



Lippo China Resources Limited

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

2017
Interim Report

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The Directors of Lippo China Resources 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

	Note	Unaudited six months ended 30th September,	
		2017 HK\$'000	2016 HK\$'000
Revenue	4	1,212,658	1,278,534
Cost of sales		(692,471)	(686,455)
Gross profit		520,187	592,079
Administrative expenses		(326,714)	(361,790)
Other operating expenses		(123,465)	(193,878)
Net fair value gain on investment properties		53,070	13,600
Net fair value gain on financial instruments at fair value through profit or loss	5	80,858	60,905
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)
Gain/(Loss) on disposal of subsidiaries	21	(14,560)	333,966
Finance costs		(16,303)	(6,940)
Share of results of associates		(11,588)	(508)
Share of results of joint ventures		208	1,628
Profit before tax	5	181,733	336,239
Income tax	7	(14,925)	(16,758)
Profit for the period		166,808	319,481
Attributable to:			
Equity holders of the Company		124,348	285,521
Non-controlling interests		42,460	33,960
		166,808	319,481
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company	8		
Basic and diluted		1.35	3.11

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th September, 2017

	Note	Unaudited	
		2017	2016
		HK\$'000	HK\$'000
Profit for the period		166,808	319,481
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		10,660	11,108
Adjustment for derecognition	12	(12,919)	–
		(2,259)	11,108
Exchange differences on translation of foreign operations		87,755	(35,852)
Exchange differences reclassified to profit or loss upon:			
Disposal of foreign subsidiaries	21	13,155	(1,568)
Disposal of a foreign joint operation		2,021	–
Share of other comprehensive income/(loss) of associates		7,206	(295)
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		107,878	(26,607)
Total comprehensive income for the period		274,686	292,874
Attributable to:			
Equity holders of the Company		204,258	271,834
Non-controlling interests		70,428	21,040
		274,686	292,874

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	10	909,865	178,217
Investment properties	11	793,111	1,370,971
Interests in associates	12	460,310	15,245
Interests in joint ventures	13	138,519	13,616
Available-for-sale financial assets		263,414	310,398
Debtors, prepayments and deposits	14	40,009	55,454
Deferred tax assets		4,982	5,223
		2,815,439	2,148,988
Current assets			
Properties held for sale		3,603	3,603
Inventories		196,221	237,657
Loans and advances		20,556	19,583
Debtors, prepayments and deposits	14	476,536	403,917
Financial assets at fair value through profit or loss		1,158,132	1,028,157
Other financial assets		2,053	–
Tax recoverable		4,818	3,330
Restricted cash	15	10,815	888,422
Time deposits with original maturity of more than three months		47,868	45,434
Cash and cash equivalents		1,972,556	1,538,558
		3,893,158	4,168,661
Assets classified as held for sale	16	–	197,051
		3,893,158	4,365,712
Current liabilities			
Bank and other borrowings	17	602,292	1,065,467
Creditors, accruals and deposits received	18	595,877	566,096
Other financial liabilities		6,199	4,520
Tax payable		179,613	217,680
		1,383,981	1,853,763
Liabilities directly associated with assets classified as held for sale	16	–	379
		1,383,981	1,854,142
Net current assets		2,509,177	2,511,570
Total assets less current liabilities		5,324,616	4,660,558

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	17	458,581	1,261
Creditors, accruals and deposits received	18	20,094	21,066
Deferred tax liabilities		52,297	49,347
		530,972	71,674
Net assets		4,793,644	4,588,884
Equity			
Equity attributable to equity holders of the Company			
Share capital	19	1,705,907	1,705,907
Reserves		2,534,404	2,399,048
		4,240,311	4,104,955
Non-controlling interests		553,333	483,929
		4,793,644	4,588,884

