Lippo Limited
力寶有限公司

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

2019/2020 ANNUAL REPORT

Contents

Corporate Information

HONORARY CHAIRMAN*
Dr. Mochtar Riady

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

Non-executive Directors
Mr. Jark Pui Lee, SBS, OBE, JP
Mr. Leon Nim Leung Chan

Independent non-executive Directors
Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

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

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

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

SECRETARY
Mr. Davy Kwok Fai Lee

AUDITOR
Ernst & Young

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

SOLICITORS
Howse Williams

REGISTRAR
Tricor Progressive Limited
Level 54, 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
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* *non-officer position*

Chairman’s Statement

I hereby present the annual report of the Company (together with its subsidiaries, the “Group”) for the year ended 31 March 2020 (the “Year”).

The Year was a period of consolidation and strategic business and management transformation for the Group and its associates and joint ventures in Singapore (led by OUE Limited (“OUE”), together with its subsidiaries, the “OUE Group”) with focus on further strengthening their core businesses, optimizing their financial resources and seeking new income streams in the midst of changing global and regional economic and political situations.

As part of the OUE Group’s continuous move to unlock value gains, rebalance its asset portfolio and strengthen its financial resources, it executed timely divestments of its interests in Aquamarina Hotel Private Limited (“Aquamarina”, being the owner of Marina Mandarin Singapore) and Marina Centre Holdings Private Limited as well as the entire interest and business in the serviced residences component of OUE Downtown in Singapore. The OUE Group increased its interest in Gemdale Properties and Investment Corporation Limited (“GPI”). As at 31 March 2020, the OUE Group holds approximately 24% interest in GPI. The investment in GPI allows the OUE Group to expand its existing access and exposure to the real estate market in the People’s Republic of China (the “PRC”).

Following the successful merger of OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) and OUE Hospitality Trust in September 2019, OUE C-REIT became one of the largest diversified REITs listed in Singapore. The OUE Group entered into an agreement in March 2020 for the rebranding and management of Mandarin Orchard Singapore as Hilton Singapore Orchard after completion of the refurbishment works by the end of 2021.

During the Year, the Group unlocked its value gain by disposing of the entire issued shares in Food Junction Management Pte Ltd which is mainly engaged in the operation of food courts in Singapore and Malaysia. Such disposal gave rise to a non-recurring gain on disposal of approximately HK$287 million. To maximize the growth opportunities, the Group has been expanding its food retail business, including the opening of a new outlet in Hong Kong under the trade name “Chatterbox Café” and coffee shops in Singapore under the trade name of “Maxx Coffee”. The Group also plans to expand its “alfafa” outlets in Hong Kong.

Demand for healthcare in the Asia-Pacific region is growing rapidly given its rising aging population and some governments like Singapore continue to roll out ambitious universal health coverage schemes. The Group is optimistic about the prospects in the healthcare sector. OUE Lippo Healthcare Limited, a subsidiary of OUE, and its subsidiaries (the “OUELH Group”) made achievements in their three-pronged growth strategy of establishing strategic partnerships, building asset-light business and growing Pan-Asian presence during the Year. The OUELH Group acquired minority stakes in three hospitals, two clinics and a medical centre in Myanmar and a 70% stake in Wuxi Lippo Xi Nan Hospital Company Limited in the PRC. It also formed a 50:50 joint venture with China Merchants group to develop the “China Merchants-Lippo” brand hospital in Prince Bay, Shenzhen, the PRC. Healthway Medical Corporation Limited (“HMC”), an associate of the Company, completed the refurbishment of a total of 36 clinics during the Year and its general practice clinics are now better equipped to handle higher patient loads, with greater efficiency and personalised care. HMC also launched its comprehensive health screening centre, Healthway Screening @ Downtown in June 2019 which leverages innovation and technology, in the heart of Singapore’s central business district. Throughout the novel coronavirus (“COVID-19”) “circuit breaker” period in Singapore, HMC has enhanced its services and introduced initiatives such as implementation of teleconsultations as well as doorstop deliveries of medication for patients with chronic illnesses. With HMC’s wide network of clinics under the Public Health Preparedness Clinic scheme of Singapore, HMC remains fully committed to serving the immediate needs of the local community.

Chairman's Statement *(continued)*

The COVID-19 pandemic has triggered severe negative impacts on the global economy. The lockdown measures imposed by most of the governments including Singapore have succeeded in slowing the spread of the virus but they have frozen business activities in many sectors and widened inequality. The stock markets have become volatile. The recovery of the global economy will depend on many factors, including how COVID-19 pandemic evolves, the duration of lockdown measures and the implementation of fiscal and monetary policy support. It is anticipated that uncertainty will likely prevail for an extended period.

The Group and its associates and joint ventures will continue to rationalise their asset portfolio and to foster their recurring income streams in face of uncertainties ahead that have been aggravated by COVID-19 pandemic since the first quarter of 2020. With Pan-Asian business footprint, they are risk-diversified and poised to capitalise on the rebound of regional economic activities and to explore opportunities with a view to sustaining growth and maximising shareholder value.

The Group recorded a consolidated loss attributable to shareholders of approximately HK$10 million for the Year, as compared to a consolidated loss of approximately HK$112 million for the year ended 31 March 2019.

The Directors have proposed a final cash dividend of HK5 cents per share for the Year. Together with the interim dividend of HK4 cents per share, total dividends for the Year will be HK9 cents per share.

The Year was a challenging year. I would like to give my heartfelt thanks to my fellow Directors and our management and staff for their contributions and diligent work during the Year as well as to shareholders for their continued support to the Company.

Stephen Riady
Chairman

29 June 2020

Report of the Directors

The Directors hereby present their report together with the audited financial statements for the year ended 31 March 2020 (the "Year").

BUSINESS REVIEW

Overview

The novel coronavirus (COVID-19) pandemic has a severe impact across the world. Various COVID-19 containment measures to slow down the spread of the virus such as travel restrictions, lockdowns, isolation and social distancing measures have been implemented in different parts of the world including the places at which the Group and its associates and joint ventures have operations. Such measures have slowed down the global economy markedly. Apart from the outbreak of the COVID-19 pandemic, the trade conflicts between the U.S.A. and the People's Republic of China (the "PRC") and the recent plunge in global oil prices increased the volatility in the stock markets. The global stock markets experienced a notable correction. Against this backdrop, the performance of the Group during the year under review was affected.

