



**Lippo Limited**  
**力寶有限公司**

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

# 2018

## INTERIM REPORT





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The Directors of Lippo Limited (the "Company") present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 September 2018.

## Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2018

		Unaudited Six months ended 30 September	
	Note	2018 HK\$'000	2017 HK\$'000 (Restated)
<b>Continuing operations</b>			
<b>Revenue</b>	4	<b>1,307,411</b>	1,255,876
Cost of sales	5	(717,905)	(693,152)
<b>Gross profit</b>		<b>589,506</b>	562,724
Administrative expenses		(357,801)	(353,629)
Other operating expenses		(217,763)	(165,856)
Net fair value gain on investment properties		16,300	52,110
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	5	(184,765)	81,080
Write-back of provision/(Provision) for impairment losses on loans and receivables		(690)	20,040
Loss on disposal of a subsidiary		–	(14,560)
Gain on disposal of joint ventures		–	45,443
Gain on derecognition of available-for-sale financial assets		–	12,919
Finance costs		(45,987)	(31,885)
Share of results of associates		(9,946)	(9,747)
Share of results of joint ventures	6	(160,295)	4,988
<b>Profit/(Loss) before tax from continuing operations</b>	5	<b>(371,441)</b>	203,627
Income tax	7	(17,568)	(19,638)
<b>Profit/(Loss) for the period from continuing operations</b>		<b>(389,009)</b>	183,989
<b>Discontinued operation</b>			
Loss for the period from discontinued operation	8	(4,667)	(5,900)
<b>Profit/(Loss) for the period</b>		<b>(393,676)</b>	178,089
<b>Attributable to:</b>			
Equity holders of the Company		(311,664)	99,835
Non-controlling interests		(82,012)	78,254
		<b>(393,676)</b>	178,089
<b>Earnings/(Loss) per share attributable to equity holders of the Company</b>			
Basic and diluted	9	HK cents	HK cents
— For profit/(loss) for the period		(63)	20
— For profit/(loss) from continuing operations		(62)	21

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2018

	Unaudited	
	Six months ended 30 September 2018	2017
	HK\$'000	HK\$'000 (Restated)
<b>Profit/(Loss) for the period</b>	<b>(393,676)</b>	178,089
<b>Other comprehensive income/(loss)</b>		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale financial assets	–	10,893
Adjustment for derecognition of available-for-sale financial assets	–	(12,919)
Exchange differences on translation of foreign operations	<b>(126,887)</b>	116,595
Exchange differences reclassified to profit or loss upon:		
Disposal of a foreign subsidiary	–	13,155
Disposal of a foreign joint operation	–	2,021
Share of other comprehensive income/(loss) of associates	<b>(35,023)</b>	7,204
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	<b>(333,810)</b>	285,304
Other reserves	<b>6,469</b>	1,495
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax	<b>(489,251)</b>	423,748
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	<b>(35,806)</b>	–
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	<b>(368,757)</b>	–
Gain on property revaluation	<b>2,790</b>	–
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax	<b>(401,773)</b>	–
Other comprehensive income/(loss) for the period, net of tax	<b>(891,024)</b>	423,748
<b>Total comprehensive income/(loss) for the period</b>	<b>(1,284,700)</b>	601,837
<b>Attributable to:</b>		
Equity holders of the Company	<b>(925,379)</b>	364,564
Non-controlling interests	<b>(359,321)</b>	237,273
	<b>(1,284,700)</b>	601,837
<b>Total comprehensive income/(loss) for the period attributable to equity holders of the Company:</b>		
— From continuing operations	<b>(921,459)</b>	367,691
— From discontinued operation	<b>(3,920)</b>	(3,127)
	<b>(925,379)</b>	364,564

# Condensed Consolidated Statement of Financial Position

As at 30 September 2018

	Note	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
<b>Non-current assets</b>			
Intangible assets		204,249	213,238
Exploration and evaluation assets		476	356
Fixed assets		1,056,982	1,072,613
Investment properties		883,956	880,548
Interests in associates		1,124,972	1,188,941
Interests in joint ventures	6	9,897,921	10,709,418
Financial assets at fair value through other comprehensive income	2(a)	229,714	–
Financial assets at fair value through profit or loss	2(a)	535,122	–
Available-for-sale financial assets	2(a)	–	396,228
Debtors, prepayments and deposits	11	35,684	42,427
Other financial asset		52,294	48,826
Deferred tax assets		7,021	8,326
		<b>14,028,391</b>	<b>14,560,921</b>
<b>Current assets</b>			
Properties held for sale		84,157	92,433
Properties under development		28,906	30,580
Inventories		212,956	302,406
Loans and advances		9,126	20,833
Debtors, prepayments and deposits	11	605,991	568,044
Financial assets at fair value through profit or loss		820,405	1,745,628
Tax recoverable		313	7,411
Client trust bank balances		–	300,909
Restricted cash		146,240	67,032
Time deposits with original maturity of more than three months		71,611	77,812
Cash and cash equivalents		1,511,120	1,797,328
		<b>3,490,825</b>	<b>5,010,416</b>
Assets classified as held for sale	8	410,467	–
		<b>3,901,292</b>	<b>5,010,416</b>
<b>Current liabilities</b>			
Bank and other borrowings	12	1,097,508	722,266
Creditors, accruals and deposits received	13	746,494	1,552,700
Other financial liabilities		9,546	14,513
Tax payable		219,940	231,670
		<b>2,073,488</b>	<b>2,521,149</b>
Liabilities directly associated with assets classified as held for sale	8	271,181	–
		<b>2,344,669</b>	<b>2,521,149</b>
<b>Net current assets</b>		<b>1,556,623</b>	<b>2,489,267</b>
<b>Total assets less current liabilities</b>		<b>15,585,014</b>	<b>17,050,188</b>

## Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2018

	Note	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Bank and other borrowings	12	1,678,276	1,758,594
Creditors, accruals and deposits received	13	29,491	31,816
Deferred tax liabilities		64,371	71,970
		<b>1,772,138</b>	1,862,380
<b>Net assets</b>			
		<b>13,812,876</b>	15,187,808
<b>Equity</b>			
Equity attributable to equity holders of the Company			
Share capital	14	986,598	986,598
Reserves	16	8,374,051	9,353,595
		<b>9,360,649</b>	10,340,193
Non-controlling interests		4,452,227	4,847,615
		<b>13,812,876</b>	15,187,808

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2018

Unaudited

	Attributable to equity holders of the Company									
	Share capital	Special capital reserve	Fair value reserve of financial assets at FVOCI*	Other assets revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 March 2018, as previously reported	986,598	1,709,202	221,888	–	1,977	511,312	6,909,216	10,340,193	4,847,615	15,187,808
Impact on initial application of HKFRS 9 (Note 2(a))	–	–	(222,314)	–	–	–	193,384	(28,930)	(11,021)	(39,951)
At 1 April 2018, as adjusted	986,598	1,709,202	(426)	–	1,977	511,312	7,102,600	10,311,263	4,836,594	15,147,857
Loss for the period	–	–	–	–	–	–	(311,664)	(311,664)	(82,012)	(393,676)
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(65,171)	–	(65,171)	(61,716)	(126,887)
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	(26,176)	–	–	–	–	(26,176)	(9,630)	(35,806)
Share of other comprehensive loss of associates	–	–	–	–	–	(26,263)	–	(26,263)	(8,760)	(35,023)
Share of other comprehensive income/(loss) of joint ventures	–	–	(264,230)	–	4,941	(238,908)	–	(498,197)	(197,901)	(696,098)
Gain on property revaluation	–	–	–	2,092	–	–	–	2,092	698	2,790
Total comprehensive income/(loss) for the period	–	–	(290,406)	2,092	4,941	(330,342)	(311,664)	(925,379)	(359,321)	(1,284,700)
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	(579)	(579)	(231)	(810)
Transfer of reserve of a joint venture	–	–	(396)	–	–	–	396	–	–	–
Release of fair value reserve of equity instruments at fair value through other comprehensive income upon disposal	–	–	8,337	–	–	–	(8,337)	–	–	–
Change in non-controlling interests without change in control	–	–	–	–	–	–	2	2	(42)	(40)
2017/2018 final dividend declared to shareholders of the Company	–	–	–	–	–	–	(24,658)	(24,658)	–	(24,658)
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(17,166)	(17,166)
Return of capital to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(7,607)	(7,607)
<b>At 30 September 2018</b>	<b>986,598</b>	<b>1,709,202</b>	<b>(282,891)</b>	<b>2,092</b>	<b>6,918</b>	<b>180,970</b>	<b>6,757,760</b>	<b>9,360,649</b>	<b>4,452,227</b>	<b>13,812,876</b>

  

	Share capital	Special capital reserve	Investment revaluation reserve	Other assets revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	At 1 April 2017	986,598	1,709,202	146,520	–	(10,333)	(58,229)	6,269,567	9,043,325	5,171,412
Profit for the period	–	–	–	–	–	–	99,835	99,835	78,254	178,089
Other comprehensive income/(loss) for the period:										
Changes in fair value of available-for-sale financial assets	–	–	7,892	–	–	–	–	7,892	3,001	10,893
Adjustment for derecognition of available-for-sale financial assets	–	–	(9,379)	–	–	–	–	(9,379)	(3,540)	(12,919)
Exchange differences on translation of foreign operations	–	–	–	–	–	61,139	–	61,139	55,456	116,595
Exchange differences reclassified to profit or loss upon:										
Disposal of a foreign subsidiary	–	–	–	–	–	9,551	–	9,551	3,604	13,155
Disposal of a foreign joint operation	–	–	–	–	–	1,467	–	1,467	554	2,021
Share of other comprehensive income of associates	–	–	–	–	–	5,231	–	5,231	1,973	7,204
Share of other comprehensive income/(loss) of joint ventures	–	–	5,925	–	(4,940)	187,843	–	188,828	97,971	286,799
Total comprehensive income/(loss) for the period	–	–	4,438	–	(4,940)	265,231	99,835	364,564	237,273	601,837
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	(4,565)	(4,565)	(2,369)	(6,934)
2016/2017 final dividend declared to shareholders of the Company	–	–	–	–	–	–	(24,658)	(24,658)	–	(24,658)
Dividends declared to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(26,726)	(26,726)
<b>At 30 September 2017</b>	<b>986,598</b>	<b>1,709,202</b>	<b>150,958</b>	<b>–</b>	<b>(15,273)</b>	<b>207,002</b>	<b>6,340,179</b>	<b>9,378,666</b>	<b>5,379,590</b>	<b>14,758,256</b>

\* FVOCI stands for fair value through other comprehensive income and the balance at 31 March 2018 represents investment revaluation reserve in relation to the available-for-sale financial assets under HKAS 39 basis.



# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2018

	Note	Unaudited	
		Six months ended 30 September	
		2018	2017
		HK\$'000	HK\$'000
Net cash flows from/(used in) operating activities		226,992	(110,467)
Cash flows from investing activities			
Purchase of fixed assets		(50,653)	(47,706)
Purchase of investment properties		–	(54,510)
Purchase of interests in an associate		–	(311,055)
Purchase of financial assets at fair value through other comprehensive income		(233,413)	–
Purchase of financial assets at fair value through profit or loss		(270,583)	–
Proceeds from disposal of financial assets at fair value through other comprehensive income		28,629	–
Proceeds from disposal of financial assets at fair value through profit or loss		19,549	–
Disposal of a subsidiary, net of cash and cash equivalents disposed of		–	161,337
Repayment from an associate		–	28,827
Proceeds from disposal of joint ventures		–	59,338
Advances to a joint venture		(10)	(138,247)
Capital injection in a joint venture		(25,220)	–
Other net cash flows arising from investing activities		7,384	(14,839)
Net cash flows used in investing activities		(524,317)	(316,855)
Cash flows from financing activities			
Drawdown of bank and other borrowings		611,636	801,484
Repayment of bank and other borrowings		(306,660)	(788,328)
Decrease/(Increase) in restricted cash		(83,181)	882,764
Return of capital to a non-controlling shareholder of a subsidiary		(7,607)	–
Other cash flows arising from financing activities		(39,406)	(38,056)
Net cash flows from financing activities		174,782	857,864
Net increase/(decrease) in cash and cash equivalents		(122,543)	430,542
Cash and cash equivalents at beginning of period		1,797,328	2,136,919
Exchange realignments		(41,077)	40,218
Cash and cash equivalents at end of period		1,633,708	2,607,679
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and cash equivalents as stated in the statement of financial position		1,511,120	2,607,679
Cash and cash equivalents attributable to a discontinued operation	8	122,588	–
Cash and cash equivalents as stated in the statement of cash flows		1,633,708	2,607,679

# 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 31 March 2018.

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 31 March 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”) as disclosed in Note 2 to the interim financial statements.