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 HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share option reserve HK\$'000	Investment revaluation reserve HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1st April, 2017	1,705,907	-	21,876	13,392	2,363,780	4,104,955	483,929	4,588,884
Profit for the period	-	-	-	-	124,348	124,348	42,460	166,808
Other comprehensive income/(loss) for the period:								
Available-for-sale financial assets:								
Changes in fair value	-	-	10,660	-	-	10,660	-	10,660
Adjustment for derecognition	-	-	(12,919)	-	-	(12,919)	-	(12,919)
Exchange differences on translation of foreign operations	-	-	-	59,787	-	59,787	27,968	87,755
Exchange differences reclassified to profit or loss upon:								
Disposal of a foreign subsidiary	-	-	-	13,155	-	13,155	-	13,155
Disposal of a foreign joint operation	-	-	-	2,021	-	2,021	-	2,021
Share of other comprehensive income of an associate	-	-	-	7,206	-	7,206	-	7,206
Total comprehensive income/(loss) for the period	-	-	(2,259)	82,169	124,348	204,258	70,428	274,686
2016/2017 final dividend declared to shareholders of the Company	-	-	-	-	(68,902)	(68,902)	-	(68,902)
Dividend declared and paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	(1,024)	(1,024)
At 30th September, 2017	1,705,907	-	19,617	95,561	2,419,226	4,240,311	553,333	4,793,644
At 1st April, 2016	1,705,907	1,294	(952)	53,242	2,062,124	3,821,615	466,389	4,288,004
Profit for the period	-	-	-	-	285,521	285,521	33,960	319,481
Other comprehensive income/(loss) for the period:								
Available-for-sale financial assets:								
Changes in fair value	-	-	11,108	-	-	11,108	-	11,108
Exchange differences on translation of foreign operations	-	-	-	(22,932)	-	(22,932)	(12,920)	(35,852)
Exchange differences reclassified to profit or loss upon disposal of a foreign subsidiary	-	-	-	(1,568)	-	(1,568)	-	(1,568)
Share of other comprehensive loss of an associate	-	-	-	(295)	-	(295)	-	(295)
Total comprehensive income/(loss) for the period	-	-	11,108	(24,795)	285,521	271,834	21,040	292,874
Transfer of share option reserve upon disposal of a subsidiary	-	(1,294)	-	-	1,294	-	-	-
2015/2016 final dividend declared to shareholders of the Company	-	-	-	-	(68,902)	(68,902)	-	(68,902)
At 30th September, 2016	1,705,907	-	10,156	28,447	2,280,037	4,024,547	487,429	4,511,976

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		(75,330)	174,989
Cash flows from investing activities			
Purchase of fixed assets		(47,561)	(15,282)
Purchase of investment properties		(54,510)	–
Purchase of interests in an associate		(311,055)	–
Advances to a joint venture		(138,247)	–
Disposal of subsidiaries, net of cash and cash equivalents disposed of	21	161,337	369,704
Proceeds from disposal of a joint venture		28,345	–
Other net cash flows arising from investing activities		(15,924)	(48,086)
Net cash flows from/(used in) investing activities		(377,615)	306,336
Cash flows from financing activities			
Drawdown of bank and other borrowings		726,484	3,098
Repayment of bank and other borrowings		(728,328)	(184,550)
Decrease in restricted cash		882,764	2,740
Other cash flows arising from financing activities		(24,743)	(7,077)
Net cash flows from/(used in) financing activities		856,177	(185,789)
Net increase in cash and cash equivalents		403,232	295,536
Cash and cash equivalents at beginning of period		1,538,558	1,921,905
Exchange realignments		30,766	(8,857)
Cash and cash equivalents at end of period		1,972,556	2,208,584

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 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;
- (f) the healthcare services segment includes provision of healthcare management services;
- (g) the mineral exploration and extraction segment includes mineral exploration, extraction and processing; and
- (h) the "other" segment comprises principally money lending and the provision of property management services.

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

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

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

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

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

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30th September, 2017

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Mineral exploration and extraction HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue										
External	17,996	-	3,768	16,223	1,167,105	-	-	7,566	-	1,212,658
Inter-segment	2,999	-	-	-	-	-	-	-	(2,999)	-
Total	20,995	-	3,768	16,223	1,167,105	-	-	7,566	(2,999)	1,212,658
Segment results	62,847	(15,781)	3,768	101,513	85,165	7,630	(32)	6,865	-	251,975
Unallocated corporate expenses										(43,132)
Finance costs										(15,730)
Share of results of associates	-	-	-	-	-	(13,178)	-	1,590	-	(11,588)
Share of results of joint ventures	-	25	-	-	289	-	(106)	-	-	208
Profit before tax										181,733
Other segment information:										
Capital expenditure (Note (a))	54,570	-	-	-	12,582	-	240	-	-	67,392
Depreciation	(7,176)	-	-	-	(22,948)	-	(27)	(23)	-	(30,174)
Amortisation of intangible assets	-	-	-	-	(102)	-	-	-	-	(102)
Interest income	-	-	3,768	1,103	1,808	-	-	692	-	7,371
Finance costs	-	-	-	-	(573)	-	-	-	-	(573)
Gain/(Loss) on disposal of:										
A subsidiary	-	(14,560)	-	-	-	-	-	-	-	(14,560)
A joint venture	-	-	-	-	14,450	-	-	-	-	14,450
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)
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	-	-	-	80,170	204	484	-	-	-	80,858
Net fair value gain on investment properties	53,070	-	-	-	-	-	-	-	-	53,070
Unallocated:										
Capital expenditure (Note (a))										51,333
Depreciation										(1,634)
Finance costs										(15,730)