Results for the Year

The Group recorded a consolidated loss attributable to shareholders of approximately HK$10 million for the year ended 31 March 2020 (the "Year"), as compared to a consolidated loss of approximately HK$112 million for the year ended 31 March 2019 ("2019"). Such loss was mainly attributable to fair value losses on investment properties and financial instruments at fair value through profit or loss and share of loss of associates due to the outbreak of COVID-19 pandemic in the later part of the Year. Performance of the Group's food businesses and property investment operations in Hong Kong had also been affected. However, the loss was largely offset by the gain on disposal of subsidiaries in the food businesses segment and the share of profit of joint ventures.

The Group successfully sold the food distribution business and food court business at a profit in March 2019 and October 2019 respectively prior to the outbreak of COVID-19. As a result, the revenue from continuing operations for the Year dropped to HK$925 million (2019 — HK$2,554 million) following the sale. Food businesses remain the principal sources of revenue of the Group, contributing to 85% (2019 — 94%) of total revenue from continuing operations for the Year.

The Group's other operating expenses mainly included selling and distribution expenses and utilities charges for food businesses, legal and professional fees, consultancy and service fees, and repairs and maintenance expenses. Other operating expenses decreased to HK$239 million for the Year (2019 — HK$454 million). The decrease in other operating expenses was mainly due to the completion of the disposal of food distribution business and food court business.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment

The total segment revenue for the Year amounted to HK$95 million (2019 — HK$92 million). Segment revenue was mainly attributable to recurrent rental income from the Group's investment properties of HK$34 million (2019 — HK$40 million) and interest income from loans to joint ventures of the Company of HK$61 million (2019 — HK$52 million).

The Group's property investment portfolio is located mainly in Hong Kong and mainland China. To cope with the downturn of business arising from the protest events in Hong Kong during the Year and the outbreak of COVID-19 pandemic, the Group, like other landlords in Hong Kong, offered rent concessions to its tenants to allow tenants to cope with such worsening economic conditions. Accordingly, the rental income for the Year decreased. The Group recorded a net fair value loss on investment properties of HK$82 million (2019 — a gain of HK$30 million), which was mainly due to the downturn in the property market in Hong Kong. Besides, a provision of HK$20 million for impairment of certain properties located in Hong Kong was recorded during the Year. As a result, segment loss for the Year before accounting for the share of results from the Group's joint ventures amounted to HK$47 million (2019 — profit of HK$83 million).

Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group") is a principal joint venture of Hongkong Chinese Limited ("HKC", together with its subsidiaries, the "HKC Group"), a 73.95% listed subsidiary of the Company. LAAPL is the vehicle holding a controlling stake in OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and which is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. As at 31 March 2020, the LAAPL Group had an equity interest of approximately 68.69% in OUE. The OUE Group has established a high quality property portfolio which generates stable recurrent income. Such properties are located in prime locations in Singapore, Shanghai in the PRC and Los Angeles in the U.S.A.

In April 2019, the OUE Group completed the disposal of all its interests in Aquamarina Hotel Private Limited ("Aquamarina") and Marina Centre Holdings Private Limited for an aggregate consideration of S$390 million (collectively, the "AM Disposal"). Further to the AM Disposal, Singapore Mandarin International Hotels Pte Ltd, a wholly-owned subsidiary of OUE, had terminated its hotel operating agreement with Aquamarina, being the owner of the Marina Mandarin Singapore, in December 2019. In November 2019, the OUE Group completed the disposal of its entire interest and business in the serviced residences component of OUE Downtown in Singapore for an aggregate consideration of S$289 million. Such disposal will enable the OUE Group to fund business plans with higher-growth opportunities.

During the Year, the OUE Group increased its stake in Gemdale Properties and Investment Corporation Limited ("GPI", a company listed on The Stock Exchange of Hong Kong Limited). As at 31 March 2020, the OUE Group holds approximately 24% (31 March 2019 — 15%) interest in GPI. The existing stake in GPI allows the OUE Group to expand its existing access and exposure to the real estate market in the PRC as the OUE Group continues to explore its partnership and potential collaborations with GPI.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment *(continued)*

The merger of OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), listed on the Mainboard of the SGX-ST, and OUE Hospitality Trust ("OUE H-Trust") which was effected through the acquisition by OUE C-REIT's trustee of all the issued and paid-up stapled securities in OUE H-Trust by way of a trust scheme of arrangement (the "Merger"), was completed in September 2019. Following the completion of the Merger, OUE H-Trust is wholly-owned by OUE C-REIT and was delisted from the SGX-ST. The Merger marked a significant milestone for the OUE Group and has resulted in the creation of one of the largest diversified REITs listed on the SGX-ST. The larger capital base and broadened investment mandate enhance OUE C-REIT's long-term growth potential, with the increased capacity to undertake larger acquisitions and asset enhancement initiatives as well as improved flexibility in sources of funding. The property portfolio of the enlarged OUE C-REIT includes OUE Bayfront, One Raffles Place, OUE Downtown Office, Mandarin Orchard Singapore, the adjoining Mandarin Gallery and Crowne Plaza Changi Airport in Singapore as well as Lippo Plaza in Shanghai. The committed occupancy of the commercial segment of OUE C-REIT in Singapore remained stable as at 31 March 2020. The "circuit breaker" announced by the Singapore Government ordering all non-essential businesses and services to close temporarily from 7 April 2020 to 1 June 2020 had impacted retail tenants' operations. Rental rebates and flexible payment schemes have been extended to eligible retail tenants. As there was significant loss of demand from tourist arrivals as well as postponement and cancellation of social events and planned meetings, incentives, conferences and exhibitions ("MICE") in Singapore, the hospitality segment of OUE C-REIT was affected. To capitalise on the weak operating environment, OUE and the Manager of OUE C-REIT jointly announced the transformational re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard which is set to become Hilton's flagship in Singapore and the largest Hilton hotel in Asia Pacific when it relaunches in 2022. The leasing momentum in Shanghai was weaker due to the outbreak of COVID-19. The committed office occupancy of Lippo Plaza fell but was still in line with overall Shanghai Grade A office occupancy. In view of the challenging environment, various cost containment measures have been implemented across OUE C-REIT's portfolio to manage operating expenditure. OUE C-REIT also suspended non-essential capital expenditure across its properties. The LAAPL Group held approximately 48.64% of the total number of OUE C-REIT units in issue as at 31 March 2020.