The financial information relating to the year ended 31 March 2018 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 31 March 2018 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 new and revised HKFRSs for the first time for the current period’s financial statements:

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
Amendments to HKFRS 1 included in <i>Annual Improvements 2014-2016 Cycle</i>	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
Amendments to HKAS 28 included in <i>Annual Improvements 2014-2016 Cycle</i>	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>

Except for HKFRS 9 and HKFRS 15, the application of other amendments and interpretation do not have material financial effects on the Group’s financial statements. The Group has initially applied HKFRS 9 and HKFRS 15 with effect from 1 April 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 April 2018. The nature and effect of these changes in accounting policies are disclosed below.

**2. CHANGES IN ACCOUNTING POLICIES (Continued)****(a) HKFRS 9 Financial Instruments**

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has adopted HKFRS 9 from 1 April 2018. The Group has not restated comparative information as permitted by the transitional provisions in HKFRS 9. The transition adjustments were recognised against the opening balance of equity at 1 April 2018. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9:

	31 March 2018 As previously reported HK\$'000	Effect on adoption of HKFRS 9 HK\$'000	1 April 2018 As adjusted HK\$'000
Non-current assets			
Interests in joint ventures	10,709,418	(5,556)	10,703,862
Financial assets at fair value through other comprehensive income	–	62,576	62,576
Financial assets at fair value through profit or loss	–	299,257	299,257
Available-for-sale financial assets	396,228	(396,228)	–
Total non-current assets	14,560,921	(39,951)	14,520,970
Net assets	15,187,808	(39,951)	15,147,857
Equity			
Reserves	9,353,595	(28,930)	9,324,665
Equity attributable to equity holders of the Company	10,340,193	(28,930)	10,311,263
Non-controlling interests	4,847,615	(11,021)	4,836,594
Total equity	15,187,808	(39,951)	15,147,857

The impacts from adopting HKFRS 9 related to the classification and measurement and the impairment requirements are summarised as follows:

*Classification and measurement*

Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

**2. CHANGES IN ACCOUNTING POLICIES (Continued)**

**(a) HKFRS 9 Financial Instruments (Continued)**

*Classification and measurement (Continued)*

The new classification and measurement of the Group's financial assets are as follows:

- (i) Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.
- (ii) Debt instruments at FVOCI for financial assets that are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the instrument fulfils the contractual cash flows character, with gains or losses recycled to profit or loss on derecognition.
- (iii) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group invests in for strategic purpose and intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. Financial assets at FVOCI are not subject to an impairment assessment under HKFRS 9.
- (iv) Financial assets at FVPL comprise derivative financial instruments, equity instruments that are held for trading and all other equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify as FVOCI. This category also includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business model was made as of the date of initial application, i.e. 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

The above changes in classification and measurement mainly affect the classification and measurement of the Group's available-for-sale ("AFS") financial assets. Besides, the Group's joint ventures and associate changed the classification and measurement of their financial assets to HKFRS 9 categories.

*Impairment*

The adoption of HKFRS 9 has changed the Group's accounting for impairments by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis.

Upon adoption of HKFRS 9, the Group has applied the simplified approach and recorded lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade debtors. The results of the revision at 1 April 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's financial assets.

A joint venture has applied the general approach and recorded lifetime or twelve-month expected credit losses in accordance with HKFRS 9.

## Notes to the Interim Financial Statements (Continued)

### 2. CHANGES IN ACCOUNTING POLICIES (Continued)

#### (a) HKFRS 9 Financial Instruments (Continued)

The following table summarised the impact on changes in the classification and measurement of financial assets and ECL impact on 1 April 2018, the date of initial application of HKFRS 9:

	Note	HKAS 39 measurement category	HKFRS 9 measurement category	HKAS 39 carrying amount at 31 March 2018 HK\$'000	Re- classification HK\$'000	Re- measurement (including ECL impact) HK\$'000	HKFRS 9 carrying amount at 1 April 2018 HK\$'000
Available-for-sale financial assets:							
Equity securities	1	AFS	FVOCI	95,954	(95,954)	-	-
Debt securities	2	AFS	FVPL	20,937	(20,937)	-	-
Investment funds	3	AFS	FVPL	279,337	(279,337)	-	-
Financial assets at fair value through other comprehensive income	1	N/A	FVOCI	-	95,954	(33,378)	62,576
Financial assets at fair value through profit or loss	2,3	FVPL	FVPL	1,745,628	300,274	(1,017)	2,044,885
Interests in joint ventures	4	N/A	N/A	10,709,418	-	(5,556)	10,703,862
Total assets subject to HKFRS 9 impact on initial recognition				12,851,274	-	(39,951)	12,811,323

N/A: Not applicable

The following table summarised the impact of initial application of HKFRS 9 on the Group's equity as at 1 April 2018:

	Note	Fair value reserve of financial assets at FVOCI HK\$'000	Retained profits HK\$'000	Non- controlling interests HK\$'000
HKAS 39 carrying amount at 31 March 2018		221,888	6,909,216	4,847,615
Remeasurement of financial assets at fair value through other comprehensive income	1	(25,030)	-	(8,348)
Remeasurement of financial assets at fair value through profit or loss	3	-	77	(1,094)
ECL adjustments	4	79	(4,056)	(1,579)
Transfer from retained profits to fair value reserve of financial assets at FVOCI	1	(182,511)	182,511	-
Transfer from fair value reserve of financial assets at FVOCI to retained profits	5	(18,788)	18,788	-
Transfer of fair value reserve of financial assets at FVOCI by a joint venture and an associate	6	3,936	(3,936)	-
Balance at 1 April 2018, as adjusted		(426)	7,102,600	4,836,594

Note:

- Equity securities classified as AFS were reclassified to FVOCI because the Group invests in such investments for strategic purpose and intends to hold for the foreseeable future and the Group has irrevocably elected to so classify upon initial recognition or transition. Besides, certain unlisted equity instruments classified as AFS were previously carried at cost less impairment. Upon initial application of HKFRS 9 at 1 April 2018, difference between the carrying amount and fair value was adjusted to retained profits and the accumulated impairment was transferred from retained profits to fair value reserve of financial assets at FVOCI (formerly investment revaluation reserve).
- Certain debt securities were reclassified from AFS to FVPL as their cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.
- Investment funds classified as AFS were reclassified to FVPL as their cash flows are not solely payments of principal and interest on the principal outstanding. Besides, certain investment funds classified as AFS were previously carried at cost less impairment. Upon initial application of HKFRS 9 at 1 April 2018, difference between the carrying amount and fair value was adjusted to retained profits.
- HKFRS 9 ECL decreased the net asset value of a joint venture of the Company. Hence, the Group's interests in joint ventures decreased.
- Investment revaluation reserve relating to debt securities and investment funds, which was previously presented under accumulated other comprehensive income, was transferred to retained profits.
- A joint venture and an associate reclassified their financial assets in accordance with HKFRS 9. The amount represented the share of transfer from fair value reserve of financial assets at FVOCI to retained profits.

**2. CHANGES IN ACCOUNTING POLICIES (Continued)****(b) HKFRS 15 Revenue from Contracts with Customers**

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. HKFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under HKFRS 15, revenues are recognised at amounts that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers.

The Group has elected to apply the modified retrospective approach for transition to the new revenue standard on 1 April 2018. Results for the periods beginning on or after 1 April 2018 are presented under HKFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. In addition, the Group has elected to apply HKFRS 15 retrospectively only to uncompleted contracts as at 1 April 2018. The major changes as a result of the adoption of HKFRS 15 are as follows:

*Variable consideration*

Some contracts with customers provide a right of return, trade discounts, free goods, promotion rebates or volume rebates. Such provisions give rise to variable consideration under HKFRS 15. The Group previously recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved. Under HKFRS 15, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

*Right of return*

The Group previously recorded a provision for the net margin arising from expected returns. Under HKFRS 15, the Group estimates the amount of expected returns in determining the transaction price and recognises revenue based on the amounts to which the Group expects to be entitled through the end of the return period. The Group recognises the amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. Separately, the Group recognises a related asset for the right to recover the returned goods.

The following table gives a summary of the amounts of affected line items in the condensed consolidated statement of profit or loss for the six months ended 30 September 2018 that has been impacted by HKFRS 15:

	Six months ended 30 September 2018		
	As presented under accounting policies pre 1 April 2018 HK\$'000	Effect on adoption of HKFRS 15 HK\$'000	As presented under accounting policies from 1 April 2018 HK\$'000
Revenue	1,310,010	(2,599)	1,307,411
Cost of sales	(727,953)	10,048	(717,905)
Gross profit	582,057	7,449	589,506
Other operating expenses	(210,314)	(7,449)	(217,763)
Loss before tax from continuing operations	(371,441)	–	(371,441)

There is no material impact on loss for the period, and basic and diluted loss per share for the six months ended 30 September 2018.

## Notes to the Interim Financial Statements (Continued)

### 2. CHANGES IN ACCOUNTING POLICIES (Continued)

#### (c) Issued but not yet effective new and revised HKFRSs

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

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>2</sup>
HKFRS 16	<i>Leases</i> <sup>1</sup>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> No mandatory effective date yet determined but available for adoption

The Directors of the Company anticipate that the adoption of 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 it, and the result is consistent with assessment the management made and disclosed in the annual financial statements for the year ended 31 March 2018. 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.

### 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 investments in securities held-for-trading and for long-term strategic purpose;
- (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 banking business segment engages in the provision of commercial and retail banking services;
- (h) the mineral exploration and extraction segment includes mineral exploration, extraction and processing; and
- (i) the "other" segment comprises principally money lending and the provision of property, project, fund management and investment advisory services and investment in closed-end fund.

The corporate finance and securities broking segment which provides securities and futures brokerage, investment banking, underwriting and other related advisory services was classified as discontinued operation during the current period (Note 8).

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 30 September 2018

	Continuing operations										Discontinued operation			
	Property investment	Property development	Treasury investment	Securities investment	Food businesses	Healthcare services	Banking business	Mineral exploration and extraction	Other	Inter-segment elimination	Consolidated	Corporate finance and securities broking	Inter-segment elimination	Consolidated
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>Revenue</b>														
External	43,712	5,841	5,032	28,953	1,216,176	-	-	-	7,697	-	1,307,411	8,714	-	1,316,125
Inter-segment	2,730	-	-	-	-	-	-	-	440	(3,170)	-	57	(57)	-
<b>Total</b>	<b>46,442</b>	<b>5,841</b>	<b>5,032</b>	<b>28,953</b>	<b>1,216,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,137</b>	<b>(3,170)</b>	<b>1,307,411</b>	<b>8,771</b>	<b>(57)</b>	<b>1,316,125</b>
<b>Segment results</b>	<b>45,549</b>	<b>(8,597)</b>	<b>5,032</b>	<b>(180,015)</b>	<b>63,563</b>	<b>-</b>	<b>3,468</b>	<b>(4,735)</b>	<b>4,093</b>	<b>57</b>	<b>(71,585)</b>	<b>(4,610)</b>	<b>(57)</b>	<b>(76,252)</b>
Unallocated corporate expenses											(99,876)			(99,876)
Finance costs											(29,739)			(29,739)
Share of results of associates	-	5,705	-	-	-	(3,674)	-	-	(11,977)	-	(9,946)	-	-	(9,946)
Share of results of joint ventures	(112,843)	30	-	-	-	(421)	569	(47,630)	-	-	(160,295)	-	-	(160,295)
<b>Loss before tax</b>											<b>(371,441)</b>			<b>(376,108)</b>
<b>Other segment information:</b>														
Capital expenditure (Note)	19,874	-	-	-	29,594	-	-	125	4	-	49,597	3	-	49,600
Depreciation	(12,485)	(8)	-	-	(19,514)	-	-	(22)	(17)	-	(32,046)	(40)	-	(32,086)
Interest income	26,287	-	5,032	5,708	1,324	-	-	-	564	-	38,915	-	-	38,915
Finance costs	(7,934)	-	-	(3,097)	(1,989)	-	-	-	(3,228)	-	(16,248)	-	-	(16,248)
Gain/(Loss) on disposal of fixed assets	-	4	-	-	(639)	-	-	-	-	-	(635)	-	-	(635)
Write-back of provision/(Provisions) for impairment losses on:														
Fixed assets	-	-	-	-	999	-	-	-	-	-	999	-	-	999
Inventories	-	-	-	-	(6,040)	-	-	-	-	-	(6,040)	-	-	(6,040)
Loans and receivables	-	-	-	-	(2,910)	-	-	-	2,220	-	(690)	-	-	(690)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	(188,233)	-	-	3,468	-	-	-	(184,765)	-	-	(184,765)
Net fair value gain on investment properties	16,300	-	-	-	-	-	-	-	-	-	16,300	-	-	16,300
Unallocated:														
Capital expenditure (Note)											2,126			2,126
Depreciation											(7,430)			(7,430)
Finance costs											(29,739)			(29,739)