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30th September, 2016

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Mineral exploration and extraction HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue										
External	19,942	-	2,762	9,023	1,238,625	-	-	8,182	-	1,278,534
Inter-segment	2,988	-	-	-	-	-	-	-	(2,988)	-
Total	22,930	-	2,762	9,023	1,238,625	-	-	8,182	(2,988)	1,278,534
Segment results	359,561	(102,831)	2,762	62,004	63,593	-	(10,957)	5,813	-	379,945
	(Note (b))	(Note (c))								
Unallocated corporate expenses										(38,052)
Finance costs										(6,774)
Share of results of associates	-	-	-	-	-	-	(801)	293	-	(508)
Share of results of joint ventures	-	(4)	-	-	1,632	-	-	-	-	1,628
Profit before tax										336,239
Other segment information:										
Capital expenditure (Note (a))	309	-	-	-	12,696	-	346	4	-	13,355
Depreciation	(2,988)	(37)	-	-	(30,781)	-	(50)	(208)	-	(34,064)
Amortisation of intangible assets	-	-	-	-	(3,940)	-	-	-	-	(3,940)
Interest income	-	-	2,762	2,241	1,271	-	-	402	-	6,676
Finance costs	-	-	-	-	(166)	-	-	-	-	(166)
Gain on disposal of subsidiaries	332,398	-	-	-	-	-	1,568	-	-	333,966
Provisions for impairment losses on:										
Fixed assets	-	-	-	-	(10,153)	-	-	-	-	(10,153)
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	-	-	-	61,253	(348)	-	-	-	-	60,905
Net fair value gain on investment properties	13,600	-	-	-	-	-	-	-	-	13,600
Unallocated:										
Capital expenditure (Note (a))										2,522
Depreciation										(292)
Finance costs										(6,774)

Note:

- 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 gain on disposal of a subsidiary of HK\$332,398,000.
- 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	Food businesses	Healthcare services	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
At 30th September, 2017 (unaudited)										
Segment assets	1,558,674	41,218	579,519	2,251,725	1,588,576	-	1,982	21,393	-	6,043,087
Interests in associates	-	-	-	-	-	443,386	2	16,922	-	460,310
Interests in joint ventures	-	378	-	-	-	-	138,141	-	-	138,519
Unallocated assets										66,681
Total assets										6,708,597
Segment liabilities	231,598	35	-	270,859	485,388	432,672	171,091	35,971	(348,619)	1,278,995
Unallocated liabilities										635,958
Total liabilities										1,914,953
At 31st March, 2017 (audited)										
Segment assets	1,464,647	198,265	1,823,115	1,363,459	1,469,218	129,282	3,021	20,083	-	6,471,090
Interests in associates	-	-	-	-	-	-	-	15,245	-	15,245
Interests in joint ventures	-	340	-	-	13,276	-	-	-	-	13,616
Unallocated assets										14,749
Total assets										6,514,700
Segment liabilities	168,369	261,697	-	275,453	480,617	118,105	33,199	34,813	(635,626)	736,627
Unallocated liabilities										1,189,189
Total liabilities										1,925,816

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

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

	Six months ended 30th September,	
	2017	2016
	HK\$'000	HK\$'000
Property rental income	17,996	19,942
Interest income	7,371	6,676
Dividend income	15,608	7,166
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	22,537	17,647
	1,212,658	1,278,534

