riady, an executive Director of the Company, is a majority shareholder, closed on 7th April, 2017. Auric was subsequently delisted from the Main Board of SGX-ST on 17th April, 2017. The Auric Offer did not extend to the LCR Group. In July 2017, Auric announced that it proposed to cancel all the shares in Auric held by its minority shareholders, representing approximately two per cent. of all the then outstanding Auric's shares in issue, by way of selective capital reduction exercise in consideration of S\$1.65 per share (the "Selective Capital Reduction"). Following the Selective Capital Reduction became effective on 16th November, 2017, the outstanding Auric's shares in issue were reduced from 125,667,324 shares to 123,116,883 shares and the LCR Group's actual equity interest in Auric was increased from 49.28 per cent. to 50.30 per cent.

Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK\$20 million during the Period (2016 — HK\$22 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 30th September, 2017, the Group's financial assets at fair value through profit or loss amounted to HK\$1,166 million (31st March, 2017 — HK\$1,037 million), comprising equity securities of HK\$536 million (31st March, 2017 — HK\$435 million), debt securities of HK\$222 million (31st March, 2017 — HK\$206 million) and investment funds of HK\$408 million (31st March, 2017 — HK\$396 million). The performance of the global stock market during the Period was satisfactory. The Group recorded net fair value gain on its investments under the securities investment segment of HK\$80 million for the Period (2016 — HK\$81 million). The net fair value gain of the securities investment segment for the Period included HK\$50 million gain on listed equity securities, HK\$1 million gain on bonds, HK\$22 million gain on investment funds and HK\$7 million gain on other financial instruments. As a result, the treasury and securities investments businesses recorded a net profit of HK\$106 million for the Period (2016 — HK\$94 million).

Business Review and Prospects (Continued)

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

	As at 30th September, 2017		As at 31st March, 2017		For the six months ended 30th September, 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")	246,032	21%	2%	235,501	10,530	14%
TSY INFL IX N/B 0.125% 07/15/26	55,377	5%	0%	55,294	(219)	n.m.
US TREASURY N/B 0.750% 01/31/18	54,633	5%	0%	–	87	0%
Others (Note)	810,319	69%	6%	746,503	63,424	86%
	1,166,361	100%	8%	1,037,298	73,822	100%

n.m.: not meaningful

Note: Others comprised of more than 100 securities, none of which accounted for more than 4.5 per cent. of the financial assets at fair value through profit or loss as at 30th September, 2017 or 12 per cent. of the net fair value gain for the Period. The balance of "Others" as at 31st March, 2017 included listed shares in Healthway Medical Corporation Limited with carrying amount of HK\$37 million, which was managed separately as disclosed under healthcare services segment below.

As at 30th September, 2017, the fair value of the Group's equity securities in GSH amounted to HK\$246 million, representing approximately 21 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 July 2017, GSH completed the disposal of a subsidiary which owns GSH Plaza, its flagship commercial property in Singapore. Such disposal was 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, the share price performance of GSH was satisfactory during the Period, resulting in a fair value gain of HK\$11 million, which accounted for approximately 14 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.

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 Group's investment advisor advised that ten-year real yields have been in a tight range between 0.3 and 0.6 this year. Such Treasury inflation protected securities ("TIPs") are preferred over Treasuries due to their protection which could pick up in the coming year. Real yields could cyclically pick up in the short term but will be capped by a structurally low natural real rate.

Business Review and Prospects (Continued)

US TREASURY N/B 0.750% 01/31/18 is used as a low volatility way to generate returns on cash holdings. The Group's investment advisor advised that it is expected there to be a positive but small return over the next few months.

The Group also made a number of small investments in the Technology, Media and Telecommunication (TMT) sector and Biotech sector through direct investment and private investment funds to participate in the growing New Economy.

Subsequent to the Period, in November 2017, LCR had acquired 1,538,000 American Depository Shares ("ADSs") of PPDAL Group Inc. ("PPDAI") for an aggregate consideration of approximately US\$20 million in the initial public offering of PPDAL's ADSs which are listed on the New York Stock Exchange. PPDAL is a leading online consumer finance marketplace in the PRC, connecting borrowers and investors, whose needs are unserved or underserved by traditional financial institutions, allowing the LCR Group to participate in the growing online consumer lending market in the PRC through its investment in the listed ADSs of PPDAL. The investments are accounted for by the Group as financial assets at fair value through profit or loss.