## Notes to the Interim Financial Statements (Continued)

### 3. SEGMENT INFORMATION (Continued)

Six months ended 30 September 2017 (restated)

	Continuing operations										Discontinued operation			
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Banking business HK\$'000	Mineral exploration and extraction HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000	Corporate finance and securities broking HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
<b>Revenue</b>														
External	43,183	17,036	4,153	16,237	1,167,105	-	-	-	8,162	-	1,255,876	7,754	-	1,263,630
Inter-segment	2,999	-	-	-	-	-	-	-	348	(3,347)	-	4	(4)	-
<b>Total</b>	<b>46,182</b>	<b>17,036</b>	<b>4,153</b>	<b>16,237</b>	<b>1,167,105</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,510</b>	<b>(3,347)</b>	<b>1,255,876</b>	<b>7,758</b>	<b>(4)</b>	<b>1,263,630</b>
<b>Segment results</b>	<b>113,586</b>	<b>(8,917)</b>	<b>4,153</b>	<b>101,600</b>	<b>85,165</b>	<b>7,630</b>	<b>130</b>	<b>(32)</b>	<b>2,397</b>	<b>4</b>	<b>305,716</b>	<b>(5,896)</b>	<b>(4)</b>	<b>299,816</b>
Unallocated corporate expenses											(72,323)			(72,323)
Finance costs											(25,007)			(25,007)
Share of results of associates	-	1,851	-	-	-	(13,178)	-	-	1,580	-	(9,747)	-	-	(9,747)
Share of results of joint ventures	1,345	(65)	-	-	289	-	3,325	(106)	-	-	4,988	-	-	4,988
<b>Profit before tax</b>											<b>203,627</b>			<b>197,727</b>
<b>Other segment information:</b>														
Capital expenditure (Note)	54,570	-	-	-	12,582	-	-	240	-	-	67,392	140	-	67,532
Depreciation	(7,460)	(24)	-	-	(22,948)	-	-	(27)	(41)	-	(30,500)	(81)	-	(30,581)
Amortisation of intangible assets	-	-	-	-	(102)	-	-	-	-	-	(102)	-	-	(102)
Interest income	25,659	-	4,153	1,103	1,808	-	-	-	881	-	33,604	-	-	33,604
Finance costs	(6,305)	-	-	-	(573)	-	-	-	-	-	(6,878)	-	-	(6,878)
Gain/(Loss) on disposal of:														
A subsidiary	-	(14,560)	-	-	-	-	-	-	-	-	(14,560)	-	-	(14,560)
Joint ventures	30,993	-	-	-	14,450	-	-	-	-	-	45,443	-	-	45,443
Available-for-sale financial assets	-	-	-	5,730	-	-	-	-	-	-	5,730	-	-	5,730
Gain on derecognition of available-for-sale financial assets	-	-	-	-	-	12,919	-	-	-	-	12,919	-	-	12,919
Write-back of provision(Provisions) for impairment losses on:														
Fixed assets	-	-	-	-	(28)	-	-	-	-	-	(28)	-	-	(28)
A joint venture	-	465	-	-	-	-	-	-	-	-	465	-	-	465
Inventories	-	-	-	-	(2,296)	-	-	-	-	-	(2,296)	-	-	(2,296)
Loans and receivables	-	-	-	-	(1,412)	-	-	21,452	-	-	20,040	-	-	20,040
Net fair value gain on financial instruments at fair value through profit or loss	-	-	-	80,262	204	484	130	-	-	-	81,080	-	-	81,080
Net fair value gain on investment properties	52,110	-	-	-	-	-	-	-	-	-	52,110	-	-	52,110
Unallocated:														
Capital expenditure (Note)											51,338			51,338
Depreciation											(4,890)			(4,890)
Finance costs											(25,007)			(25,007)

Note: Capital expenditure includes additions to fixed assets, investment properties and exploration and evaluation assets.

## Notes to the Interim Financial Statements (Continued)

### 3. SEGMENT INFORMATION (Continued)

	Continuing operations										Discontinued operation		
	Property investment	Property development	Treasury investment	Securities investment	Food businesses	Healthcare services	Banking business	Mineral exploration and extraction	Other	Inter-segment elimination	Consolidated	Corporate finance and securities broking	Consolidated
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
<b>At 30 September 2018 (unaudited)</b>													
<b>Segment assets</b>	1,734,633	113,993	660,777	2,418,505	1,300,981	-	52,294	1,858	104,065	(959)	6,386,147	410,467	6,796,614
Interests in associates	6,690	362,741	-	-	-	430,454	-	-	325,087	-	1,124,972	-	1,124,972
Interests in joint ventures	9,726,741	2,080	-	-	-	2,060	126,744	40,296	-	-	9,897,921	-	9,897,921
Unallocated assets											110,176	-	110,176
<b>Total assets</b>											17,519,216	410,467	17,929,683
<b>Segment liabilities</b>	831,114	13,144	-	113,941	565,231	419,778	-	43,285	416,319	(192,265)	2,210,547	445,181	2,655,728
Unallocated liabilities											1,461,079	-	1,461,079
<b>Total liabilities</b>											3,671,626	445,181	4,116,807
<b>At 31 March 2018 (audited)</b>													
<b>Segment assets</b>	1,741,608	150,155	815,393	2,737,317	1,613,004	-	48,826	1,949	109,488	(1,103)	7,216,637	327,951	7,544,588
Interests in associates	7,101	373,914	-	-	-	454,394	-	-	353,532	-	1,188,941	-	1,188,941
Interests in joint ventures	10,509,770	2,145	-	-	-	2,474	106,945	88,084	-	-	10,709,418	-	10,709,418
Unallocated assets											128,390	-	128,390
<b>Total assets</b>											19,243,386	327,951	19,571,337
<b>Segment liabilities</b>	787,753	17,389	-	471,481	580,760	420,374	-	91,136	432,745	(185,794)	2,615,844	439,695	3,055,539
Unallocated liabilities											1,327,990	-	1,327,990
<b>Total liabilities</b>											3,943,834	439,695	4,383,529

## Notes to the Interim Financial Statements (Continued)

### 4. REVENUE

Revenue from continuing operations 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 and project management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

An analysis of the revenue of the Group from continuing operations is as follows:

	<b>Six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000 (Restated)
Sales of properties	<b>5,841</b>	17,036
Sales of goods	<b>918,717</b>	855,175
Sales of food and beverage	<b>223,839</b>	227,094
Service fee income	<b>6,778</b>	6,310
Revenue from contracts with customers ( <i>Note</i> )	<b>1,155,175</b>	1,105,615
Fees charged to food court tenants	<b>64,130</b>	66,877
Property rental income	<b>17,425</b>	17,524
Interest income	<b>38,499</b>	33,604
Dividend income	<b>23,245</b>	15,622
Other	<b>8,937</b>	16,634
	<b>1,307,411</b>	1,255,876

## Notes to the Interim Financial Statements (Continued)

### 4. REVENUE (Continued)

Note:

Disaggregation of revenue is analysed as follows:

By operating segments:

	Six months ended 30 September					
	2018			2017		
	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Total HK\$'000	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Total HK\$'000
Revenue from contracts with customers:						
Property development	5,841	–	5,841	17,036	–	17,036
Food businesses	1,142,556	–	1,142,556	1,082,269	–	1,082,269
Other	–	6,778	6,778	–	6,310	6,310
<b>Total</b>	<b>1,148,397</b>	<b>6,778</b>	<b>1,155,175</b>	<b>1,099,305</b>	<b>6,310</b>	<b>1,105,615</b>
Fees charged to food court tenants			64,130			66,877
Property rental income			17,425			17,524
Interest income			38,499			33,604
Dividend income			23,245			15,622
Other			8,937			16,634
			<b>1,307,411</b>			<b>1,255,876</b>

By geographical locations:

	Six months ended 30 September					
	2018			2017		
	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Total HK\$'000	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Total HK\$'000
Revenue from contracts with customers:						
Hong Kong	116,615	5,521	122,136	123,080	5,045	128,125
Macau	5,841	–	5,841	16,675	–	16,675
Mainland China	–	1,257	1,257	361	1,265	1,626
Republic of Singapore	689,083	–	689,083	675,484	–	675,484
Malaysia	336,858	–	336,858	283,705	–	283,705
<b>Total</b>	<b>1,148,397</b>	<b>6,778</b>	<b>1,155,175</b>	<b>1,099,305</b>	<b>6,310</b>	<b>1,105,615</b>
Fees charged to food court tenants			64,130			66,877
Property rental income			17,425			17,524
Interest income			38,499			33,604
Dividend income			23,245			15,622
Other			8,937			16,634
			<b>1,307,411</b>			<b>1,255,876</b>

The geographical location is based on the location of the customers.

## Notes to the Interim Financial Statements (Continued)

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

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

	Six months ended 30 September	
	2018 HK\$'000	2017 HK\$'000 (Restated)
Cost of sales:		
Cost of properties sold	(1,170)	(3,398)
Cost of inventories sold	(714,725)	(673,330)
Other	(2,010)	(16,424)
	<b>(717,905)</b>	<b>(693,152)</b>
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Held for trading financial assets at fair value through profit or loss:		
Equity securities	(144,982)	51,021
Debt securities	(1,355)	737
Investment funds	(18,615)	22,064
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	(2,463)	–
Investment funds	(4,544)	–
Equity linked notes	15,585	–
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	1,016	(1,679)
Derivative financial instruments	(29,407)	8,937
	<b>(184,765)</b>	<b>81,080</b>
Interest income:		
Financial assets at fair value through profit or loss	5,708	1,103
Loans and advances	26,435	26,540
Promissory note	416	–
Other	6,356	5,961
Gain on disposal of available-for-sale financial assets (Note)	–	5,730
Write-back of provision/(Provisions) for impairment losses on:		
Fixed assets (Note)	999	(28)
A joint venture (Note)	–	465
Inventories (Note)	(6,040)	(2,296)
Depreciation	(39,476)	(35,390)
Amortisation of intangible assets	–	(102)
Foreign exchange gains/(losses) — net (Note)	(21,093)	13,229

Note: The amounts are included in "Other operating expenses" in the condensed consolidated statement of profit or loss.

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

Share of results of joint ventures for the six months ended 30 September 2018 mainly included share of loss of Lippo ASM Asia Property Limited (“LAAPL”) of HK\$112,843,000 (2017 — share of profit of HK\$1,345,000) and share of loss of Collyer Quay Limited (“CQL”) of HK\$47,630,000 (2017 — HK\$106,000).

LAAPL is a joint venture set up to hold the controlling stake in OUE Limited (“OUE”), a listed company in Singapore. OUE focuses in developing and managing assets across commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it. The share of loss of LAAPL for the six months ended 30 September 2018 was mainly due to a joint venture’s unrealised exchange loss on translation of its financial liabilities and a non-cash loss on disposal of interests in equity-accounted investees during the period. As at 30 September 2018, the Group’s interests in LAAPL was approximately HK\$9,726,741,000 (31 March 2018 — HK\$10,509,770,000). The decrease in interests in LAAPL for the six months ended 30 September 2018 was mainly due to the decrease in share of exchange reserve on translation of LAAPL’s investment from the depreciation of the Singapore dollar and the share of fair value loss of its financial assets at fair value through other comprehensive income during the period.

CQL is a joint venture consortium to invest in a company (the “JV Company”) principally engaged in exploration, extraction and processing of mineral resources. The JV Company has commenced the copper production since the last quarter of 2017. As a result of the drop in copper price and the increased production cost during the period, the Group shared a loss from the joint venture for the six months ended 30 September 2018.