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
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	51,023	50,709
Debt securities	737	195
Investment funds	21,970	10,895
	73,730	61,799
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	(1,679)	(321)
Derivative financial instruments	8,807	(573)
	80,858	60,905
Interest income:		
Financial assets at fair value through profit or loss	1,103	1,363
Available-for-sale financial assets	–	878
Loans and advances	692	402
Other	5,576	4,033
Gain on disposal of:		
A joint venture	14,450	–
Available-for-sale financial assets	5,730	–
Gain on derecognition of available-for-sale financial assets	12,919	–
Provisions for impairment losses on:		
Fixed assets	(28)	(10,153)
Available-for-sale financial assets	–	(5,354)
Inventories	(2,296)	(18,182)
Depreciation	(31,808)	(34,356)
Amortisation of intangible assets	(102)	(3,940)
Foreign exchange gains/(losses) — net	5,902	(439)
Cost of inventories sold	(673,330)	(668,065)

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 16 to the interim financial statements.

7. 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	10,992	16,414
Underprovision in prior periods	2,463	1,044
Deferred	731	(1,901)
	14,186	15,557
Total charge for the period	14,925	16,758

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.

8. 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 9,186,913,000 ordinary shares (2016 — approximately 9,186,913,000 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.

9. INTERIM DIVIDEND

	Six months ended 30th September,	
	2017	2016
	HK\$'000	HK\$'000
Interim dividend, declared, of HK0.2 cent (2016 — HK0.2 cent) per ordinary share	18,374	18,374

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

10. FIXED ASSETS

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures, plant and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
At 31st March, 2017 and at 1st April, 2017						
Cost	214,186	308,626	358,995	18,506	1,700	902,013
Accumulated depreciation and impairment losses	(133,733)	(257,079)	(322,601)	(10,100)	(283)	(723,796)
Net carrying amount	80,453	51,547	36,394	8,406	1,417	178,217
At 1st April, 2017, net of accumulated depreciation and impairment losses	80,453	51,547	36,394	8,406	1,417	178,217
Additions during the period (Note)	–	36,874	25,398	1,697	6	63,975
Reclassification from investment properties (Note 11)	697,900	–	–	–	–	697,900
Disposals during the period	–	(499)	(80)	(768)	–	(1,347)
Depreciation provided for the period	(5,907)	(12,402)	(12,235)	(1,264)	–	(31,808)
Impairment during the period	–	–	(28)	–	–	(28)
Write-off during the period	–	(136)	(91)	–	–	(227)
Exchange adjustments	842	1,208	936	181	16	3,183
At 30th September, 2017, net of accumulated depreciation and impairment losses	773,288	76,592	50,294	8,252	1,439	909,865
At 30th September, 2017						
Cost	915,845	336,315	388,305	18,964	1,732	1,661,161
Accumulated depreciation and impairment losses	(142,557)	(259,723)	(338,011)	(10,712)	(293)	(751,296)
Net carrying amount	773,288	76,592	50,294	8,252	1,439	909,865

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\$47,561,000 were made to purchase fixed assets during the period.

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 17 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 17 to the interim financial statements.

11. INVESTMENT PROPERTIES

	HK\$'000
At 31st March, 2017 and at 1st April, 2017	1,370,971
Additions during the period	54,510
Fair value adjustments	53,070
Reclassification to fixed assets (Note 10)	(697,900)
Exchange adjustments	12,460
At 30th September, 2017	793,111

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 17 to the interim financial statements.

12. 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).

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.

13. INTERESTS IN JOINT VENTURES

The increase in interests in joint ventures for the six months ended 30th September, 2017 was 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).

14. 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:		
Within 30 days	237,099	247,558
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
	359,405	357,228

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

Notes to the Interim Financial Statements (Continued)

15. 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 17 and 22 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.

16. 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 wholly-owned 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

17. BANK AND OTHER BORROWINGS

	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Current portion:		
Bank loans:		
Secured (Note (a))	588,515	475,000
Unsecured	13,294	–
Other borrowings:		
Unsecured other loan (Note (b))	–	590,000
Obligations under finance leases (Note (c))	483	467
	602,292	1,065,467
Non-current portion:		
Secured bank loans (Note (a))	457,517	–
Obligations under finance leases (Note (c))	1,064	1,261
	458,581	1,261
	1,060,873	1,066,728
Bank and other borrowings by currency:		
Hong Kong dollar	1,046,032	1,065,000
Malaysian Ringgit	14,841	1,728
	1,060,873	1,066,728
Bank loans repayable:		
Within one year	601,809	475,000
In the second year	39,780	–
In the third to fifth years, inclusive	417,737	–
	1,059,326	475,000
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 2.2 per cent. to 4.0 per cent. (31st March, 2017 — 2.4 per cent. to 2.9 per cent.) per annum.