OUE Lippo Healthcare Limited ("OUELH", together with its subsidiaries, the "OUELH Group"), 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. As at 31 March 2020, the OUE Group owned approximately 64.36% equity interest in OUELH. ITOCHU Corporation, a Tokyo Stock Exchange-listed trading company, also owned approximately 25.32% equity interest in OUELH as at 31 March 2020. OUELH currently owns 12 quality nursing homes in Japan, which OUELH derives its rental revenue therefrom. In April 2019, the OUELH Group completed the acquisition of 40% and 35% equity interest in two Myanmar companies that own, manage and operate three hospitals, one medical centre and two clinics in Myanmar. This marks OUELH's successful entry into one of the fastest-growing Southeast Asian markets with reliable partner, First Myanmar Investment Public Company Limited, a diversified blue-chip conglomerate in Myanmar. OUELH continued to fortify its hospital operation and management business in the PRC with the acquisition of a 70% stake in Wuxi Lippo Xi Nan Hospital Company Limited (formerly known as Wuxi Bohai Hospital Company Limited) in October 2019, which operates a general hospital in Wuxi, Jiangsu. In January 2020, OUELH completed a share subscription exercise and entered into a shareholders' agreement to hold 50% interest in a joint venture with the China Merchants group to develop the "China Merchants-Lippo" brand hospital in Prince Bay, Shenzhen, the PRC which will become the flagship hospital of the strategic partnership between the two groups. The hospital is positioned to serve the Greater Bay Area.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment *(continued)*

In May 2020, the Group provided a loan facility of US$35 million to the LAAPL Group for investment opportunities of strategic assets and for general working capital purposes.

The Group recorded a share of profit of joint ventures of HK$440 million from its investment in LAAPL for the Year (2019 — share of loss of HK$112 million). The change mainly resulted from the gain on disposal of interests in Aquamarina, higher profit contribution from equity-accounted investees and partial offset by the fair value loss on investment properties during the Year. Besides, the Group shared fair value gain of the LAAPL Group's financial assets at fair value through other comprehensive income of HK$55 million during the Year. As a result of the dilution impact on the Merger, the Group recorded a decrease in interest in LAAPL of HK$206 million directly in equity. Coupled with the decrease in exchange reserve on translation of LAAPL's investment of HK$489 million during the Year, the Group's total interests in LAAPL as at 31 March 2020 decreased to HK$10.0 billion (2019 — HK$10.2 billion).

Property development

Sale of the remaining apartment unit, small number of shophouses and carparking spaces at Lippo Plaza in Beijing, the PRC continued to be sluggish due to market conditions and the COVID-19 pandemic. No sale was completed during the Year while segment revenue of HK$6 million was recorded in 2019 mainly from the sale of the remaining carparking spaces of a residential development project in Macau. Before accounting for the share of results from the Group's associates and joint ventures, the segment recorded a loss of HK$8 million for the Year (2019 — profit of HK$2 million).

Sale of some of the remaining units of the luxurious Marina Collection in Sentosa, Singapore (in which Group has a 50% interest) was completed during the Year. A portion of the remaining units is leased out. The Group shared a profit of associate of HK$25 million (2019 — HK$6 million) from the investment.

Lippo Korea Holdings Pte. Limited which was engaged in the investment in MIDAN City Development Co., Ltd. and associated arbitration proceedings ceased to be a subsidiary of the Company.

Food businesses

The Group's food businesses segment recorded a revenue of HK$785 million (2019 — HK$2,397 million), mainly from food manufacturing and food retail operations in chains of cafés and bistros and food courts. The substantial decrease in revenue was mainly due to the completion of the disposal of the food distribution business and food court business in March 2019 and October 2019 respectively.

During the Year, the food businesses segment recorded gain on disposal of subsidiaries of HK$343 million, which was mainly arising from the disposal of the entire issued shares in Food Junction Management Pte Ltd ("FJM", together with its subsidiaries, the "FJM Group") for a consideration of S$88 million. The FJM Group is engaged in the operation of food courts and retail sale of food and beverage in the food courts managed by it in Singapore and Malaysia. The above disposal was completed in October 2019 and such disposal gave rise to a non-recurring gain on disposal of approximately HK$287 million, of which the Group's attributable share amounted to approximately HK$87 million. As a result, the segment recorded a profit of HK$278 million for the Year (2019 — HK$975 million).

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Food businesses *(continued)*

After the disposal of food distribution business and food court business, dividends in a total of S$300 million (the "Dividends") were distributed by a non-wholly owned subsidiary of the food businesses segment to all of its shareholders during the Year. The Group received a cash dividend of approximately S$151 million based on its shareholding in that subsidiary. Coupled with the impact of the disposal of the FJM Group, segment assets decreased to HK$851 million (31 March 2019 — HK$2,320 million). On the other hand, segment liabilities slightly decreased to HK$479 million (31 March 2019 — HK$490 million) resulted from the net impact of disposal of the FJM Group and lease liabilities recognised since 1 April 2019 from the initial application of new accounting standard for leases.

The Group will continue to focus on its food manufacturing business and food retail business. The performance of the Group's food retail businesses in Hong Kong and Singapore were adversely affected by the restrictions on gatherings starting from March and April 2020 respectively. It is expected that the impact will be diminished when the situation is improved and the restrictive measures are released. The construction of the food manufacturing factory in Malaysia had been completed and was in trial operation as at 31 March 2020. Due to the Movement Control Order in Malaysia during the outbreak of COVID-19, the food manufacturing factory is now only in limited commercial operation. The Group has been expanding its food retail business, including the opening of new outlets in Hong Kong under the trade name "Chatterbox Café", the first outlet of which was opened in early September 2019. The Group plans to continue expanding the second line of Chatterbox in Hong Kong and the first express outlet is expected to be opened in the last quarter of 2020. There is growing demand for high quality coffee shops in Singapore. In January 2020, the Group entered into a franchise agreement with PT Maxx Coffee Prima (the "Franchisor") pursuant to which the Franchisor would grant the Group the exclusive right and licence in Singapore to carry on the business of establishing, developing and operating the Maxx Coffee shops and sell Maxx Coffee brand coffee, beverages and/or other food and non-food products on a retail basis in Singapore for an initial term of ten years, with an option for the Group to extend for another five years. The above franchise agreement allows the Group to set up a new coffee chain in Singapore under the brand name "Maxx Coffee" and uses the know-hows from the Franchisor to expand its food retail business. In addition, the Group plans to expand its "alfafa" outlets in Hong Kong. alfafa offers simple and healthy European-style meals.

Treasury and securities investments

The Group managed its investment portfolio in accordance with its 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 structured products. Treasury and securities investments businesses recorded a total revenue of HK$33 million during the Year (2019 — HK$50 million), mainly attributable to the interest income and dividend income received from the investment portfolio. The stock markets were volatile during the Year, especially following the outbreak of COVID-19 and the Group recorded net fair value loss in the statement of profit or loss from its securities investments of HK$159 million for the Year (2019 — HK$192 million) under this segment. The net fair value loss for the Year mainly comprised of fair value loss of equity securities of HK$154 million (2019 — HK$188 million), debt securities of HK$2 million (2019 — gain of HK$2 million), investment funds of HK$5 million (2019 — gain of HK$16 million). As a result, the treasury and securities investments businesses recorded a net loss of HK$131 million in the statement of profit or loss for the Year (2019 — HK$165 million).