Reference was made to the Group’s interest in a minority ownership interest in Skye Mineral Partners, LLC (“Skye”) whose major asset, prior to the events described below, was substantially all of the equity interests 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. The JV Company had acquired all or substantially all of the assets held by CS Mining in a sale process under its bankruptcy proceedings in August 2017. In January 2018, a verified complaint (the “Complaint”) was filed in a United States state court in Delaware by the majority investors in Skye individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the Group for, among other things, damages for diminution in the value of their equity interests in CS Mining based on an alleged scheme perpetrated by the Group on CS Mining. The Group believes that the Complaint is frivolous and wholly without merit and has opposed, and will continue to vigorously oppose, the allegations set forth in the Complaint and any other claim that the majority investors in Skye may seek to bring against the Group. In June 2018, a subsidiary of the Company commenced an involuntary Chapter 7 bankruptcy case (the “Skye Involuntary Bankruptcy”) against Skye in the Delaware Bankruptcy Court. The majority investors of Skye opposed the Skye Involuntary Bankruptcy and moved to dismiss same. As of the date hereof, the Delaware Bankruptcy Court has not ruled on the motion to dismiss. For the reasons as mentioned above, the Group believes that such events will not have any material adverse impact on its financial position.

**7. INCOME TAX**

	<b>Six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Hong Kong:		
Charge for the period	<b>326</b>	845
Deferred	<b>67</b>	(106)
	<b>393</b>	739
Overseas:		
Charge for the period	<b>17,328</b>	16,025
Underprovision/(Overprovision) in prior periods	<b>(315)</b>	2,463
Deferred	<b>162</b>	411
	<b>17,175</b>	18,899
<b>Total charge for the period from continuing operations</b>	<b>17,568</b>	19,638

Hong Kong profits tax has been provided at the rate of 16.5% (2017 — 16.5%) on the estimated assessable profits arising in Hong Kong during the period. For the companies operating in the Republic of Singapore, Macau and mainland China, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 17%, 12% and 25% (2017 — 17%, 12% and 25%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

**8. DISCONTINUED OPERATION**

In July 2018, the Group entered into a sale and purchase agreement with G-Resources Group Limited (the "GR Group") for the sale by the Group of the entire issued shares in Lippo Securities Holdings Limited ("LSH", the securities arm of the Company) to the GR Group for a consideration of approximately HK\$348,700,000 (the "Disposal"). The completion thereof is yet to take place pending satisfaction or waiver of certain conditions precedent. After the completion, the Group will cease the corporate finance and securities broking business. LSH and its subsidiaries (the "LSH Group") were classified as disposal group held for sale as at 30 September 2018 and the results of the corporate finance and securities broking business carried out by the LSH Group were classified as discontinued operation. Cumulative exchange gains on translation of foreign operations of HK\$2,322,000 relating to the LSH Group classified as held for sale have been included in other comprehensive income and included in equity.

## Notes to the Interim Financial Statements (Continued)

### 8. DISCONTINUED OPERATION (Continued)

The results of the LSH Group for the period are presented below:

	Note	Six months ended 30 September	
		2018 HK\$'000	2017 HK\$'000
<b>Revenue</b> (Note)		<b>8,714</b>	7,754
Cost of sales		<b>(4,039)</b>	(3,612)
<b>Gross profit</b>		<b>4,675</b>	4,142
Administrative expenses		<b>(7,473)</b>	(7,008)
Other operating expenses		<b>(1,869)</b>	(3,034)
<b>Loss before tax</b>		<b>(4,667)</b>	(5,900)
Income tax		–	–
<b>Loss for the period from discontinued operation</b>		<b>(4,667)</b>	(5,900)
<b>Other comprehensive income/(loss)</b>			
Exchange differences on translation of discontinued operation		<b>(810)</b>	1,151
<b>Total comprehensive loss for the period from discontinued operation</b>		<b>(5,477)</b>	(4,749)
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		<b>(3,340)</b>	(3,885)
Non-controlling interests		<b>(1,327)</b>	(2,015)
		<b>(4,667)</b>	(5,900)
<b>Total comprehensive loss for the period attributable to:</b>			
Equity holders of the Company		<b>(3,920)</b>	(3,127)
Non-controlling interests		<b>(1,557)</b>	(1,622)
		<b>(5,477)</b>	(4,749)
<b>Loss per share attributable to equity holders of the Company</b>	9	<b>HK cents</b>	HK cents
Basic and diluted			
— For loss from discontinued operation		<b>(1)</b>	(1)

Note: Revenue represents income from securities and futures brokerage, investment banking, underwriting and other related advisory services under corporate finance and securities broking segment. The revenue is recognised at a point in time and generated from customers located in Hong Kong.



## Notes to the Interim Financial Statements (Continued)

### 8. DISCONTINUED OPERATION (Continued)

The major classes of assets and liabilities of the LSH Group classified as held for sale as at 30 September 2018 are as follows:

	30 September 2018 HK\$'000
<b>Assets</b>	
Fixed assets	98
Loans and advances	10,847
Debtors, prepayments and deposits	14,501
Client trust bank balances	261,424
Restricted cash	1,009
Cash and cash equivalents	122,588
	<b>410,467</b>
<b>Liabilities</b>	
Creditors, accruals and deposits received	(271,181)
	<b>(271,181)</b>
Liabilities directly associated with assets classified as held for sale	<b>139,286</b>

The net cash flows incurred by the LSH Group are as follows:

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
Operating activities	(2,957)	(8,659)
Investing activities	(3)	(140)
Financing activities	(4)	–
Net cash outflow	<b>(2,964)</b>	<b>(8,799)</b>

**9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY****(a) Basic earnings/(loss) per share**

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (2017 — approximately 493,154,000 ordinary shares) in issue during the period.

	<b>Six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	<b>(308,324)</b>	103,720
From discontinued operation	<b>(3,340)</b>	(3,885)
	<b>(311,664)</b>	99,835

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

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2018 and 2017.

**10. INTERIM DIVIDEND**

	<b>Six months ended 30 September</b>	
	<b>2018</b>	2017
	<b>HK\$'000</b>	HK\$'000
Interim dividend, declared, of HK3 cents (2017 — HK3 cents) per ordinary share	<b>14,795</b>	14,795

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

**11. DEBTORS, PREPAYMENTS AND DEPOSITS**

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

	<b>30 September</b>	31 March
	<b>2018</b>	2018
	<b>HK\$'000</b>	HK\$'000
Outstanding balances with ages:		
Repayable on demand	–	7,928
Within 30 days	<b>303,534</b>	250,443
Between 31 and 60 days	<b>70,335</b>	65,834
Between 61 and 90 days	<b>36,231</b>	45,449
Between 91 and 180 days	<b>20,150</b>	25,362
Over 180 days	<b>937</b>	102
	<b>431,187</b>	395,118

## Notes to the Interim Financial Statements (Continued)

### 12. BANK AND OTHER BORROWINGS

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Current portion:		
Bank loans:		
Secured (Note (a))	989,805	682,836
Unsecured	107,509	38,928
Other borrowings:		
Obligations under finance leases (Note (d))	194	502
	<b>1,097,508</b>	722,266
Non-current portion:		
Bank loans:		
Secured (Note (a))	732,316	801,316
Unsecured	484,167	481,667
Other borrowings:		
Unsecured other loan (Note (b))	180,000	180,000
Unsecured notes (Note (c))	281,519	294,750
Obligations under finance leases (Note (d))	274	861
	<b>1,678,276</b>	1,758,594
	<b>2,775,784</b>	2,480,860
Bank and other borrowings by currency:		
Hong Kong dollar	2,283,629	2,145,819
Singapore dollar	361,971	296,113
United States dollar	102,659	–
Malaysian Ringgit	27,525	38,928
	<b>2,775,784</b>	2,480,860
Bank loans repayable:		
Within one year	1,097,314	721,764
In the second year	732,316	139,340
In the third to fifth years, inclusive	484,167	1,143,643
	<b>2,313,797</b>	2,004,747
Other borrowings repayable:		
Within one year	194	502
In the second year	180,194	180,502
In the third to fifth years, inclusive	281,599	295,109
	<b>461,987</b>	476,113

The Group's bank loans bear interest at floating rates ranging from 2.3% to 5.5% (31 March 2018 — 1.8% to 4.3%) per annum.

## Notes to the Interim Financial Statements (Continued)

### 12. BANK AND OTHER BORROWINGS (Continued)

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) shares in certain listed subsidiaries of the Group with market value of HK\$2,318,835,000 (31 March 2018 — HK\$2,935,762,000);
  - (ii) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK\$358,100,000 (31 March 2018 — HK\$323,300,000) and HK\$782,742,000 (31 March 2018 — HK\$809,626,000), respectively;
  - (iii) bank deposits with a carrying amount of HK\$82,984,000 (31 March 2018 — HK\$1,005,000);
  - (iv) floating charges over bank deposits with a carrying amount of HK\$461,152,000 (31 March 2018 — Nil); and
  - (v) financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss with carrying amounts of HK\$202,598,000 (31 March 2018 — Nil) and HK\$617,647,000 (31 March 2018 — Nil), respectively.
- (b) The Group's other loans represent unsecured loans advanced from Lippo Capital Limited, a holding company of the Company, which bears interest at a rate of 4% (31 March 2018 — 4%) per annum.
- (c) The unsecured notes were issued in connection to the acquisition of TIH Limited, an associate of the Company, through a share offer (the "Offer"). The unsecured notes are redeemable at par on their respective maturity dates in January and February 2021. As at 30 September 2018, restricted cash balances with a carrying amount of HK\$51,614,000 (31 March 2018 — HK\$53,846,000) were placed in a bank account of a subsidiary of the Company which is solely earmarked to satisfy the principal and interest repayment for the unsecured notes (other than those held by the joint offeror and other concert parties of the Offer).
- (d) The Group has obligations under finance leases for certain fixed assets. The implicit average interest rate in the leases ranges from 2.5% to 2.6% (31 March 2018 — 2.5% to 2.6%) 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\$674,000 (31 March 2018 — HK\$1,824,000).

### 13. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	<b>30 September 2018 HK\$'000</b>	31 March 2018 HK\$'000
Outstanding balances with ages:		
Repayable on demand	–	267,135
Within 30 days	<b>130,535</b>	692,219
Between 31 and 60 days	<b>42,025</b>	60,031
Between 61 and 90 days	<b>9,192</b>	13,070
Between 91 and 180 days	<b>11,535</b>	14,212
Over 180 days	<b>263</b>	407
	<b>193,550</b>	1,047,074

Trade creditors balance as at 31 March 2018 included payables of HK\$306,366,000 attributable to the LSH Group. Trade creditors together with other creditors, accruals and deposits received attributable to the LSH Group were classified as liabilities associated with assets classified as held for sale as at 30 September 2018 as a result of the Disposal. The balance as at 31 March 2018 also included payables for settlement of various securities investments of HK\$460,970,000 which had been settled within 30 days after the end of the reporting period.

Balance of creditors, accruals and deposits received also included deposits received of HK\$47,000,000 (31 March 2018 — Nil) from the Disposal and an exclusivity payment of HK\$130,000,000 (31 March 2018 — HK\$130,000,000) in relation to the negotiation of the proposed disposal of a majority stake of the Group's securities broking operation. The exclusivity payment would only be refunded after the completion of the Disposal.

#### 14. SHARE CAPITAL

	<b>30 September 2018 HK\$'000</b>	31 March 2018 HK\$'000
<b>Issued and fully paid:</b>		
493,154,032 (31 March 2018 — 493,154,032) ordinary shares	<b>986,598</b>	986,598

In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the ordinary shares of the Company have no par value.

#### 15. SHARE OPTION SCHEME

A share option scheme of Asia Now Resources Corp. ("Asia Now", a subsidiary of the Company) (the "ANR Share Option Scheme"), which was approved by the shareholders of Asia Now, Lippo China Resources Limited (a listed subsidiary of the Company) and the Company, was adopted on 11 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.

Following the entering into receivership in August 2015, the listing of Asia Now was transferred from TSX Venture Exchange of Canada ("TSXVE") to NEX, a separate board of TSXVE which provides a trading forum for listed companies in Canada that have fallen below TSXVE's ongoing financial listing standards. The receivership of Asia Now was completed in April 2016. ANR Shares were subsequently delisted from NEX.