Healthcare services

The Group is optimistic about the prospects in the healthcare industry in Singapore, and has established its presence in this field. In February 2017, Gentle Care Pte. Ltd. ("Gentle Care"), a wholly-owned subsidiary of LCR, made a voluntary conditional cash offer for all the issued and paid-up ordinary shares in Healthway Medical Corporation Limited ("Healthway", a company listed on the Catalist Board of the SGX-ST) at an offer price of S\$0.042 per share (the "Healthway Offer"). Healthway, together with its subsidiaries, owns, operates and manages close to 100 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. The Healthway Offer was also extended to the convertible notes in the total principal amount of S\$70 million issued by Healthway (the "CNs") to GW Active Limited ("GW", an independent third party) during the offer period. The CNs were convertible into shares in Healthway at a conversion price of S\$0.03384 per share. On 23rd April, 2017, an agreement was entered into between Gentle Care and GW for the acquisition of S\$15 million CNs for a consideration of approximately S\$18.6 million and such CNs were subsequently converted into shares in Healthway. The Healthway Offer closed on 12th May, 2017. Following the completion of the Healthway Offer, the LCR Group was interested in approximately 55.02 per cent. of the total number of issued shares in Healthway and approximately 38.86 per cent. of the maximum potential issued share capital of Healthway assuming all outstanding CNs issued were fully converted into shares in Healthway. The aggregate consideration paid for the acquisition of the above shares in Healthway amounted to approximately S\$71.4 million. Healthway is accounted for as an associate of LCR and the Company under the Hong Kong Financial Reporting Standards ("HKFRSs"). Upon the completion of the Healthway Offer, the investments in Healthway previously held by the Group were reclassified from available-for-sale financial assets and financial assets at fair value through profit of loss to interests in associates. Accordingly, the cumulated fair value gain of HK\$13 million in relation to the available-for-sale financial assets were reclassified from other comprehensive income to statement of profit or loss for the Period.

Business Review and Prospects (Continued)

After the completion of the Healthway Offer, the LCR Group had acquired S\$3 million CNs which were convertible into 88,652,482 shares in Healthway. On 30th October, 2017, the LCR Group had exercised its conversion rights to the S\$3 million CNs and subsequently, on the same date, GW had also exercised its conversion rights to all its S\$42 million CNs which were convertible into 1,241,134,751 shares in Healthway (together, the "CNs Conversion"). Following the CNs Conversion, there are no outstanding CNs in Healthway. The LCR Group is now interested in an aggregate of 1,848,641,265 shares in Healthway. The LCR Group's interest in Healthway was diluted from approximately 55.02 per cent. to approximately 40.82 per cent. of the enlarged issued share capital of Healthway. After the CNs Conversion, Healthway ceased to be a subsidiary of each of LCR and the Company under Companies Ordinance of Hong Kong (the "Companies Ordinance") and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). However, Healthway continues to be treated as an associate of each of LCR and the Company under HKFRSs.

During the Period, the segment reported a profit of HK\$8 million (2016 — Nil) before accounting for the results of associates. As at 30th September, 2017, the aggregate carrying amount of the Group's interest in Healthway is approximately HK\$443 million and the Group shared a loss of associates of approximately HK\$13 million from Healthway for the Period.

Banking business

The Macau Chinese Bank Limited ("MCB", a joint venture of HKC) continued to record strong growth in customer deposits and loans during the Period. The share of profit from MCB increased to HK\$4 million for the Period (2016 — HK\$1 million). The HKC Group held a 51 per cent. equity interest in MCB during the Period.