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments *(continued)*

In December 2019, the Group had disposed of all its shares in Tencent Holdings Limited through a series of trades conducted in the open market for an aggregate sale proceeds of approximately HK$301 million, before expenses. The Group recognised fair value losses of approximately HK$3.4 million and HK$2.7 million in the statement of profit or loss and the other comprehensive income, respectively. Such disposals allowed the Group to liquidate its securities investment and the sale proceeds will be re-allocated for any other potential investments and general working capital.

As at 31 March 2020, the treasury and securities investments portfolio of HK$2,020 million (31 March 2019 — HK$2,629 million) comprised mainly cash and bank balances of HK$1,070 million (31 March 2019 — HK$1,289 million), financial assets at fair value through profit or loss ("FVPL") of HK$842 million (31 March 2019 — HK$981 million) and financial assets at fair value through other comprehensive income ("FVOCI") of HK$106 million (31 March 2019 — HK$357 million). Further details of securities investments under different categories are as follows:

Financial assets at fair value through profit or loss

As of 31 March 2020, the Group's financial assets at FVPL amounted to HK$842 million (31 March 2019 — HK$981 million), comprising equity securities of HK$431 million (31 March 2019 — HK$581 million), debt securities of HK$22 million (31 March 2019 — HK$23 million) and investment funds of HK$389 million (31 March 2019 — HK$377 million).

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

	As at 31 March 2020			As at 31 March 2019	For the year ended 31 March 2020
	Fair value HK$'000	Approximate percentage of financial assets at FVPL	Approximate percentage to the total assets	Fair value HK$'000	Net fair value gain/(loss) HK$'000
GSH Corporation Limited ("GSH")	93,250	11%	0.6%	132,830	(39,580)
Ilya Fund ("Ilya")	46,561	6%	0.3%	–	1,846
Quantedge Global Fund ("Quantedge")	45,373	5%	0.3%	65,030	331
SherpaEverest Fund, LP ("SherpaEverest")	33,793	4%	0.2%	33,869	(1,320)
Others *(Note)*	622,992	74%	3.8%	748,778	(122,007)
Total	841,969	100%	5.2%	980,507	(160,730)

Note: Others comprised of various securities, none of which accounted for more than 4% of financial assets at FVPL as at 31 March 2020.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments *(continued)*

Financial assets at fair value through profit or loss (continued)

GSH

As at 31 March 2020, the fair value of the Group's equity securities in GSH amounted to HK$93 million, representing approximately 11% and 0.6% of the Group's total financial assets at FVPL and total assets, respectively. GSH, having its shares listed on the SGX-ST, is a property developer in Southeast Asia with certain properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. In 2019, GSH continued to recognise income from the pre-sale of its two residential projects in Malaysia. GSH is planning to launch the residential project in a prime land parcel in the heart of Kuala Lumpur's Chinatown later this year, in which it has a 50% stake. However, the launch date has been postponed due to COVID-19 pandemic. GSH has been awarded a government tender of a prime land in the heart of Bishan district in Chongqing, in which it has a 51% stake. The site will be developed into a residential condominium and a five-star hotel. GSH also owns and operates 2 hotels in Sabah but a temporary closure was implemented from mid-March 2020 in compliance with the Movement Control Order in Malaysia. The share price performance of GSH was not satisfactory, resulting in an unrealised fair value loss of HK$40 million recognised for the Year. It is expected that the COVID-19 pandemic may continue to cast a negative impact on the GSH's hospitality business and the share price performance of GSH may continue to fluctuate.

Ilya

The Group invested approximately HK$45 million in Ilya in early 2020. As at 31 March 2020, the fair value of the Group's investment in Ilya amounted to HK$47 million, representing approximately 6% and 0.3% of the Group's total financial assets at FVPL and total assets, respectively. Fair value gain of HK$2 million was reported from such investment for the Year. Ilya is licensed and regulated by the Cayman Islands Monetary Authority as a mutual fund. The investment objective of Ilya is to provide its investors with long-term capital appreciation through direct and indirect investments globally, in both developed and emerging markets. Ilya may invest in multiple asset classes and may employ hybrid strategies including investing in both public and private companies.

Quantedge

The investment objective of Quantedge, an unlisted investment fund, is to achieve absolute long-term capital growth by investing in multiple asset classes across the globe, accordingly the investment results may vary substantially over short periods of time. The Group invested in Quantedge for long-term strategic purpose since early 2018 as its goal is in line with the Group's investment strategy. In October 2019, the Group has partially redeemed HK$19 million in Quantedge. The Group will continue to hold its remaining investment in Quantedge for long-term strategic purpose. Quantedge has recovered relatively quickly from the past drawdowns, mainly contributed by asset classes in global bonds, offset by the losses largely arising from the sharp drawdown across global equities and commodities during the outbreak of COVID-19. As at 31 March 2020, the fair value of the Group's investment in Quantedge amounted to HK$45 million, representing approximately 5% and 0.3% of the Group's total financial assets at FVPL and total assets, respectively. The Group reported a fair value gain of HK$0.3 million for the Year.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments *(continued)*

Financial assets at fair value through profit or loss (continued)

SherpaEverest

The Group committed to invest US$5 million (the "Committed Amount") in SherpaEverest in 2015. SherpaEverest is a closed-end fund with 10-year term, which may be extended for additional one-year period. As of 31 March 2020, the Group has contributed the full Committed Amount into the fund. The purpose of this investment is to have a long-term capital gain through investment in technology companies indirectly via a fund. The investment decision was made based on a number of factors including, inter alia, the fund team's experience, track records, and their ability to access into a wide range of technology companies in the U.S.A. The fund's investment focus is mid-to-late stage emerging technology-enabled private companies primarily based in the U.S.A. As of 31 March 2020, SherpaEverest has made investment across 14 portfolio companies in the commerce, transportation and logistics, health, digital enterprise software, and digital media and gaming sectors. The performance of SherpaEverest are satisfactory. Cumulated distribution to the Group amounted to HK$8 million, of which HK$4 million was received during the Year. As at 31 March 2020, the fair value of the Group's investment in SherpaEverest amounted to HK$34 million, representing approximately 4% and 0.2% of the Group's total financial assets at FVPL and total assets, respectively. The Group reported a fair value loss of HK$1 million for the Year.