#### 16. RESERVES

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

Note:

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

## Notes to the Interim Financial Statements (Continued)

### 17. 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:

	<b>30 September 2018 HK\$'000</b>	31 March 2018 HK\$'000
Secured bankers' guarantee (Note (a))	<b>14,803</b>	20,116
Unsecured bankers' guarantee (Note (b))	<b>17,916</b>	14,792
	<b>32,719</b>	34,908

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 30 September 2018, fixed deposits of approximately HK\$11,642,000 (31 March 2018 — HK\$12,113,000) 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.

### 18. COMMITMENTS

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

	<b>30 September 2018 HK\$'000</b>	31 March 2018 HK\$'000
Commitments in respect of properties, plant and equipment: Contracted, but not provided for (Note (a))	<b>194,851</b>	12,537
Other commitments: Contracted, but not provided for (Note (b))	<b>88,487</b>	88,506
	<b>283,338</b>	101,043

Note:

- (a) The balance included the Group's commitments in relation to the construction of a new food factory in Malaysia of HK\$192,166,000 (31 March 2018 — Nil).
- (b) The balance included the Group's commitments for financial assets at fair value through profit or loss of approximately HK\$83,037,000 (31 March 2018 — available-for-sale financial assets of HK\$86,006,000).

## Notes to the Interim Financial Statements (Continued)

### 19. RELATED PARTY TRANSACTIONS

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

- (a) During the period, the Group paid rental expenses (including service charges) of HK\$2,386,000 (2017 — HK\$3,545,000) to certain joint ventures of the Group. The rentals were determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group paid interest expense of HK\$3,610,000 (2017 — HK\$4,535,000) to a holding company of the Company.
- (c) During the period, the Group received interest income of HK\$26,287,000 (2017 — HK\$25,659,000) from a joint venture of the Group.
- (d) As at 30 September 2018, the Group had amounts due from associates of HK\$97,682,000 (31 March 2018 — HK\$98,224,000). The amounts due from associates included a loan of HK\$36,780,000 (31 March 2018 — HK\$36,930,000), which bears interest at 8.5% per annum and is repayable on demand. The remaining balances with the associates are unsecured, interest-free and have no fixed terms of repayment.
- (e) As at 30 September 2018, the Group had amounts due from joint ventures of HK\$2,533,065,000 (31 March 2018 — HK\$2,618,461,000). The amounts due from joint ventures included balances of HK\$2,382,006,000 (31 March 2018 — HK\$2,466,880,000), which are unsecured, bear interest at rates ranging from nil to 2.25% (31 March 2018 — nil to 2.25%) per annum and are repayable on demand. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment.
- (f) As at 30 September 2018, the Group had trade payables due to a joint venture of HK\$5,200,000 (31 March 2018 — HK\$5,272,000). The balance is unsecured, interest-free and repayable within the normal trade credit terms.

### 20. 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	
	30 September 2018 HK\$'000	31 March 2018 HK\$'000	30 September 2018 HK\$'000	31 March 2018 HK\$'000
<b>Financial assets</b>				
Financial assets at fair value through other comprehensive income	229,714	—	229,714	—
Financial assets at fair value through profit or loss	1,355,527	1,745,628	1,355,527	1,745,628
Available-for-sale financial assets	—	204,631	—	204,631
Other financial asset: Put Option (Note)	52,294	48,826	52,294	48,826
	<b>1,637,535</b>	<b>1,999,085</b>	<b>1,637,535</b>	<b>1,999,085</b>
<b>Financial liabilities</b>				
Bank and other borrowings	281,519	294,750	280,575	300,950
Other financial liabilities	9,546	14,513	9,546	14,513
	<b>291,065</b>	<b>309,263</b>	<b>290,121</b>	<b>315,463</b>

Note: Pursuant to the amended and restated shareholders agreement for the joint arrangement for investment in The Macau Chinese Bank Limited ("MCB", a joint venture of the Company) (the "Shareholders' Agreement"), the Group has a put option to sell its remaining 20% interest to the majority shareholder of MCB at any time during the 5 years from 3 November 2017 (the "Put Option"). The right to exercise the Put Option survives any termination or expiry of the Shareholders' Agreement.

**20. 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, client trust bank balances, financial assets included in debtors, prepayments and deposits, loans and advances, unsecured other loan and financial liabilities included in creditors, accruals and deposits received approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank loans and obligations under finance leases approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near to the end of the reporting period and the Group's non-performance risk is considered to be minimal.

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 and investment funds are based on quoted market prices.

The fair values of unlisted equity securities are mainly estimated using the discounted cash flow model. The valuation requires management to make assumptions about the model inputs, including forecast cash flows, the discount rate and volatility. These inputs are observable or can be corroborated by observable or unobservable market data.

The fair values of unlisted investment 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 values of the underlying assets held under the investments. For unlisted investment funds classified under Level 3 of the fair value measurement hierarchy, when the net asset value increases/decreases 3% (31 March 2018 — 3%), the fair value will be increased/decreased by HK\$8,741,000 (31 March 2018 — HK\$4,565,000).

The fair values of unlisted debt securities are determined by reference to the quoted market prices from the broker using valuation technique with market observable inputs.

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

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 the forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations.

The fair values of the unsecured notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the unsecured notes as at the end of the reporting period was assessed to be insignificant.



## Notes to the Interim Financial Statements (Continued)

### 20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of the Put Option and the unlisted equity securities used in Level 3 fair value measurements as at 30 September 2018:

	Valuation techniques	Significant unobservable inputs	Range	Sensitivity of fair value to the inputs
Other financial asset: Put Option	Monte-Carlo simulation method	Volatility of underlying shares	21.9% (31 March 2018 — 22.6%)	When the volatility of the underlying shares increases/decreases 5% (31 March 2018 — 5%), the fair value will be increased/decreased by HK\$708,000 and HK\$478,000 (31 March 2018 — HK\$123,000 and HK\$269,000), respectively
Financial assets at fair value through other comprehensive income: Unlisted equity securities	Discounted cash flow analysis	Discount rates	20.2% to 29.2% (31 March 2018 — N/A)	When the volatility of the discount rates increases/decreases 5% (31 March 2018 — N/A), the fair value will be decreased/increased by HK\$3,121,000 and HK\$5,223,000 (31 March 2018 — N/A), respectively

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

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

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>At 30 September 2018</b>				
<b>Assets measured at fair value</b>				
Financial assets at fair value through other comprehensive income:				
Equity securities	203,320	–	26,394	229,714
Held for trading financial assets at fair value through profit or loss:				
Equity securities	589,909	–	–	589,909
Debt securities	157,237	–	–	157,237
Investment funds	67,617	949	4,693	73,259
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	248,455	–	248,455
Investment funds	–	–	286,667	286,667
Other financial asset:				
Derivative financial instrument	–	–	52,294	52,294
	<b>1,018,083</b>	<b>249,404</b>	<b>370,048</b>	<b>1,637,535</b>
<b>Liabilities measured at fair value</b>				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	7,695	–	7,695
Foreign currency contracts	–	1,851	–	1,851
	–	<b>9,546</b>	–	<b>9,546</b>
<b>At 31 March 2018</b>				
<b>Assets measured at fair value</b>				
Available-for-sale financial assets:				
Equity securities	38,604	–	–	38,604
Debt securities	–	20,937	–	20,937
Investment funds	–	–	145,090	145,090
Financial assets at fair value through profit or loss:				
Equity securities	808,562	–	–	808,562
Debt securities	195,965	–	–	195,965
Investment funds	355,580	2,040	7,074	364,694
Equity linked notes	–	–	376,407	376,407
Other financial asset:				
Derivative financial instrument	–	–	48,826	48,826
	<b>1,398,711</b>	<b>22,977</b>	<b>577,397</b>	<b>1,999,085</b>
<b>Liabilities measured at fair value</b>				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	8,711	–	8,711
Foreign currency contracts	–	5,802	–	5,802
	–	<b>14,513</b>	–	<b>14,513</b>

**20. 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 30 September 2018 are as follows:

	Equity securities at fair value through other comprehensive income HK\$'000	Held for trading investment funds at fair value through profit or loss HK\$'000	Investment funds mandatorily classified at fair value through profit or loss HK\$'000	Available-for-sale investment funds HK\$'000	Equity linked notes HK\$'000	Other financial asset HK\$'000
At 31 March 2018, as previously reported	-	7,074	-	145,090	376,407	48,826
Impact on initial application of HKFRS 9	23,972	-	278,320	(145,090)	-	-
At 1 April 2018, as adjusted	23,972	7,074	278,320	-	376,407	48,826
Total gains/(losses) recognised in the statement of profit or loss	-	(323)	(4,544)	-	15,585	3,468
Total gains recognised in other comprehensive income	444	-	-	-	-	-
Additions	3,021	-	21,589	-	506,909	-
Disposals	(546)	(393)	-	-	(898,901)	-
Return of capital	(497)	(1,665)	(5,282)	-	-	-
Exchange adjustments	-	-	(3,416)	-	-	-
<b>At 30 September 2018</b>	<b>26,394</b>	<b>4,693</b>	<b>286,667</b>	<b>-</b>	<b>-</b>	<b>52,294</b>

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 (2017 — 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.

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>At 30 September 2018</b>				
<b>Liabilities for which fair values are disclosed</b>				
Bank and other borrowings:				
Unsecured notes	-	-	280,575	280,575
<b>At 31 March 2018</b>				
<b>Liabilities for which fair values are disclosed</b>				
Bank and other borrowings:				
Unsecured notes	-	-	300,950	300,950

**21. EVENT AFTER THE REPORTING PERIOD**

The completion of the Disposal is yet to take place. By reference to the latest unaudited accounts of the LSH Group, it is estimated that a gain on disposal of approximately HK\$153,000,000 (subject to audit and adjustment) will be reflected in the Group's financial statements upon completion of the Disposal.

**22. COMPARATIVE AMOUNTS**

The comparative amounts relating to the discontinued operation have been restated in the condensed consolidated statement of profit or loss and relevant notes in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (Note 8). Besides, certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

# Business Review and Prospects

## Business Review

### Overview

The global economy maintained a moderate pace of growth during the period under review but multiple headwinds such as worsening trade disputes between the U.S. and mainland China, rising interest rates and depreciation in emerging market currencies loomed. The performance of the investment markets were adversely affected. Against this backdrop, the performance of the Group during the Period was also affected. However, its financial position remains strong.

### Results for the Period

Hongkong Chinese Limited (“HKC”, together with its subsidiaries, the “HKC Group”), a 71.57% listed subsidiary of the Company, recorded a consolidated loss attributable to shareholders of approximately HK\$126 million for the six months ended 30 September 2018 (the “Period”), as compared to a consolidated profit of approximately HK\$8 million for the six months ended 30 September 2017 (the “Last Period” or “2017”). The loss was mainly attributable to the share of loss of joint ventures of HK\$112 million (2017 — profit of HK\$5 million), after accounting for a joint venture’s unrealised exchange loss on translation of its financial liabilities and a non-cash loss on disposal of interests in equity-accounted investees of a joint venture during the Period. Lippo China Resources Limited (“LCR”, together with its subsidiaries, the “LCR Group”), a 74.99% listed subsidiary of the Company, recorded a consolidated loss attributable to shareholders of approximately HK\$256 million for the Period, as compared to a consolidated profit of approximately HK\$124 million for the Last Period. The loss for the Period of the LCR Group was mainly attributable to the net fair value loss on financial instruments marked to fair value through profit or loss due to the volatile stock markets, share of loss of joint ventures and finance costs during the Period. As a result, the Group recorded a consolidated loss attributable to shareholders of approximately HK\$312 million for the Period, as compared to a consolidated profit of approximately HK\$100 million for the Last Period.

In July 2018, the HKC Group entered into a sale and purchase agreement for the disposal of its entire issued shares in Lippo Securities Holdings Limited (“LSH”, the wholly-owned securities arm of the HKC Group) for a consideration of approximately HK\$348.7 million (the “Disposal”). The completion thereof is yet to take place pending satisfaction or waiver of certain conditions precedent. After the completion of the Disposal, the Group will cease the corporate finance and securities broking business. LSH and its subsidiaries (the “LSH Group”) were classified as disposal group held for sale as at 30 September 2018 and the results of the corporate finance and securities broking business carried out by the LSH Group were classified as results from discontinued operation. This segment registered a total revenue of HK\$9 million for the Period (2017 — HK\$8 million) and the loss of this segment was HK\$5 million for the Period (2017 — HK\$6 million).