Notes to the Interim Financial Statements (Continued)

17. BANK AND OTHER BORROWINGS (Continued)

Note:

- (a) At the end of the reporting period, the bank loans were secured by first legal mortgages over certain investment properties and leasehold land and buildings of the Group with carrying amounts of HK\$372,720,000 (31st March, 2017 — HK\$1,017,550,000) and HK\$749,225,000 (31st March, 2017 — HK\$56,030,000), respectively.
- (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).

18. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Outstanding balances with ages:		
Within 30 days	101,310	126,631
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
	196,550	195,637

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

19. SHARE CAPITAL

	30th September, 2017 HK\$'000	31st March, 2017 HK\$'000
Issued and fully paid:		
9,186,912,716 (31st March, 2017 — 9,186,912,716) ordinary shares	1,705,907	1,705,907

20. SHARE OPTION SCHEMES

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

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

A share option scheme of the Company (the "Share Option Scheme") was adopted and approved by the shareholders of the Company and Lippo Limited ("Lippo"), an intermediate holding company 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 Asia Now Resources Corp. adopted on 11th September, 2014

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

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.

21. 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 HK\$'000	2016 HK\$'000
Net assets disposed of:		
Fixed assets	79	39,304
Properties under development	203,832	–
Debtors, prepayments and deposits	–	240
Cash and cash equivalents	338	–
Creditors, accruals and deposits received	(338)	(889)
Deferred tax liabilities	–	(1,349)
	203,911	37,306
Release of cumulative exchange differences on translation of foreign operations	13,155	(1,568)
	217,066	35,738
Gain/(Loss) on disposal	(14,560)	333,966
	202,506	369,704
Satisfied by:		
Cash consideration received	161,675	369,704
Other receivables	40,831	–
	202,506	369,704

Notes to the Interim Financial Statements (Continued)

21. 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	369,704
Cash and cash equivalents disposed of	(338)	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	161,337	369,704

22. 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, 2017	31st March, 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:

- (a) The Group had bankers' guarantees issued in lieu of rental and utility deposits for the premises used in the food businesses segment. As at 30th September, 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.
- (b) The Group had bankers' guarantees issued to suppliers in the ordinary course of business and in lieu of rental and utility deposits for the premises used in the food businesses segment.

23. COMMITMENTS

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

	30th September, 2017	31st March, 2017
	HK\$'000	HK\$'000
Commitments in respect of properties, plant and equipment and properties under development:		
Contracted, but not provided for	731	69,082
Other commitments:		
Contracted, but not provided for (Note)	75,678	560,863
	76,409	629,945

Note: The balance as at 30th September, 2017 included the Group's commitments for available-for-sale financial assets of HK\$75,678,000 (31st March, 2017 — HK\$46,196,000). 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.

24. 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 received rental income (including service charges) of HK\$2,830,000 (2016 — HK\$3,877,000) from Lippo. The rentals were determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group received rental income (including service charges) of HK\$1,471,000 (2016 — HK\$1,454,000) from Hongkong Chinese Limited (“HKC”), a fellow subsidiary of the Company. The rentals were determined by reference to the then prevailing open market rentals.
- (c) During the period, the Group paid rental expense (including service charge) of HK\$1,752,000 (2016 — HK\$1,767,000) to a joint venture of HKC. The rental was determined by reference to the then prevailing open market rentals.
- (d) 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.
- (e) As at 30th September, 2017, the Group had amounts due from the associates of HK\$53,359,000 (31st March, 2017 — HK\$31,938,000). 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 12 to the interim financial statements. The remaining balances due from the associates are unsecured, interest-free and have no fixed terms of repayment.
- (f) As at 30th September, 2017, the Group had amount due from a joint venture of HK\$138,247,000 (31st March, 2017 — Nil), which is unsecured, interest-free and has no fixed terms of repayment.