Financial assets at fair value through other comprehensive income

In addition to the above investments under financial assets at FVPL, the Group also invests in listed and unlisted equity securities which are held for long term strategic purposes. Such investments were recorded under financial assets at FVOCI. As at 31 March 2020, the fair value of such investments amounted to approximately HK$106 million. During the Year, unrealised fair value loss of HK$36 million was recognised in other comprehensive income from these investments. The major investments under this category are investments in eBroker Holding Limited ("eBroker"), which accounted for 81% of the Group's total financial assets at FVOCI as at 31 March 2020.

The Group invested approximately HK$7.6 million in eBroker during its three rounds of financing held in 2017 and 2018. The carrying amount of total investments in eBroker amounted to HK$86 million as at 31 March 2020, representing 81% and 0.5% of the Group's total financial assets at FVOCI and total assets, respectively. Established in September 2015 in Shanghai, the PRC, eBroker's core business is the facilitation of financial and insurance services between wealthy individuals in mainland China and financial institutions as well as insurance issuers in overseas via its online wealth management platform. It has a very strong growth in business, in terms of customers, products and services coverage, revenues and profits, since its establishment. Investment in eBroker gives the Group an opportunity to potentially achieve a medium to long-term capital gain from the Fintech industry. eBroker had already undergone several rounds of fund raising and the Group had recorded unrealised fair value gain in prior years by reference to the latest round financing in early 2019. No distribution was made by eBroker. The Group reported a fair value loss of HK$25 million arising from revaluation at year end.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Healthcare services

The Group's healthcare services business is mainly carried out through its investments in Healthway Medical Corporation Limited ("Healthway", together with its subsidiaries, the "HMC Group"), an associate of the Company. As at 31 March 2020, the Group was interested in approximately 40.91% of the issued shares in Healthway. 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 around 90 medical centres and clinics in Singapore.

In June 2019, the HMC Group completed the refurbishment of a total of 36 clinics, which first began in August 2018. With the completion of clinic refurbishments, its general practice clinics are now better equipped to handle higher patient loads, with greater efficiency and personalised care. The HMC Group launched its comprehensive health screening centre, Healthway Screening @ Downtown in June 2019 which leverages innovation and technology, in the heart of Singapore's central business district. The screening centre is representative of the HMC Group's focus on preventive healthcare, to better manage and stave off chronic conditions through early detection and prevention.

With its ongoing efforts to streamline processes and operations, the total operating costs of Healthway fell by 2% to S$116 million for the Year. Such decrease was largely due to the absence of provisions for onerous lease contracts and lower write-off of property, plant and equipment upon the closure of non-performing clinics. The Group's share of loss from the HMC Group amounted to HK$4 million for the Year (2019 — HK$16 million). Coupled with the impact of depreciation of Singapore dollar during the Year, the Group's interest in Healthway decreased to HK$394 million (31 March 2019 — HK$424 million).

With the increase in COVID-19 cases in the months of April and May 2020 in Singapore, there was a continued and greater need for private healthcare providers like Healthway to support the public healthcare system by continuing to tend to the various healthcare need of the community. As part of the Public Health Preparedness Clinic scheme, the general clinics of the HMC Group play a critical role in supporting Singapore's healthcare system and the primary healthcare needs in a time of crisis. Throughout the COVID-19 "circuit breaker" period in Singapore, the HMC Group had enhanced its services and introduced initiatives to better serve the need of its patients which includes the implementation of teleconsultations at some general clinics and specialist clinics, as well as doorstep deliveries of medication for patients with chronic illnesses.

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 31 March 2020. MCB recorded strong growth in customer deposits and loans during the Year. MCB reported a profit for the Year before taking into account the impact of allowance for expected credit losses on its financial assets. Due to the uncertainty on economic conditions, the expected credit losses increased. As a result, the Group recorded a share of accounting loss from MCB of HK$5 million for the Year (2019 — profit of HK$8 million).

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 5 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 and the change in fair value of the Put Option was recorded in the "net fair value loss on the financial instruments at fair value through profit or loss" of the Group's consolidated statement of profit or loss. The banking business segment reported a loss of HK$2 million for the Year (2019 — profit of HK$0.3 million), resulting from a decrease in the fair value of the Put Option.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Other businesses

TIH

The Group recorded a share of loss of HK$38 million from its investment in TIH Limited ("TIH"), an associate of the Company and listed on the Mainboard of the SGX-ST, for the Year (2019 — profit of HK$5 million), mainly attributable to the fair value loss on its investments at FVPL due to the adverse effects of the COVID-19 pandemic. Coupled with the effect of depreciation of Singapore dollar during the Year, the interests in TIH as at 31 March 2020 decreased to HK$237 million (31 March 2019 — HK$296 million).

Mineral exploration and extraction

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.A. and had engaged in the business of mining and processing copper and other minerals. Subsequently, the Group invested in Collyer Quay Limited ("CQL"), a joint venture of the Company, for an investment in a joint venture consortium (the "JV Company"). The JV Company, in which the Group has an effective interest of 45%, acquired all or substantially all of the mining assets (the "Assets") held by CS Mining in a court-supervised 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 (the "Delaware State Court") by the majority investors in Skye (the "Majority Investors") individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the Group. The Complaint alleges, among other things, that the Majority Investors directly and derivatively through their ownership of Skye, suffered from 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 filed a motion to dismiss the Complaint in 2019. The Delaware State Court recently issued its decision on the motion to dismiss, which was partially granted. With respect to the remaining parts of the Complaint that were not dismissed, the Delaware State Court did not rule on the merits of those claims and therefore, the Group, together with the other persons in or related to the Group, filed an answer and the Majority Investors will now have to provide evidence to establish the claims that were not dismissed. Subsequently, the Group, individually and derivatively on behalf of Skye, filed a counterclaim (the "Counterclaim") against the Majority Investors and their related persons (the "Counterparties"), in which the Group has claimed that the Counterparties had, at all relevant times, controlled over both Skye and CS Mining and had continuously preferred their own interests over those of Skye and its creditors and other owners. As a result, the Counterclaim alleges that the conduct of the Counterparties caused the other parties to the Complaint, including, inter alia, the Group, to suffer loss, and accordingly seeks damages against the Counterparties for such losses. The Group continues to believe the Complaint is wholly frivolous and without basis and the Group will continue to vigorously defend the claims made against it as well as to pursue the Counterclaim.

The JV Company put the mine into care and maintenance mode in early 2019 in order to minimise the costs incurred. CQL fully impaired its investment in the JV Company as at 31 March 2019 and no further loss was shared from this investment for the Year. In 2019, the Group shared a loss of joint ventures of HK$88 million as a result of the drop in copper price and the increased production cost. Segment loss before accounting for the share of results of joint ventures for the Year amounted to HK$11 million (2019 — HK$17 million).