Revenue from continuing operations for the Period totalled HK\$1,307 million (2017 — HK\$1,256 million). Food businesses are the principal sources of revenue of the Group, contributing to 93% (2017 — 93%) of total revenue from continuing operations for the Period.

## Business Review and Prospects (Continued)

The Group's other operating expenses mainly included distribution cost and selling and marketing expenses of HK\$87 million (2017 — HK\$68 million) and utilities charges of HK\$20 million (2017 — HK\$22 million) for food businesses, legal and professional fees of HK\$24 million (2017 — HK\$40 million), consultant and service fees of HK\$18 million (2017 — HK\$13 million), repairs and maintenance expenses of HK\$16 million (2017 — HK\$18 million) and exchange losses of HK\$21 million (2017 — gains of HK\$13 million). As a result of higher distribution cost and selling and marketing expenses and the exchange losses incurred during the Period, total other operating expenses increased to HK\$218 million (2017 — HK\$166 million) for the Period.

### Property investment

The Group's property investment portfolio is located mainly in Hong Kong and mainland China and provides a stable recurring income to the Group.

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group's investment properties portfolio and interest income from the loans to a subsidiary of Lippo ASM Asia Property Limited ("LAAPL" together with its subsidiaries, the "LAAPL Group"), a principal joint venture of HKC. The total segment revenue for the Period amounted to HK\$46 million (2017 — HK\$46 million). Segment profit for the Period before accounting for the share of results from the Group's joint ventures amounted to HK\$46 million (2017 — HK\$114 million, which included a non-recurring gain on disposal of a joint venture project of HK\$31 million).

LAAPL is the vehicle holding a controlling stake of OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a company listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") and is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. As at 30 September 2018, the LAAPL Group had an equity interest of approximately 68.65% in OUE. The OUE Group has established a high quality property portfolio at prime locations in Singapore, Shanghai in the PRC and Los Angeles in the U.S. Such property portfolio generated a stable recurrent income to the OUE Group during the Period. In September 2018, the OUE Group entered into a conditional agreement for the acquisition of the plots of land with a total area of approximately 8,000 square metres located in the central business district in South Jakarta, Indonesia. In order to streamline its asset ownership to achieve better operational effectiveness, OUE completed the disposal of its interest in the office components of OUE Downtown ("OUE Downtown Office Components") to OUE Commercial Real Estate Investment Trust ("OUE C-REIT") in November 2018.

OUE C-REIT was established by OUE in early 2014 and is listed on the Main Board of the SGX-ST. The OUE Group held approximately 55.88% of the total number of OUE C-REIT units in issue as at 30 September 2018. Its property portfolio includes OUE Bayfront and One Raffles Place in Singapore, Lippo Plaza in Shanghai, as well as the OUE Downtown Office Components acquired from the OUE Group in November 2018. The portfolio's committed occupancy (before taking into account the newly acquired OUE Downtown Office Components) was 94.9% as at 30 September 2018 which was higher-than-market office occupancy. In order to finance the acquisition of OUE Downtown Office Components, OUE C-REIT raised fund through an underwritten and renounceable rights issue. The above rights issue was oversubscribed and completed in October 2018. The addition of OUE Downtown Office Components will enhance the diversity and resilience of the OUE C-REIT's portfolio.

OUE Hospitality Trust (“OUE H-Trust”), a stapled group comprising OUE Hospitality Real Estate Investment Trust and OUE Hospitality Business Trust established by OUE in 2013, is listed on the Main Board of the SGX-ST. Its portfolio includes the 1,077-room Mandarin Orchard Singapore, the adjoining Mandarin Gallery (one of the most cosmopolitan retail malls) and 563-room Crowne Plaza Changi Airport in Singapore. The hospitality outlook in Singapore remains positive with the continued growth of tourist arrivals and limited supply of new hotel rooms. As at 30 September 2018, the LAAPL Group held approximately 38.60% of the total number of stapled securities of OUE H-Trust in issue.

OUE Lippo Healthcare Limited (“OUE LH”, together with its subsidiaries, the “OUE LH Group”), a company listed on the sponsor-supervised listing platform (the “Catalist Board”) of the SGX-ST, provides high-quality and sustainable healthcare solutions through the acquisition, development, management, and operations of healthcare facilities. It currently owns 12 quality nursing homes in Japan, which OUE LH derives its rental revenue therefrom. It has two hospital projects in the PRC and owns a strategically located site in Kuala Lumpur, Malaysia. In order to expand its healthcare business across Pan-Asia, the OUE LH Group completed the acquisition of approximately 10.6% of the issued units in First Real Estate Investment Trust (“First REIT”), the first listed healthcare real estate investment trust on the Main Board of the SGX, and 40% interest of its manager, Bowsprit Capital Corporation Limited (“Bowsprit”) in October 2018. OUE LH had launched an underwritten and renounceable rights issue to finance such acquisition. The above rights issue was completed in October 2018. Concurrently, OUE also acquired 60% interest in Bowsprit. Bowsprit is interested in approximately 7.2% of the issued units in First REIT. First REIT currently has a portfolio of 20 healthcare-related properties across Indonesia, Singapore and Korea. Moving forward, the OUE LH Group will continue to focus on rebuilding its financial position and building up its core competencies to deliver high quality and sustainable healthcare services. Leveraging on the strategic partnerships with the OUE Group, ITOCHU Corporation and China Merchants Group, OUE LH continuously seeks to expand its healthcare network across Pan-Asia. As at 30 September 2018, the OUE Group owned approximately 64.35% equity interest in OUE LH.

The Group recorded a share of loss of joint ventures of HK\$113 million from its investment in LAAPL for the Period (2017 — share of profit of HK\$1 million). The share of loss of joint ventures was mainly due to a joint venture’s unrealised exchange loss and a non-cash loss on disposal of interests in equity-accounted investees of a joint venture as mentioned above. Besides, the LAAPL Group held various investments for long-term strategic purpose and recorded those investments as financial assets at fair value through other comprehensive income. Due to the volatility of global stock markets for the Period, the Group shared a fair value loss in other comprehensive income from those investments of HK\$369 million. Further, the HKC Group shared a decrease in exchange reserve on translation of LAAPL’s investment of HK\$334 million due to the depreciation of the Singapore dollar during the Period. As a result, the Group’s total interests in LAAPL as at 30 September 2018 decreased to HK\$9.7 billion (31 March 2018 — HK\$10.5 billion).

### **Property development**

With a substantial portion of the completed development properties sold and recognised in prior periods, the segment revenue for the Period decreased to HK\$6 million (2017 — HK\$17 million). The segment reported a loss of HK\$9 million for the Period (2017 — HK\$9 million).

Following the commencement of the arbitration proceedings against Incheon Metropolitan City Development Corporation (“IMCD”, formerly known as Incheon Development & Transformation Corporation) (the “Arbitration”) in respect of the Group’s investment in MIDAN City Development Co., Ltd. (“MCDC”) by the claimants (which include a wholly-owned subsidiary of the Company (the “Subsidiary”) and other shareholders in MCDC), an arbitration tribunal had been formed. The Arbitration is ongoing. In the Arbitration process, IMCD filed an answer which denied all the claims asserted by the claimants (including the Subsidiary) and asserted a counterclaim against the Subsidiary (the “Counterclaim”) alleging breach of certain development and financing-related obligations by the Subsidiary under the joint venture agreement between among others, IMCD and the Subsidiary dated 28 November 2006. In late October 2018, the Subsidiary received a notice of exercise of put option under the Counterclaim from IMCD (the “Put Notice”) demanding the Subsidiary to purchase all the shares in MCDC owned by IMCD for the consideration of approximately Korean Won 24 billion plus interest. Based on the advice from its legal advisers on the available facts, the Group is of the view that the Counterclaim and the Put Notice do not have any genuine basis and there is no obligation on the Subsidiary to comply with the terms of the Put Notice. The Group will vigorously defend the Counterclaim and the Put Notice.

### **Food businesses**

The Group’s food businesses are mainly operated by Auric Pacific Group Limited (“Auric”, together with its subsidiaries, the “APG Group”), a 50.30% subsidiary of LCR. The segment recorded a revenue of HK\$1,216 million (2017 — HK\$1,167 million), mainly from wholesale and distribution of fast moving consumer goods, food manufacturing and the food retail operations in chains of cafés and bistros, including Delifrance in Singapore and Hong Kong and Alfafa in Hong Kong.

The segment recorded a profit of HK\$64 million for the Period (2017 — HK\$85 million, included a non-recurring gain of HK\$14 million from the sale of a joint venture). During the Period, food retail operations and food manufacturing contributed lower earnings to the Group, but offset by the growth in earnings from wholesale and distribution of fast moving consumer goods.

In order to broaden its production capacity and lower its cost of production, the APG Group had awarded a construction contract with a contract sum of approximately RM60.5 million (equivalent to approximately HK\$114 million) to a contractor for the construction of a new food factory in Malaysia.

### **Treasury and securities investments**

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. The Group invested in a diversified portfolio including listed and unlisted equity securities, debt securities, investment funds and other structural products. Treasury and securities investments businesses recorded a total revenue of HK\$34 million during the Period (2017 — HK\$20 million), mainly attributable to the interest income and dividend income received from the investment portfolio. The stock markets were volatile during the Period and the Group recorded net fair value loss in the statement of profit or loss from its securities investments of HK\$188 million for the Period (2017 — gain of HK\$80 million). The net fair value loss included unrealised loss of HK\$155 million (2017 — gain of HK\$45 million) from the changes in fair value of financial instruments in this category and realised loss on disposal of HK\$33 million (2017 — gain of HK\$35 million). The unrealised loss, arising from uncertainties of the stock markets, has no impact to the cash flow of the Group. As a result, the treasury and securities investments businesses recorded a net loss of HK\$175 million in the statement of profit or loss for the Period (2017 — profit of HK\$106 million).

As at 30 September 2018, the treasury and securities investments portfolio of HK\$3,079 million (31 March 2018 — HK\$3,553 million) comprised mainly cash and bank balances of HK\$1,425 million (31 March 2018 — HK\$1,519 million), financial assets at fair value through profit or loss of HK\$1,356 million (31 March 2018 — HK\$1,744 million) and financial assets at fair value through other comprehensive income of HK\$230 million (31 March 2018 — Nil). The balance as at 31 March 2018 also included available-for-sale financial assets of HK\$287 million. Further details of securities investments under different categories are as follows:

#### ***Financial assets at fair value through profit or loss***

As of 30 September 2018, the Group's financial assets at fair value through profit or loss ("FVPL") amounted to HK\$1,356 million (31 March 2018 — HK\$1,746 million), comprising equity securities of HK\$590 million (31 March 2018 — HK\$809 million), debt securities of HK\$406 million (31 March 2018 — HK\$196 million) and investment funds of HK\$360 million (31 March 2018 — HK\$365 million). The balance as at 31 March 2018 also included equity linked notes ("ELNs") of HK\$376 million.



## Business Review and Prospects (Continued)

Details of the major financial assets at FVPL were as follows:

	As at 30 September 2018			As at 31 March 2018	For the six months ended 30 September 2018
	Fair value HK\$'000	Approximate percentage of financial assets at FVPL	Approximate percentage to the net assets	Fair value HK\$'000	Net fair value loss HK\$'000
GSH Corporation Limited ("GSH")	177,704	13%	1%	220,941	(43,237)
PPDAI Group Inc. ("PPDAI")	82,227	6%	1%	114,326	(32,027)
Tencent Holdings Limited ("Tencent")	78,845	6%	1%	69,930	(37,468)
5-year US\$ Callable Credit Linked Certificates with principal and interest at risk on Oversea-Chinese Banking Corporation Limited ("CLN")	74,990	6%	1%	—	(1,648)
Others (Note)	941,761	69%	6%	1,340,431	(41,994)
<b>Total</b>	<b>1,355,527</b>	<b>100%</b>	<b>10%</b>	<b>1,745,628</b>	<b>(156,374)</b>

Note: Others comprised of various securities, none of which accounted for more than 5% of the financial assets at FVPL as at 30 September 2018.