25. 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	161,681	221,343	161,681	221,343
Financial assets at fair value through profit or loss	1,158,132	1,028,157	1,158,132	1,028,157
Other financial assets	2,053	–	2,053	–
	1,321,866	1,249,500	1,321,866	1,249,500
Financial liabilities				
Other financial liabilities	6,199	4,520	6,199	4,520

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

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

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

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

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

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

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

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

The fair values of unlisted investments funds are assessed to approximate the net asset values indicated on the net asset value statements issued by the investment fund managers, which take into consideration the fair value of the underlying properties and assets held under the investments.

For unlisted available-for-sale investment funds classified under Level 3 of the fair value measurement hierarchy, the fair values are determined based on the net asset values of those 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\$3,970,000 (31st March, 2017 — HK\$3,368,000).

25. 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	11,506	-	-	11,506
Debt securities	-	17,841	-	17,841
Investment funds	-	-	132,334	132,334
Financial assets at fair value through profit or loss:				
Equity securities	536,155	-	-	536,155
Debt securities	221,824	-	-	221,824
Investment funds	398,502	1,651	-	400,153
Other financial assets:				
Derivative financial instruments	2,053	-	-	2,053
	1,170,040	19,492	132,334	1,321,866
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	92,640	-	-	92,640
Debt securities	-	16,430	-	16,430
Investment funds	-	-	112,273	112,273
Financial assets at fair value through profit or loss:				
Equity securities	434,181	-	-	434,181
Debt securities	206,188	-	-	206,188
Investment funds	385,881	1,907	-	387,788
	1,118,890	18,337	112,273	1,249,500
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	-	4,520	-	4,520

Notes to the Interim Financial Statements (Continued)

25. 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
At 1st April, 2017	112,273
Total gains recognised in other comprehensive income	2,454
Additions	17,607
At 30th September, 2017	132,334

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.

26. 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:

- (a) The CNs Conversion, details of which are disclosed in Note 12 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.
- (b) In November 2017, the Company 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.
- (c) 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\$23,128,000 and a decrease in retained profits of HK\$1,080,000 for the financial year ending 31st March, 2018.

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

The Group recorded a consolidated profit attributable to shareholders of approximately HK\$124 million for the six months ended 30th September, 2017 (the "Period"), as compared to a consolidated profit of approximately HK\$286 million for the six months ended 30th September, 2016 (the "Last Period" or "2016") which included non-recurring gains on disposal of subsidiaries of approximately HK\$334 million. The profit for the Period was mainly attributable to fair value gain of approximately HK\$81 million on its investments and approximately HK\$53 million on its investment properties.

Revenue for the Period totalled HK\$1,213 million (2016 — HK\$1,279 million). Food businesses were the principal sources of revenue of the Group, representing 96 per cent. (2016 — 97 per cent.) of total revenue.

Food businesses

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

Business Review and Prospects (Continued)

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 Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 17th April, 2017. The Auric Offer did not extend to the 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 Company’s actual equity interest in Auric was increased from 49.28 per cent. to 50.30 per cent.

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. Segment revenue from the property investment business for the Period amounted to HK\$21 million (2016 — HK\$23 million). Coupled with the increase in net fair value gain on investment properties for the Period, the segment reported a profit of HK\$63 million for the Period (2016 — HK\$360 million, which included the non-recurring gain on disposal of subsidiary of HK\$332 million).

Property development

Given the market conditions in the region and the time required to complete and sell the development project located in China Medical City (中國醫藥城), Taizhou City, Jiangsu Province, the People’s Republic of China (the “PRC”), the 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\$16 million for the Period (2016 — HK\$103 million) and the segment asset decreased to HK\$41 million as at 30th September, 2017 (31st March, 2017 — HK\$198 million).

Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK\$20 million during the Period (2016 — HK\$12 million), mainly attributable to the interest and dividend income received from the investment portfolio.

Business Review and Prospects (Continued)

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\$1,158 million (31st March, 2017 — HK\$1,028 million), comprising equity securities of HK\$536 million (31st March, 2017 — HK\$434 million), debt securities of HK\$222 million (31st March, 2017 — HK\$206 million) and investment funds of HK\$400 million (31st March, 2017 — HK\$388 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\$61 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\$105 million for the Period (2016 — HK\$65 million). 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%	5%	235,501	10,530	14%
TSY INFL IX N/B 0.125% 07/15/26	55,377	5%	1%	55,294	(219)	n.m.
US TREASURY N/B 0.750% 01/31/18	54,633	5%	1%	–	87	0%
Others (Note)	802,090	69%	17%	737,362	63,332	86%
	1,158,132	100%	24%	1,028,157	73,730	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.