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Financial Position

The Group's financial position remained healthy. As at 31 March 2020, its total assets decreased to HK$16.2 billion (31 March 2019 — HK$18.7 billion), mainly due to the decreased cash balances after repayment of bank loans, disposal of subsidiaries by the Group and the payment of dividends to non-controlling shareholders of a subsidiary in food businesses segment as well as decrease in fair value of the financial instruments during the Year, offset by the recognition of right-of-use assets upon the adoption of the new accounting standard for leases on 1 April 2019. Property-related assets amounted to HK$12.2 billion as at 31 March 2020 (31 March 2019 — HK$12.6 billion), representing 75% (31 March 2019 — 67%) of the total assets. As at 31 March 2020, total cash and bank balances (consisting of cash and cash equivalents, time deposits with original maturity of more than three months and restricted cash) decreased to HK$1,293 million (31 March 2019 — HK$2,960 million). Accordingly, current ratio as at 31 March 2020 decreased to 1.5 (31 March 2019 — 2.1).

Total liabilities decreased to HK$2.6 billion (31 March 2019 — HK$3.5 billion), mainly attributable to the repayment of bank and other borrowings and the disposal of subsidiaries by the Group during the Year, offset by the recognition of lease liabilities upon the adoption of the new accounting standard for leases on 1 April 2019.

As at 31 March 2020, bank and other borrowings of the Group decreased to HK$1,940 million (31 March 2019 — HK$2,728 million), which included bank loans of HK$1,571 million (31 March 2019 — HK$2,282 million), other loan of HK$100 million (31 March 2019 — HK$160 million) and unsecured notes of HK$269 million (31 March 2019 — HK$285 million). The balance as at 31 March 2019 also included obligations under finance leases of HK$0.4 million.

As at 31 March 2020, the bank loans comprised secured bank loans of HK$1,079 million (31 March 2019 — HK$1,322 million) and unsecured bank loans of HK$492 million (31 March 2019 — HK$960 million) and were denominated in Hong Kong dollars, Singapore dollars and Malaysian Ringgit. The bank loans were secured by fixed and floating charges on certain properties and assets of certain subsidiaries and shares in certain subsidiaries of the Group. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 31 March 2020, 3% of the Group's bank loans effectively carried fixed rate of interest and the remaining were at floating rates. Other loan, denominated in Hong Kong dollars, was unsecured fixed rate loan 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 Group purchased certain motor vehicles under hire purchase which were secured by the rights to the leased fixed assets. The related hire purchase commitment previously recorded under obligation under finance leases were reclassified to lease liabilities on 1 April 2019 upon the initial application of new accounting standard for leases. As at 31 March 2020, hire purchase commitment amounted to HK$0.2 million and was included in lease liabilities on the statement of financial position.

As at 31 March 2020, approximately 47% (31 March 2019 — 47%) of the bank and other borrowings were repayable within one year. As at 31 March 2020, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 15.9% (31 March 2019 — 20.7%). The Group does not expect any liquidity pressures under the current COVID-19 pandemic.

The net asset value attributable to equity holders of the Company amounted to HK$9.5 billion as at 31 March 2020 (31 March 2019 — HK$10.2 billion). This was equivalent to HK$19.3 per share as at 31 March 2020 (31 March 2019 — HK$20.7 per share).

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Financial Position *(continued)*

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$20 million as at 31 March 2020 (31 March 2019 — HK$37 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 13% (31 March 2019 — 45%) of the bankers' guarantees were secured by certain bank deposits of the Group and corporate guarantees from the shareholders of a subsidiary. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31 March 2019 — Nil).

The Group's commitments are mainly related to the securities investments and the new food factory in Malaysia. Due to the progress payment of the purchase of equipment for the new factory, total commitment as at 31 March 2020 decreased to HK$105 million (31 March 2019 — HK$170 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 1,005 full-time employees as at 31 March 2020 (31 March 2019 — 1,099 full-time employees). Staff costs (including directors' emoluments) from continuing operations charged to the statement of profit or loss for the Year amounted to HK$413 million (2019 — HK$524 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

PROSPECTS

Looking ahead, the global economy may continue to experience sharp contraction in the near term as the major economies are still facing the serious threat of COVID-19. Economic recovery remains highly uncertain as most countries are vulnerable to the developments of COVID-19. It is anticipated that the impact of COVID-19 and the economic contraction will continue to affect the economic and social activities in the places at which the Group and its associates and joint ventures have operations. The trade and political tensions between the U.S.A. and the PRC will continue to affect the volatility in the financial markets.

Moving forward, the Group will be watchful of the new developments. It will remain focused on strengthening and boosting the value of its existing operations and seek suitable business opportunities with a view to enhancing shareholders' return and sustainable long term value.

BUSINESS STRATEGY

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

Report of the Directors *(continued)*

PRINCIPAL ACTIVITIES

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

The activities and other particulars of the principal subsidiaries, principal associates, principal joint ventures and joint operation are set out in the financial statements on pages 199 to 209, pages 210 and 211, pages 212 and 213, and page 214, respectively.

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

SEGMENT INFORMATION

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

RESULTS AND DIVIDENDS

The results and details of cash flows of the Group for the Year and the financial position of the Group as at 31 March 2020 are set out in the financial statements on pages 88 to 214.

An interim dividend of HK4 cents per share (For the six months ended 30 September 2018 — HK3 cents per share) for the six months ended 30 September 2019 was paid in January 2020. The Directors have resolved to recommend the payment of a final dividend of HK5 cents per share (2019 — HK5 cents per share) amounting to approximately HK$24.7 million for the Year (2019 — approximately HK$24.7 million). Total dividends for the Year will be HK9 cents per share (2019 — HK8 cents per share) amounting to approximately HK$44.4 million (2019 — approximately HK$39.5 million).

SUMMARY OF GROUP FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 219.

GOODWILL

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

INVESTMENT PROPERTIES

Details of movements in the investment properties during the Year are set out in Note 21 to the financial statements.

BANK LOANS

Details of bank loans are summarised in Note 33 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 36 to the financial statements.

Report of the Directors *(continued)*

SHARE OPTION SCHEME

Details of the share option scheme of a subsidiary of the Company are set out in Note 37 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of Part 6 of the Hong Kong Companies Ordinance, amounted to HK$357,313,000. As at 31 March 2020, other distributable reserve amounted to HK$1,709,202,000.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in Note 49 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 199 to 209.