Following the extension of the deadline from 30th June, 2017 to 31st December, 2017 for obtaining the approval by the Monetary Authority of Macau of the proposed disposal by the HKC Group of further 31 per cent. equity interests in MCB, completion of such disposal took place in early November 2017 whereupon the HKC Group's equity interest in MCB was reduced from 51 per cent. to 20 per cent. and MCB ceased to be a subsidiary of each of HKC and the Company under the Companies Ordinance and the Listing Rules. By reference to the unaudited accounts of MCB as of 30th September, 2017, it was estimated that there would have a gain on disposal of interest in joint venture of approximately HK\$119 million (subject to audit and adjustment) which shall be reflected in the Group's results for the financial year ending 31st March, 2018.

Pursuant to the shareholders agreement in July 2015, the HKC Group has a put option to sell its remaining 20 per cent. interest to the majority shareholder of MCB at any time during the five years from 3rd November, 2017. The fair value of the above put option was included in "Other financial asset" of the Group's consolidated statement of financial position with a segment gain of HK\$0.1 million for the Period (2016 — loss of HK\$0.5 million) from the change in fair value included in the banking business segment results.

Corporate finance and securities broking

Lippo Securities Holdings Limited (the wholly-owned securities arm of the Group) and its subsidiaries continued to face challenges in their operations amidst competition. This segment registered a total revenue of HK\$8 million for the Period (2016 — HK\$9 million) and the loss of this segment was HK\$6 million for the Period (2016 — HK\$5 million).

Segment assets as at 30th September, 2017 decreased to HK\$344 million (31st March, 2017 — HK\$872 million), mainly due to the corresponding reduction of client money held in trust. Accordingly, segment liabilities also decreased to HK\$457 million as at 30th September, 2017 (31st March, 2017 — HK\$988 million).

Mineral exploration and extraction

As previously announced, the LCR Group holds a minority ownership interest in Skye Mineral Partners, LLC (“Skye”) whose major asset is substantially all of the equity interest in CS Mining, LLC (“CS Mining”), a company that owned a number of copper ore deposits in the Milford Mineral Belt in Beaver County, State of Utah in the U.S. and had engaged in the business of mining and processing copper and other minerals. The LCR Group, in response to the majority investors’ failure to properly manage the business of CS Mining, commenced a series of litigation aimed at permitting CS Mining to obtain additional capital needed to turnaround its business, including a petition filed in Delaware Chancery Court asking for the appointment of a receiver. In response to those actions, an involuntary bankruptcy petition was filed by certain creditors of CS Mining pursuant to Chapter 11 of the United States Bankruptcy Code in June 2016. In the course of its bankruptcy case, CS Mining commenced a process to sell (the “Sale Process”) all or substantially all of its assets (the “Assets”), and which assets included certain claims or causes of action that CS Mining may have against the LCR Group (the “Claims”). Notwithstanding the difficulties faced by CS Mining, the LCR Group remained generally positive about the long term prospects of the underlying business of CS Mining. Accordingly, the LCR Group made an investment in a joint venture consortium (the “JV Company”) for the purpose of participating in the Sale Process and bidding on the Assets. Following a competitive auction that culminated the Sale Process, the JV Company’s bid of US\$35 million (together with the assumption of certain liabilities of CS Mining) was declared the winning bid for the Assets. The acquisition of the Assets, including all of the Claims, was completed on 28th August, 2017. The LCR Group is effectively interested in 45 per cent. of the issued and outstanding membership interests in the JV Company. Following the purchase of the Assets, the JV Company, as the owner of all of the Claims, had entered into and granted a release of all of the Claims in favour of the LCR Group. In addition, the majority investors in Skye dismissed without prejudice litigation filed in early June 2016 against certain entities in the LCR Group for damages allegedly suffered by CS Mining. Finally, all of the litigation filed by the LCR Group against the majority investors of Skye for, among other things, their mismanagement of Skye, remains pending.

Business Review and Prospects (Continued)

As at 30th September, 2017, as a result of the participation in investment in the JV Company, total assets under this segment increased to HK\$140 million (31st March, 2017 — HK\$3 million). Segment loss for the Period amounted to HK\$0.03 million (2016 — HK\$11 million), which included a write-back of provision for impairment losses on loans and receivables of HK\$21 million (2016 — Nil).