Business Review and Prospects (Continued)

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.

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, the Company 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 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 the Company, 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 sponsor-supervised listing platform 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 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 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 or 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.

After the completion of the Healthway Offer, the Group had acquired S\$3 million CNs which were convertible into 88,652,482 shares in Healthway. On 30th October, 2017, the 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 Group is now interested in an aggregate of 1,848,641,265 shares 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 ceased to be a subsidiary of the Company under Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. However, Healthway continues to be treated as an associate of 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.

Mineral exploration and extraction

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 the 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 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 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, 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\$6.7 billion (31st March, 2017 — HK\$6.5 billion). Property-related assets amounted to HK\$1.6 billion as at 30th September, 2017 (31st March, 2017 — HK\$1.7 billion), representing 24 per cent. (31st March, 2017 — 26 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\$0.9 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\$1.4 billion). The Group maintained a strong cash position. Current ratio as at the end of the reporting period increased to 2.8 (31st March, 2017 — 2.4).

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\$2.0 billion (31st March, 2017 — HK\$2.5 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.

As at 30th September, 2017, bank and other borrowings of the Group amounted to HK\$1,061 million (31st March, 2017 — HK\$1,067 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\$1,059 million as at 30th September, 2017 (31st March, 2017 — HK\$475 million). As at 30th September, 2017, the bank loans comprised secured bank loans of HK\$1,046 million (31st March, 2017 — HK\$475 million) and unsecured bank loans of HK\$13 million (31st March, 2017 — Nil) and were denominated mainly in Hong Kong dollars. The bank loans were secured by certain properties 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.

Business Review and Prospects (Continued)

As at 30th September, 2017, approximately 56.8 per cent. (31st March, 2017 — 99.9 per cent.) of the bank and other borrowings were repayable within one year after the re-financing of bank loans during the Period. 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 24.8 per cent. (31st March, 2017 — 26.0 per cent.).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK\$4.2 billion as at 30th September, 2017 (31st March, 2017 — HK\$4.1 billion). This was equivalent to HK46 cents per share (31st March, 2017 — HK45 cents per share).

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, 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).

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\$76 million (31st March, 2017 — HK\$630 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 1,853 employees as at 30th September, 2017 (30th September, 2016 — 2,131 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK\$200 million (2016 — HK\$219 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 HK0.2 cent per share (For the six months ended 30th September, 2016 — HK0.2 cent per share) amounting to approximately HK\$18.4 million for the six months ended 30th September, 2017 (For the six months ended 30th September, 2016 — approximately HK\$18.4 million), which will be paid on or about Friday, 26th 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 Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 9th January, 2018.

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	–	–	6,669,969,389 <i>Notes (i) and (ii)</i>	6,669,969,389	72.60
James Siu Lung Lee	2,000	–	–	2,000	0.00

Number of ordinary shares in Lippo Limited ("Lippo")

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

Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")

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

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

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
First Tower Corporation	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100

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
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
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

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).

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 subsidiary are disclosed in Note 20 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 Limited ("Lippo")	6,669,969,389	72.60
Lippo Capital Limited ("Lippo Capital")	6,669,969,389	72.60
Lanius Limited ("Lanius")	6,669,969,389	72.60
Dr. Mochtar Riady	6,669,969,389	72.60
Madam Lidya Suryawaty	6,669,969,389	72.60

Note:

- 6,669,969,389 ordinary shares of the Company were held by Skyscraper Realty Limited directly as beneficial owner which in turn is a wholly-owned subsidiary of First Tower Corporation ("First Tower"). First Tower is a wholly-owned subsidiary of Lippo. Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in ordinary shares representing approximately 74.98 per cent. of the issued shares of Lippo.
- 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.
- Lippo's interests in the ordinary shares of the Company were recorded as the interests of Lippo Capital, Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 6,669,969,389 ordinary shares in the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

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

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.

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 China Resources Limited
John Luen Wai Lee
Chief Executive Officer

Hong Kong, 29th November, 2017

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

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

COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

SECRETARY

Ms. Millie Yuen Fun Luk

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

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

SOLICITORS

Howse Williams Bowers

REGISTRAR

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

REGISTERED OFFICE

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

STOCK CODE

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