DONATIONS

Charitable and other donations made by the Group during the Year amounted to HK$4,650,000 (2019 — HK$10,407,000).

HONORARY CHAIRMAN

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

DIRECTORS

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

Executive Directors

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

Non-executive Directors

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

Independent non-executive Directors

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

Report of the Directors *(continued)*

DIRECTORS *(continued)*

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

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

Each of Messrs. King Fai Tsui and Victor Ha Kuk Yung entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30 September 2018. Each of Dr. Stephen Riady and Mr. John Luen Wai Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 January 2019. Mr. Jark Pui Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 March 2019. Following the expiry of the term under their respective former letter agreements with the Company, each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 January 2020. All the above letter agreements will be terminable by either party by giving three months' prior written notice. The term of the office of the Directors is also subject to the provisions of the Articles. In accordance with the Articles, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors.

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

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

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

Report of the Directors *(continued)*

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Stephen Riady (former name: Stephen Tjondro Riady), aged 60, was appointed a Director of the Company in March 1991 and is the Chairman of the board of directors of the Company. He is also an executive director and the Chairman of the board of directors of each of Lippo China Resources Limited ("LCR") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. He has been the Executive President of each of the Company, LCR and HKC since January 2015. He is a member of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. He also holds directorship in certain subsidiaries of the Company. Dr. Riady is the Executive Chairman of OUE Limited ("OUE"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). He was appointed as the Group Chief Executive Officer of OUE on 1 January 2020. He is a non-executive non-independent director of Healthway Medical Corporation Limited, a company listed on the sponsor-supervised listing platform of the SGX-ST. He is a member of the board of commissioners of PT Lippo Karawaci Tbk, a company listed on the Indonesia Stock Exchange. Dr. Riady is a director of Lippo Capital Group Limited, Lippo Capital Holdings Company Limited and Lippo Capital Limited which have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance. Dr. Riady is a graduate of the University of Southern California, the United States of America and holds a Master of Business Administration from Golden Gate University, the United States of America and an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Dr. Riady is the father-in-law of Dr. Andy Adhiwana, an executive director and the Group Chief Executive Officer of Auric Pacific Group Limited, a subsidiary of the Company. Dr. Riady is the father of Mr. Brian Riady who is a director of certain subsidiaries of the Company. Dr. Riady is the spouse of Madam Shincee Leonardi ("Madam Leonardi") and a brother of Mr. James Tjahaja Riady ("Mr. James Riady"). Madam Aileen Hambali ("Madam Hambali") is the spouse of Mr. James Riady. Interests of Madam Leonardi, Mr. James Riady and Madam Hambali in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

Mr. John Luen Wai Lee, BBS, JP, aged 71, was appointed a Director of the Company in March 1991 and is the Managing Director and the Chief Executive Officer of the Company. He is an executive director and the Chief Executive Officer of LCR and HKC, as well as an independent non-executive director of New World Development Company Limited and UMP Healthcare Holdings Limited, both are public listed companies in Hong Kong. Mr. Lee is an authorised representative of the Company, LCR and HKC. In addition, he holds directorships in certain subsidiaries of the Company. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Price Waterhouse (now known as PricewaterhouseCoopers) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and an awardee of the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Lee is active in public service. Over the years, he has served as a member or chairman of different government boards and committees in Hong Kong, including a member of the Hong Kong Hospital Authority and the Chairman of the Hospital Governing Committee of the Queen Elizabeth Hospital. Currently, he serves as the Chairman of the Hospital Governing Committee of Hong Kong Children's Hospital, a member of the Public Service Commission and the Chairman of the Investment Committee of the Hospital Authority Provident Fund Scheme.

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

Mr. Jark Pui Lee, SBS, OBE, JP, aged 80, was appointed a Director of the Company in July 1992 and was re-designated from an executive Director to a non-executive Director of the Company in March 2015. Mr. Lee holds a Bachelor of Arts degree (Hons) from The University of Hong Kong. He worked for the Hong Kong Government and was the Secretary-General of The Chinese Manufacturers' Association of Hong Kong. He has served and contributed to the local community for over 40 years, and was Chairman of the Government's Social Welfare Advisory Committee, the General Support Programme Vetting Committee of the Innovation and Technology Commission, Hong Kong Council of Social Service, the Legal Aid Services Council, the Po Leung Kuk, the Agency for Volunteer Service and the Hong Kong Council of Volunteering. Mr. Lee is currently the Chairman of International Chamber of Commerce — Hong Kong.

Mr. Leon Nim Leung Chan, aged 64, was appointed an independent non-executive Director of the Company in May 1997 and was re-designated as a non-executive Director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008. He is also a non-executive director of LCR and HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC.

Mr. Edwin Neo, aged 70, was appointed an independent non-executive Director of the Company in March 2002. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is an independent non-executive director of LCR and HKC. Mr. Neo is also a member of the Remuneration Committee, Nomination Committee and Audit Committee of each of the Company, LCR and HKC.

Mr. King Fai Tsui, aged 70, was appointed an independent non-executive Director of the Company in September 2004. Mr. Tsui is an independent non-executive director of Vinda International Holdings Limited, China Aoyuan Group Limited and Newton Resources Ltd, all are public listed companies in Hong Kong. He has over 40 years of extensive experience in accounting, finance and investment management, particularly in investments in mainland China. Mr. Tsui worked for two of the Big Four audit firms in the United States of America and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Accountants Australia and New Zealand and a member of the American Institute of Certified Public Accountants. He graduated from the University of Houston, Texas, the United States of America and holds a Master of Science in Accountancy and a Bachelor of Business Administration with first class honours. Mr. Tsui is an independent non-executive director of LCR and HKC. He is the Chairman of the Audit Committee of HKC and a member of the Audit Committee of each of the Company and LCR. He is also the Chairman of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC.

Mr. Victor Ha Kuk Yung, aged 66, was appointed an independent non-executive Director of the Company in September 2004. Mr. Yung is a professional accountant with over 30 years of working experience in the financial and accounting fields, and served in management positions in various multinational companies in Asia. Mr. Yung holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University, and is a member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of LCR and HKC. Mr. Yung is the Chairman of the Audit Committee of each of the Company and LCR and a member of the Audit Committee of HKC. He is also a member of the Remuneration Committee and Nomination Committee of each of the Company, LCR and HKC. Mr. Yung is an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a public listed company in Hong Kong.

Report of the Directors *(continued)*

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

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

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

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Details of the emoluments of the Directors on a named basis and the five highest paid employees in the Group are set out in Notes 9 and 10 to the financial statements, respectively.