Financial Position

The Group's financial position remained healthy. As at 30th September, 2017, its total assets amounted to HK\$18.5 billion (31st March, 2017 — HK\$18.5 billion). Property-related assets amounted to HK\$12.1 billion as at 30th September, 2017 (31st March, 2017 — HK\$11.8 billion), representing 65 per cent. (31st March, 2017 — 64 per cent.) of the total assets. During the Period, the Group started to occupy some of its properties for own office usage instead of renting to third parties. Accordingly, the Group's fixed assets as at 30th September, 2017 increased to HK\$1.0 billion (31st March, 2017 — HK\$0.2 billion) while the investment properties as at 30th September, 2017 decreased to HK\$0.8 billion (31st March, 2017 — HK\$1.5 billion). Total liabilities decreased to HK\$3.7 billion (31st March, 2017 — HK\$4.3 billion), mainly due to the corresponding reduction of client money held in trust under corporate finance and securities broking business. The Group maintained a strong cash position. Current ratio as at 30th September, 2017 increased to 2.0 (31st March, 2017 — 1.6).

As at 30th September, 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\$2.7 billion (31st March, 2017 — HK\$3.1 billion). As at 31st March, 2017, 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 classified as restricted cash. The bankers' guarantees had not been utilised and were expired in June 2017. The charges of the aforesaid assets had been fully released, with the restricted cash reclassified back to cash and cash equivalents.

Business Review and Prospects (Continued)

As at 30th September, 2017, bank and other borrowings of the Group increased slightly to HK\$2,028 million (31st March, 2017 — HK\$2,018 million). During the Period, the Group repaid all the other borrowing due to its ultimate holding company of HK\$590 million and accordingly, bank loans increased to HK\$2,026 million as at 30th September, 2017 (31st March, 2017 — HK\$1,427 million). As at 30th September, 2017, bank loans comprised secured bank loans of HK\$1,474 million (31st March, 2017 — HK\$850 million) and unsecured bank loans of HK\$552 million (31st March, 2017 — HK\$577 million) and were denominated mainly in Hong Kong dollars. The bank loans were secured by certain properties, shares in certain subsidiaries and certain bank deposits of the Group. All of the bank borrowings carried interest at floating rates. The other borrowings of the Group as at 31st March, 2017 included an unsecured fixed rate loan of HK\$590 million from the ultimate holding company. 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 included obligations under finance leases for certain fixed assets which amounted to HK\$2 million as at 30th September, 2017 (31st March, 2017 — HK\$2 million). These obligations are secured by the rights to the leased fixed assets.

As at 30th September, 2017, approximately 47 per cent. (31st March, 2017 — 76 per cent.) of the bank and other borrowings were repayable within one year. As at 30th September, 2017, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 16.7 per cent. (31st March, 2017 — 17.3 per cent.).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK\$9.4 billion as at 30th September, 2017 (31st March, 2017 — HK\$9.0 billion). This was equivalent to HK\$19.0 per share as at 30th September, 2017 (31st March, 2017 — HK\$18.3 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, swap and currency loans would be used to manage the foreign exchange exposure.

The Group had bankers' guarantees of approximately HK\$31 million as at 30th September, 2017 (31st March, 2017 — HK\$33 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 42 per cent. (31st March, 2017 — 58 per cent.) of the bankers' guarantees were secured by certain bank deposits of the Group. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Period (31st March, 2017 — Nil).

Business Review and Prospects (Continued)

The Group's commitments are mainly related to the property and securities investments. The commitment as at 31st March, 2017 included HK\$506 million commitment in relation to Healthway Offer which was closed in May 2017. Hence, total commitment as at 30th September, 2017 decreased to HK\$84 million (31st March, 2017 — HK\$638 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 1,930 employees as at 30th September, 2017 (30th September, 2016 — 2,215 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK\$220 million (2016 — HK\$238 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

Prospects

The Group sees business potential in the healthcare industry. The acquisition of interest in Healthway will provide a good opportunity for the Group to diversify its business and establish its presence in this field.

The world economy's upward momentum is expected to continue into 2018 despite lingering uncertainties and downside risks mentioned above. The Group is watchful of market developments, and will continue to take a prudent approach in managing its investments and assessing new opportunities in order to achieve sustainable growth and to enhance shareholders' value.