### GSH

As at 30 September 2018, the fair value of the Group's equity securities in GSH amounted to HK\$178 million, representing approximately 13% of the Group's total financial assets at FVPL. GSH is a Singapore listed property developer in Southeast Asia with certain properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. The pre-sale of one of its residential projects in Kuala Lumpur received satisfactory response. GSH also owns and operates two hotels at Sutera Harbour Resort in Kota Kinabalu. In April 2018, GSH completed the acquisition of a 50% stake in a prime land parcel in the heart of Kuala Lumpur's Chinatown that could potentially be developed into a premium condominium. The Group received a dividend income of HK\$6 million from GSH for the Period. Given the volatility in the stock markets, the share price performance of GSH was not satisfactory, resulting in an unrealised fair value loss of HK\$43 million recognised for the Period. The share price performance of GSH may continue to fluctuate due to the prevailing stock market conditions, which is not directly related to the actual operational performance of GSH.

### *PPDAI*

As at 30 September 2018, the Group held American Depository Shares (“ADSs”) of PPDAI with a carrying amount of HK\$82 million, representing approximately 6% of the Group’s total financial assets at FVPL.

PPDAI’s ADSs are listed on the New York Stock Exchange. It is one of the leading online consumer finance marketplace in the PRC with strong brand recognition. Launched in 2007, PPDAI is one of the first entrants in online financing service in PRC connecting borrowers and investors, whose needs have not been met by traditional financial institutions. PPDAI generates revenues primarily from fees charged to borrowers for PPDAI’s services in matching them with investors and for other related services. As of 30 September 2018, PPDAI had approximately 84 million cumulative registered users and reached 13.4 million cumulative number of borrowers. Based on its unaudited financial results for the three months ended 30 September 2018 (“Q3 2018”), operating revenues decreased to RMB1,104.3 million in Q3 2018 from RMB1,250.3 million in the same period of 2017, mainly due to the lower loan origination volume for the quarter with net profit substantially increased by 20% to RMB649.5 million for Q3 2018 from RMB541.4 million in the same period of 2017.

After the initial public offering (the “IPO”) of PPDAI’s ADSs, an announcement was made by the PRC Government putting a cap on the interest rate and restriction on the licensing in the online financing industry which affected many companies in this sector including PPDAI as reflected in their share price. Hence, the share price performance of PPDAI was not satisfactory. It also came to the Group’s attention that a class action lawsuit has been filed by law firms in the U.S. against PPDAI. The filed complaint concerned whether PPDAI’s filings with the U.S. Securities and Exchange Commission in connection with the IPO contained untrue statements or omitted material information regarding PPDAI’s business practices, the interest rates on loans or the quality of loans. The Group recorded an unrealised fair value loss of HK\$32 million for the Period. Short term volatility is expected, as regulators in PRC is pushing through tough reforms in the Peer-to-Peer lending industry.

### *Tencent Shares*

Since the last financial year, the Group acquired shares in Tencent (the “Tencent Shares”) on the open market. As at 30 September 2018, the fair value of such Tencent Shares amounted to HK\$79 million, representing approximately 6% of the Group’s total financial assets at FVPL. Given the volatility in the stock markets and the uncertainties of the regulations imposed on the products of Tencent, the price performance of Tencent Shares was not satisfactory, resulting in a fair value loss of HK\$37 million recognised for the Period.

### *CLN*

The Group subscribed for the credit linked note linked to the credit risk of the reference entity, Oversea-Chinese Banking Corporation Limited and the issuer bank, BNP Paribas (the “CLN”) with an aggregate nominal value of US\$10 million during the Period. This investment was made for the purpose of generating a floating rate yield on excess cash in the environment of rising interest rates. The stipulated yield upon satisfaction of a daily range accrual condition will be 3-month US\$ LIBOR + 257 bps. The CLN has a 5-year tenor and will mature in June 2023, and is callable at par value three years from the issue date. The Group intends to hold the CLN until maturity if uncalled.

During the Period, the Group received coupon interest of HK\$1.4 million from the CLN, and will continue to receive coupons on every subsequent quarter until maturity. As at 30 September 2018, the fair value of the CLN was HK\$75 million, representing approximately 6% of the Group's total financial assets at FVPL. Unrealised fair value loss of HK\$2 million was recorded for the Period.

### **Financial assets at fair value through other comprehensive income**

In addition to the above investments under FVPL, the Group also invests in listed and unlisted equity securities which are held for long-term strategic purposes. As at 30 September 2018, the fair value of such investments amounted to approximately HK\$230 million and was recorded under financial assets at fair value through other comprehensive income ("FVOCI") upon adoption of the new accounting standard for financial instruments on 1 April 2018. During the Period, unrealised fair value loss of HK\$36 million was recognised in other comprehensive income from these investments.

As at 30 September 2018, the major investment under this category was the Tencent Shares received on the expiry of the ELNs linked to Tencent Shares during the Period. Since the end of the last financial year, the Group subscribed for a number of ELNs which were linked to Tencent Shares. The Group recorded a realised gain in the statement of profit or loss of HK\$15 million upon maturity of ELNs and received a total of 607,878 Tencent Shares. These Tencent Shares are not intended to be held for trading and was designated at FVOCI at initial recognition. As at 30 September 2018, the fair value of these Tencent Shares amounted to HK\$196 million, representing approximately 86% of the Group's total financial assets at FVOCI. Unrealised fair value loss of HK\$34 million was recorded in other comprehensive income due to the volatility in the price of the Tencent Shares as mentioned above.

### **Healthcare services**

The Group is optimistic about the prospects in the healthcare industry in Singapore, and has established its presence in this field in 2017. The LCR Group is interested in approximately 40.82% of the issued shares in Healthway Medical Corporation Limited ("Healthway", together with its subsidiaries, the "HMC Group"). Healthway is a company listed on the Catalist Board of the SGX-ST and a well-established private healthcare provider in Singapore. The HMC Group owns, operates and manages close to 100 medical centres and clinics. During the Period, the HMC Group continued to review the performance of its business units and rebalance its network of clinics to continually improve operational efficacy. The HMC Group continues its rebranding exercise. It progressively refurbishes and refreshes its clinics to complement the vision of a network of clinics that is technology-enabled and hospitality-led. This has resulted in a reduction of operating hours in certain clinics that are undergoing refurbishment works. The ongoing business optimisation measures and the rebranding initiatives will continue to anchor the HMC Group's transformation efforts going forward. As a result of the above measures, the Group's share of loss from the HMC Group reduced to HK\$4 million (2017 — HK\$13 million). Coupled with the impact of depreciation of Singapore dollar during the Period, the Group's interest in Healthway decreased to HK\$430 million (31 March 2018 — HK\$454 million).

### **Banking business**

The Macau Chinese Bank Limited (“MCB”) is a joint venture of the HKC Group, in which the HKC Group had a 20% equity interest as at 30 September 2018. MCB recorded strong growth in customer deposits and loans during the Period. The Group’s share of profit from MCB amounted to HK\$0.6 million for the Period (2017 — HK\$4 million) due to a reduction in equity interest in MCB after the completion of its disposal of 31% equity interest in November 2017.

Pursuant to the Amended and Restated Shareholders Agreement in June 2018, the HKC Group has a put option to sell its remaining 20% interest to the majority shareholder of MCB at any time during the five years from 3 November 2017 (the “Put Option”). The fair value of the Put Option was included in “Other financial asset” of the Group’s consolidated statement of financial position. The banking business segment reported a profit of HK\$3.5 million for the Period (2017 — HK\$0.1 million), as a result of the increase in fair value of the Put Option.

### **Mineral exploration and extraction**

Reference was made to the LCR Group’s interest in a minority ownership interest in Skye Mineral Partners, LLC (“Skye”) whose major asset, prior to the events described below, was substantially all of the equity interests 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. A joint venture consortium (the “JV Company”), in which the LCR Group has 45% effective interest, had acquired all or substantially all of the assets held by CS Mining (the “Assets”) in a sale process under its bankruptcy proceedings in August 2017. In January 2018, a verified complaint (the “Complaint”) was filed in a United States state court in Delaware by the majority investors in Skye individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the LCR Group for, among other things, damages for diminution in the value of their equity interests in CS Mining based on an alleged scheme perpetrated by the LCR Group on CS Mining. The LCR Group believes that the Complaint is frivolous and wholly without merit and has opposed, and will continue to vigorously oppose, the allegations set forth in the Complaint and any other claim that the majority investors in Skye may seek to bring against the LCR Group. In June 2018, a subsidiary of LCR commenced an involuntary Chapter 7 bankruptcy case (the “Skye Involuntary Bankruptcy”) against Skye in the Delaware Bankruptcy Court. The majority investors of Skye opposed the Skye Involuntary Bankruptcy and moved to dismiss same. As of the date hereof, the Delaware Bankruptcy Court has not ruled on the motion to dismiss. For the reasons as mentioned above, the Group believes that such events will not have any material adverse impact on its financial position.

Following the acquisition of the Assets by the JV Company, the JV Company has commenced the copper production since the last quarter of 2017. As a result of the drop in copper price and the increased production cost during the Period, the Group shared a loss of joint venture of HK\$48 million for the Period (2017 — HK\$0.1 million). The JV Company is considering various plans to minimise operating costs.

As at 30 September 2018, total assets under this segment (comprising segment assets and interests in a joint venture) decreased to HK\$42 million (31 March 2018 — HK\$90 million). Segment loss before accounting of share of results of a joint venture for the Period amounted to HK\$5 million (2017 — HK\$0.03 million).

### Other business

In order to expand its scope of business in securities and fund investments in Asia, the LCR Group had acquired 39.9% interest in TIH Limited (“TIH”), a company listed on the Main Board of SGX-ST in early 2018. TIH is an associate of the LCR Group. The Group recorded a share of loss of HK\$14 million from its investment in TIH for the Period (2017 — not applicable), mainly attributable to the fair value loss on its investments at fair value through profit or loss. The interests in TIH as at 30 September 2018 amounted to HK\$305 million (31 March 2018 — HK\$334 million). The current volatility in the financial markets is expected to present opportunities for TIH to identify special situations, corporates deleveraging and non-core secondary assets at attractive valuations.

### Financial Position

The Group’s financial position remained healthy. As at 30 September 2018, its total assets amounted to HK\$17.9 billion (31 March 2018 — HK\$19.6 billion). Property-related assets amounted to HK\$11.9 billion as at 30 September 2018 (31 March 2018 — HK\$12.8 billion), representing 67% (31 March 2018 — 65%) of the total assets. Total liabilities amounted to HK\$4.1 billion (31 March 2018 — HK\$4.4 billion). The Group maintained a strong cash position. Current ratio as at 30 September 2018 amounted to 1.7 (31 March 2018 — 2.0).

As at 30 September 2018, 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\$1.7 billion (31 March 2018 — HK\$1.9 billion). The decrease of the total cash and bank balances was mainly due to the reclassification of cash and bank balances of the LSH Group to assets classified as held for sale and various investments made during the Period. Restricted cash balance as at 30 September 2018 increased to HK\$146 million (31 March 2018 — HK\$67 million), mainly due to the cash deposits pledged to banks as securities for facilities granted to the Group.

As at 30 September 2018, bank and other borrowings of the Group increased to HK\$2.8 billion (31 March 2018 — HK\$2.5 billion), which included bank loans of HK\$2.3 billion (31 March 2018 — HK\$2.0 billion), other loans of HK\$0.2 billion (31 March 2018 — HK\$0.2 billion), unsecured notes of HK\$0.3 billion (31 March 2018 — HK\$0.3 billion) and obligations under finance leases of HK\$0.5 million (31 March 2018 — HK\$1 million).

As at 30 September 2018, bank loans comprised secured bank loans of HK\$1,722 million (31 March 2018 — HK\$1,484 million) and unsecured bank loans of HK\$592 million (31 March 2018 — HK\$521 million) and were denominated mainly in Hong Kong dollars, Malaysian Ringgit, Singapore dollars and United States dollars. The bank loans were secured by fixed or floating charges on certain properties, bank deposits, securities investments and shares in certain subsidiaries of the Group. All of the bank loans carried interest at floating rates. Other loans, denominated in Hong Kong dollars, were unsecured fixed rate loans advanced from a holding company of the Company. The unsecured notes were unsecured, denominated in Singapore dollars, and carried interest at a rate of 2.25% per annum. The obligations under finance leases were secured by the rights to the leased fixed assets. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure.

## Business Review and Prospects (Continued)

As at 30 September 2018, approximately 40% (31 March 2018 — 29%) of the bank and other borrowings were repayable within one year. As at 30 September 2018, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 22.9% (31 March 2018 — 19.2%).