Additional Information

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK3 cents per share (For the six months ended 30th September, 2016 — HK3 cents per share) amounting to approximately HK\$14.8 million for the six months ended 30th September, 2017 (For the six months ended 30th September, 2016 — approximately HK\$14.8 million), which will be paid on or about Monday, 29th January, 2018 to shareholders whose names appear on the Register of Members on Friday, 12th January, 2018.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 10th January, 2018 to Friday, 12th January, 2018 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend for the six months ended 30th September, 2017, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 9th January, 2018.

Additional Information (Continued)

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

As at 30th September, 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
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Number of ordinary shares in the Company

Stephen Riady	–	–	369,800,219 <i>Note (i)</i>	369,800,219	74.98
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21

Number of ordinary shares in Lippo China Resources Limited ("LCR")

Stephen Riady	–	–	6,669,969,389 <i>Notes (i) and (ii)</i>	6,669,969,389	72.60
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Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")

Stephen Riady	–	–	1,315,707,842 <i>Notes (i) and (iii)</i>	1,315,707,842	65.84
Jark Pui Lee	469	469	–	938	0.00
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

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

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

Note:

- (i) As at 30th September, 2017, Lippo Capital Limited ("Lippo Capital"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 369,800,219 ordinary shares in, representing approximately 74.98 per cent. of the issued shares of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK\$1.00 each in, representing the entire issued shares of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust included, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.
- (ii) As at 30th September, 2017, the Company was indirectly interested in 6,669,969,389 ordinary shares in, representing approximately 72.60 per cent. of the issued shares of, LCR.
- (iii) As at 30th September, 2017, the Company was indirectly interested in 1,315,707,842 ordinary shares of HK\$1.00 each in, representing approximately 65.84 per cent. of the issued shares of, HKC.

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

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	Ordinary shares	2	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Brainy World Holdings Limited	Ordinary shares	1	100
Brimming Fortune Limited	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
Gemdale Properties and Investment Corporation Limited	Ordinary shares	4,706,452,795	29.80

Additional Information (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)

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Health Care Limited	Ordinary shares	1	100
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
MG Superteam Pte. Ltd.	Ordinary shares	1	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

As at 30th September, 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.

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

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

As at 30th September, 2017, Dr. Stephen Riady was interested in 26,701,737 ordinary shares in Auric Pacific Group Limited ("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 88,629,072 ordinary shares in, representing approximately 70.53 per cent. of the issued shares of, Auric.

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

Additional Information (Continued)

Updated Directors' Information

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

1. Dr. Stephen Riady was appointed as a non-independent and non-executive director of OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited) ("OUELH") on 17th July, 2017. Dr. Stephen Riady was also appointed as a non-executive non-independent director of Healthway Medical Corporation Limited ("HMC") on 16th August, 2017. Both OUELH and HMC are listed on the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited; and
2. Mr. John Luen Wai Lee was appointed as a non-executive non-independent chairman of HMC on 2nd August, 2017.

Share Option Schemes

Details of the share option schemes of the Company and its subsidiaries are disclosed in Note 21 to the interim financial statements.

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

During the six months ended 30th September, 2017, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

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

As at 30th September, 2017, so far as is known to the Directors of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") as follows:

Interests of substantial shareholders in shares of the Company

Name	Number of ordinary shares	Approximate percentage of the issued shares
Lippo Capital Limited ("Lippo Capital")	369,800,219	74.98
Lanius Limited ("Lanius")	369,800,219	74.98
Dr. Mochtar Riady	369,800,219	74.98
Madam Lidya Suryawaty	369,800,219	74.98

Note:

1. Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 ordinary shares of the Company. Together with 355,100,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 369,800,219 ordinary shares in, representing approximately 74.98 per cent. of the issued shares of, the Company.
2. Lanius is the holder of the entire issued shares of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in the shares of the Company under the provisions of the SFO.
3. Lippo Capital's interests in the ordinary shares of the Company were recorded as the interests of Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 369,800,219 ordinary shares of the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