The net asset value attributable to equity holders of the Company decreased to HK\$9.4 billion as at 30 September 2018 (31 March 2018 — HK\$10.3 billion), mainly attributable to the loss for the Period, translation loss on foreign operations from the depreciation of Singapore dollar and the fair value loss on financial assets at FVOCI. This was equivalent to HK\$19.0 per share as at 30 September 2018 (31 March 2018 — HK\$21.0 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\$33 million as at 30 September 2018 (31 March 2018 — HK\$35 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 45% (31 March 2018 — 58%) 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 (31 March 2018 — Nil).

The Group's commitments are mainly related to the securities investments and food businesses. During the Period, the construction of the new factory for the food businesses was commenced. Hence, total commitment as at 30 September 2018 increased to HK\$283 million (31 March 2018 — HK\$101 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

### Staff and Remuneration

The Group had 1,930 employees as at 30 September 2018 (30 September 2017 — 1,930 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK\$229 million (2017 — HK\$220 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

### Prospects

Looking ahead, the global economic outlook is subject to increasing downside risks. The escalating trade frictions between the U.S. and mainland China, are the biggest risks to the global economy going forward. Such trade frictions will have an impact on investment and confidence. Meanwhile, the rising interest rates, normalisation of monetary policy, outcome of Brexit and geopolitical tensions are also bringing uncertainties to the global economy and investment markets.

The Group is watchful of market developments. It will cautiously monitor its investments and assess new business opportunities with a view to delivering sustainable long term shareholder return. The Group sees business potential in the healthcare and technology sectors.

## **Additional Information**

### **Interim Dividend**

The Directors have resolved to declare the payment of an interim dividend of HK3 cents per share (For the six months ended 30 September 2017 — HK3 cents per share) amounting to approximately HK\$14.8 million for the six months ended 30 September 2018 (For the six months ended 30 September 2017 — approximately HK\$14.8 million), which will be paid on Tuesday, 29 January 2019 to shareholders whose names appear on the Register of Members on Friday, 11 January 2019.

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

The Register of Members of the Company will be closed from Wednesday, 9 January 2019 to Friday, 11 January 2019 (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 30 September 2018, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 8 January 2019.

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

As at 30 September 2018, 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")) (the "Associated Corporations"), 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:

## 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

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)	Total interests	Approximate percentage of total interests in the issued shares
<b>Number of ordinary shares in the Company</b>					
Stephen Riady	–	–	369,800,219 <i>Note (i)</i>	369,800,219	74.98
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
<b>Number of ordinary shares in Lippo China Resources Limited ("LCR")</b>					
Stephen Riady	–	–	6,890,184,389 <i>Notes (i) and (ii)</i>	6,890,184,389	74.99
<b>Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")</b>					
Stephen Riady	–	–	1,430,081,492 <i>Notes (i) and (iii)</i>	1,430,081,492	71.57
Jark Pui Lee	469	469	–	938	0.00
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

Note:

- (i) As at 30 September 2018, Lippo Capital Limited ("Lippo Capital"), an Associated Corporation 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% of the issued shares of, the Company. Lippo Capital was a 60% owned subsidiary of Lippo Capital Holdings Company Limited ("Lippo Capital Holdings"), an Associated Corporation of the Company, which in turn was a wholly-owned subsidiary of Lippo Capital Group Limited ("Lippo Capital Group"), an Associated Corporation of the Company. Dr. Stephen Riady ("Dr. Riady") was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group.
- (ii) As at 30 September 2018, the Company, through its 100% owned subsidiaries, was indirectly interested in 6,890,184,389 ordinary shares in, representing approximately 74.99% of the issued shares of, LCR.
- (iii) As at 30 September 2018, the Company, through its 100% owned subsidiaries, was indirectly interested in 1,430,081,492 ordinary shares of HK\$1.00 each in, representing approximately 71.57% of the issued shares of, HKC.



## 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 mentioned in Note (i) above, Dr. Riady was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group. Through his interest in Lippo Capital Group, Dr. Riady was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations of the Company as at 30 September 2018:

Name of Associated Corporation	Note	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	(a)	Ordinary shares	2	100
Auric Pacific Group Limited ("Auric")	(b)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(c)	Ordinary shares	1	100
Blue Regent Limited	(a)	Ordinary shares	100	100
Boudry Limited	(a)	Ordinary shares	10	100
	(a)	Non-voting deferred shares	1,000	100
Brainy World Holdings Limited ("Brainy World")	(d)	Ordinary shares	1	100
Brimming Fortune Limited	(a)	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	(a)	Ordinary shares	1	100
Gainmate Hong Kong Limited	(e)	Ordinary shares	100	100
Grace Valley Limited	(a)	Ordinary shares	1	100
Grand Peak Investment Limited	(a)	Ordinary shares	2	100
Great Honor Investments Limited	(a)	Ordinary shares	1	100
Greenorth Holdings Limited	(a)	Ordinary shares	1	100
HKCL Investments Limited	(a)	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	(a)	Ordinary shares	2	100
J & S Company Limited	(a)	Ordinary shares	1	100
Lippo Assets (International) Limited	(a)	Ordinary shares	1	100
	(a)	Non-voting deferred shares	15,999,999	100
Lippo Capital	(c)	Ordinary shares	423,414,001	60
Lippo Capital Holdings	(g)	Ordinary shares	1	100
Lippo Finance Limited	(a)	Ordinary shares	6,176,470	82.35
Lippo Health Care Limited	(f)	Ordinary shares	1	100
Lippo Investments Limited	(a)	Ordinary shares	2	100
Lippo Realty Limited	(a)	Ordinary shares	2	100
MG Superteam Pte. Ltd.	(a)	Ordinary shares	1	100
Multi-World Builders & Development Corporation	(a)	Ordinary shares	4,080	51
Silver Creek Capital Pte. Ltd. ("Silver Creek")	(a)	Ordinary shares	53,670,100	100
The HCB General Investment (Singapore) Pte. Ltd.	(a)	Ordinary shares	100,000	100
Valencia Development Limited	(a)	Ordinary shares	800,000	100
	(a)	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	(a)	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)

Note:

- (a) Such share(s) was/were 100% held directly or indirectly by Lippo Capital, a 60% owned indirect subsidiary of Lippo Capital Group.
- (b) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"), a 60% owned indirect subsidiary of LCR; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd, an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd, a 100% owned indirect subsidiary of LCR and 759,000 ordinary shares were held by Max Turbo Limited, a 100% owned indirect subsidiary of LCR. Details of Dr. Riady's interest in LCR are disclosed in Notes (i) and (ii) above. In addition, as at 30 September 2018, 18,691,216 shares were held by Silver Creek. Accordingly, Dr. Riady was taken to be interested in an aggregate of 80,618,551 ordinary shares in, representing approximately 65.48% of the issued shares of, Auric.
- (c) Such share(s) was/were held directly by Lippo Capital Holdings which in turn was a direct wholly-owned subsidiary of Lippo Capital Group.
- (d) Such share was 100% held directly by LCM (China) Pte Ltd, a 64.35% owned indirect subsidiary of OUE Limited ("OUE"). OUE was indirectly owned as to approximately 68.65% by Fortune Code Limited ("Fortune Code"). HKC, through its 50% joint venture, Lippo ASM Asia Property Limited, held 92.05% interest in Fortune Code. Details of Dr. Riady's interest in HKC are disclosed in Notes (i) and (iii) above.
- (e) 50 shares were held by Oddish Ventures Pte. Ltd., a 100% owned direct subsidiary of OUE and 50 shares were held by Raising Fame Ventures Limited, a 100% owned indirect subsidiary of LCR. Details of Dr. Riady's interest in OUE are disclosed in Note (d) above.
- (f) Such share was 100% held directly by Brainy World. Details of Dr. Riady's interest in Brainy World are disclosed in Note (d) above.
- (g) Such share was 100% held directly by Lippo Capital Group.

As at 30 September 2018, 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.

All the interests stated above represent long positions. Save as disclosed herein, as at 30 September 2018, 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 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 30 September 2018, 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.

## Share Option Scheme

Details of the share option scheme of a subsidiary of the Company are disclosed in Note 15 to the interim financial statements.

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

During the six months ended 30 September 2018, 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 30 September 2018, 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

<b>Name of substantial shareholder</b>	<b>Number of ordinary shares</b>	<b>Approximate percentage of the issued shares</b>
Lippo Capital Limited ("Lippo Capital")	369,800,219	74.98
Lippo Capital Holdings Company Limited ("Lippo Capital Holdings")	369,800,219	74.98
Lippo Capital Group Limited ("Lippo Capital Group")	369,800,219	74.98
Madam Shincee Leonardi	369,800,219	74.98
PT Trijaya Utama Mandiri ("PT TUM")	369,800,219	74.98
Mr. James Tjahaja Riady	369,800,219	74.98
Madam Aileen Hambali	369,800,219	74.98

Note:

1. Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 ordinary shares of the Company. Together with 355,100,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 369,800,219 ordinary shares in, representing approximately 74.98% of the issued shares of, the Company.
2. Lippo Capital Holdings owned 60% of the issued shares in Lippo Capital. Lippo Capital Group owned 100% of the issued share capital of Lippo Capital Holdings. Dr. Stephen Riady was the beneficial owner of 100% of the issued share capital of Lippo Capital Group. Madam Shincee Leonardi is the spouse of Dr. Stephen Riady.
3. PT TUM owned the remaining 40% of the issued shares in Lippo Capital. PT TUM was wholly owned by Mr. James Tjahaja Riady who is a brother of Dr. Stephen Riady. Madam Aileen Hambali is the spouse of Mr. James Tjahaja Riady.
4. Lippo Capital's interests in the ordinary shares of the Company were recorded as the interests of Lippo Capital Holdings, Lippo Capital Group, Madam Shincee Leonardi, PT TUM, Mr. James Tjahaja Riady and Madam Aileen Hambali. The above 369,800,219 ordinary shares of the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

## **Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance (Continued)**

All the interests stated above represent long positions. Save as disclosed herein, as at 30 September 2018, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

The Group had granted financial assistance to Fortune Code Limited (“FCL”), a subsidiary of Lippo ASM Asia Property Limited which in turn is a principal joint venture of the Company. The relevant advances disclosed pursuant to Rule 13.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and remained outstanding as at 30 September 2018 were granted under the following loan agreements:

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

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

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

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

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

All the above advances to FCL are unsecured. As at 30 September 2018, the balance of the above advances amounted to approximately S\$380,420,000 (equivalent to approximately HK\$2,173,378,000).

### **Audit Committee**

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30 September 2018.

## Corporate Governance

The Company is committed to ensuring a high standard of corporate governance practices. The Board of Directors of the Company (the “Board”) believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders’ expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance so as to safeguard the interests of shareholders and enhance shareholder 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 30 September 2018.

## Model Code for Securities Transactions by Directors

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

By Order of the Board  
**Lippo Limited**  
**John Luen Wai Lee**  
*Managing Director and Chief Executive Officer*

Hong Kong, 29 November 2018

## Supplementary Financial Information

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

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30 September 2018 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	HK\$'000
Pro forma combined statement of financial position	
Intangible assets	1,356,645
Fixed assets	4,258,891
Investment properties	39,493,567
Interests in equity-accounted investees	463,219
Properties held for sale	7,670,475
Properties under development	485,226
Financial assets at fair value through other comprehensive income	3,759,690
Financial assets at fair value through profit or loss	1,690,104
Loans and advances	4,057,491
Debtors, prepayments and deposits	2,399,983
Cash and cash equivalents	4,348,703
Other assets	224,009
Bank and other borrowings	(27,865,483)
Creditors, accruals and deposits received	(7,487,359)
Current, fixed, savings and other deposits of customers	(5,097,894)
Tax payable	(434,799)
Shareholders' advance	(3,303,939)
Deferred tax liabilities	(1,121,126)
Other financial liabilities	(22,230)
Non-controlling interests	(14,887,654)
	<hr/> 9,987,519
Group's attributable interest ( <i>Note</i> )	<hr/> 11,022,893

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

# Corporate Information

## HONORARY CHAIRMAN\*

Dr. Mochtar Riady

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Directors

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

### Independent non-executive Directors

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

## COMMITTEES

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

## SECRETARY

Mr. Davy Kwok Fai Lee

## AUDITOR

Ernst & Young

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Fubon Bank (Hong Kong) Limited  
China CITIC Bank International Limited  
UBS AG

## SOLICITORS

Howse Williams Bowers

## REGISTRAR

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

## REGISTERED OFFICE

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

## STOCK CODE

226

## WEBSITE

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

\* *non-officer position*