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

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

The Group had granted financial assistance to Fortune Code Limited (“FCL”), a subsidiary of Lippo ASM Asia Property Limited which in turn is a principal joint venture of the Company. The relevant advances disclosed pursuant to Rule 13.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and remained outstanding as at 30th September, 2017 were granted under the following loan agreements:

- (i) a loan agreement dated 29th May, 2015 entered into between FCL and Pacific Landmark Holdings Limited (“PLH”), a subsidiary of the Company, pursuant to which PLH agreed to advance a loan of S\$53,920,839.43 (the “Loan”) to FCL;
- (ii) a loan agreement dated 28th August, 2015 entered into between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S\$7,000,000 (the “Interim Loan”) to FCL;
- (iii) a loan agreement dated 28th August, 2015 entered into between FCL and PLH pursuant to which PLH agreed to advance a further loan of S\$100,000,000 (the “Further Loan”) to FCL;
- (iv) a loan agreement dated 12th October, 2015 entered into between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S\$2,000,000 (the “Second Interim Loan”) to FCL;
- (v) a loan agreement dated 30th November, 2015 entered into between FCL and PLH pursuant to which PLH agreed to make available a new loan facility of S\$38,000,000 (the “New Loan”) to FCL;
- (vi) a loan agreement dated 19th July, 2016 entered into between FCL and PLH pursuant to which PLH agreed to make available a loan facility of approximately S\$14,959,000 (the “July 2016 Loan”) to FCL; and
- (vii) a loan agreement dated 20th October, 2016 entered into between FCL and Polar Step Limited (“PSL”), a subsidiary of the Company, pursuant to which PSL agreed to make available a loan facility in the maximum principal amount of S\$155,000,000 (the “October 2016 Facility”) to FCL. The October 2016 Facility was first drawn on 4th January, 2017 (the “October 2016 Facility Drawdown Date”) and is unsecured, subject to an interest rate of 2.25 per cent. per annum and repayable on demand.

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

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

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

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

All the above advances to FCL (the "Advances") are unsecured. As at 30th September, 2017, the balance of the Advances amounted to approximately S\$380,420,000 (equivalent to approximately HK\$2,188,403,000).

Audit Committee

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th September, 2017.

Corporate Governance

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

Additional Information *(Continued)*

Corporate Governance *(Continued)*

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th September, 2017.

Model Code for Securities Transactions by Directors

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

By Order of the Board

Lippo Limited

John Luen Wai Lee

Managing Director and Chief Executive Officer

Hong Kong, 29th November, 2017

Supplementary Financial Information

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

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30th September, 2017 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	HK\$'000
Pro forma combined statement of financial position	
Intangible assets	1,905,831
Fixed assets	4,408,260
Investment properties	39,046,173
Interests in equity-accounted investees	2,629,016
Properties held for sale	8,106,285
Property under development	426,847
Available for sale financial assets	1,027,746
Financial assets at fair value through profit or loss	1,035,332
Loans and advances	2,148,481
Debtors, prepayments and deposits	968,335
Cash and cash equivalents	3,327,362
Other assets	215,658
Bank and other borrowings	(25,650,885)
Creditors, accruals and deposits received	(7,217,222)
Current, fixed savings and other deposits of customers	(2,675,606)
Tax payable	(466,342)
Shareholders' advance	(3,334,822)
Deferred tax liabilities	(1,032,467)
Other financial liabilities	(117,186)
Non-controlling interests	(14,677,539)
	<u>10,073,257</u>
Group's attributable interest (Note)	<u>11,015,777</u>

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

Corporate Information

HONORARY CHAIRMAN*

Dr. Mochtar Riady

BOARD OF DIRECTORS

Executive Directors

Dr. Stephen Riady (*Chairman*)

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

Non-executive Directors

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

Independent non-executive Directors

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

COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

SECRETARY

Mr. Davy Kwok Fai Lee

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

China CITIC Bank International Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
Fubon Bank (Hong Kong) Limited
Taipei Fubon Commercial Bank Co., Ltd.,
Hong Kong Branch

SOLICITORS

Howse Williams Bowers

REGISTRAR

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

REGISTERED OFFICE

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

STOCK CODE

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WEBSITE

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* *non-officer position*