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

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

(a) (i) the fixed bonuses of Dr. Stephen Riady in an aggregate amount of HK$249,000; and (ii) a discretionary bonus of Dr. Stephen Riady in an amount of HK$30,000,000; and

(b) a discretionary bonus of Mr. John Luen Wai Lee in an amount of HK$12,000,000.

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

Further details of the above Directors' emoluments are disclosed in Note 9 to the financial statements.

Each of the Directors of the Company is entitled to receive a director's fee from the Company. The director's fee paid to each of the Directors of the Company was HK$246,000 for the Year. A non-executive Director will also receive additional fees for duties assigned to and services provided by him as Chairmen and/or members of various board committees of the Company and its subsidiaries. The fees paid to the non-executive Directors for serving as the Chairmen and/or members of various board committees of the Company for the Year are as follows:

	HK$
Chairman	81,600
Member	52,800

Report of the Directors *(continued)*

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

As at 31 March 2020, 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:

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
Number of ordinary shares in the Company					
Stephen Riady	–	–	369,800,219 *Note (i)*	369,800,219	74.98
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,890,184,389 *Notes (i) and (ii)*	6,890,184,389	74.99
Number of ordinary shares of HK$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,477,715,492 *Notes (i) and (iii)*	1,477,715,492	73.95
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 31 March 2020, 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 31 March 2020, 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 31 March 2020, the Company, through its 100% owned subsidiaries, was indirectly interested in 1,477,715,492 ordinary shares of HK$1.00 each in, representing approximately 73.95% of the issued shares of, HKC.

Report of the Directors *(continued)*

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

Interests in shares and underlying shares of the Company and Associated Corporations *(continued)*

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 31 March 2020:

Name of Associated Corporation	Note	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Auric Pacific Group Limited ("Auric")	(a)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(b)	Ordinary shares	1	100
Boudry Limited	(c)	Ordinary shares	10	100
	(c)	Non-voting deferred shares	1,000	100
Brimming Fortune Limited	(c)	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	(c)	Ordinary shares	1	100
Greenorth Holdings Limited	(c)	Ordinary shares	1	100
HKCL Investments Limited	(c)	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	(c)	Ordinary shares	2	100
J & S Company Limited	(c)	Ordinary shares	1	100
Lippo Capital	(b)	Ordinary shares	423,414,001	60
Lippo Capital Holdings	(d)	Ordinary shares	1	100
Lippo Finance Limited	(c)	Ordinary shares	6,176,470	82.35

Note:

(a) 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 31 March 2020, 18,691,216 ordinary shares were held by Silver Creek Capital Pte. Ltd. ("Silver Creek"). Dr. Riady, through companies controlled by him, is the beneficial owner of 100% of the issued shares in 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.

(b) Such share(s) was/were held directly by Lippo Capital Holdings which in turn was a direct wholly-owned subsidiary of Lippo Capital Group.

(c) Such share(s) was/were 100% held directly or indirectly by Lippo Capital, a 60% owned indirect subsidiary of Lippo Capital Group.

(d) Such share was 100% held directly by Lippo Capital Group.

Report of the Directors *(continued)*

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

Interests in shares and underlying shares of the Company and Associated Corporations *(continued)*

As at 31 March 2020, 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 31 March 2020, 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 31 March 2020, 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.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director is entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities to the fullest extent permitted by the Hong Kong Companies Ordinance which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. A Directors' and Officers' Liability Insurance was taken out and maintained throughout the Year, which provides appropriate cover for, inter alia, the Directors of the Company and its subsidiaries.

Report of the Directors *(continued)*

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

As at 31 March 2020, so far as is known to the Directors of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") as follows:

Interests of substantial shareholders in shares of the Company

Name of substantial shareholder	Number of ordinary shares	Approximate percentage of the issued shares
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".

All the interests stated above represent long positions. Save as disclosed herein, as at 31 March 2020, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31 March 2020, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

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

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

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

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

Continuing Connected Transactions

(A) On 21 August 2017, a tenancy agreement (the "Tenancy Agreement") was entered into between Serene Yield Limited ("Serene Yield"), a wholly-owned subsidiary of Lippo China Resources Limited ("LCR") which in turn is a subsidiary of the Company, and LCR Catering Services Limited ("LCR Catering"), an indirect non-wholly owned subsidiary of LCR, pursuant to which LCR Catering agreed to lease from Serene Yield Unit 4, Ground Floor, Lippo Centre, 89 Queensway, Hong Kong, with a net floor area of approximately 7,964 square feet, for a term of three years from 22 August 2017 to 21 August 2020, both days inclusive, at a monthly rental of HK$405,000, exclusive of rates, service charge and all other outgoings, for use as a restaurant with an option to renew for a further three years upon current lease expiry (the "Additional Term") at the then open market rent for prime retail/restaurant accommodation in the Admiralty District of Hong Kong, provided that LCR Catering is not in breach or non-observance of the existing tenancy agreement and that the rent for the Additional Term shall not be more than 20% higher nor less than the rent payable during the last year of the initial term. The service charge of HK$70,243 per month (subject to adjustment) should be payable by LCR Catering to Serene Yield and such service charge shall not exceed HK$95,000 per month (the "Maximum Service Charge").

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Continuing Connected Transactions *(continued)*

(A) *(continued)*

In light of the then retail market and economic conditions in Hong Kong, Serene Yield, like other landlords in Hong Kong, had been in discussions with its tenants with respect to the reduction of rent payable for a fixed period to allow its tenants to cope with the then downturn of business arising from protest events in Hong Kong and to ensure the continuation of the stable income generated by the leasing out of properties by Serene Yield. Accordingly, on 3 January 2020, a supplemental agreement (the "Supplemental Agreement") was entered into between Serene Yield and LCR Catering, pursuant to which Serene Yield and LCR Catering agreed that the monthly rental payable by LCR Catering to Serene Yield under the Tenancy Agreement shall be reduced during the period between 1 September 2019 and 31 March 2020, details of which were as follows:

– from 1 September 2019 to 30 September 2019: HK$364,500 per calendar month;

– from 1 October 2019 to 31 December 2019: HK$324,000 per calendar month; and

– from 1 January 2020 to 31 March 2020: HK$283,500 per calendar month.

Based on the amended terms under the Supplemental Agreement, the revised annual cap for the Tenancy Agreement, which is equivalent to the annual rental and the annual Maximum Service Charge, for the Year was HK$5,352,000, instead of HK$6,000,000 as originally set when the Tenancy Agreement was entered into.

LCR Catering was a non-wholly owned subsidiary of Auric Pacific Group Limited ("Auric", a non-wholly owned subsidiary of LCR), in which Dr. Stephen Riady ("Dr. Riady"), an executive Director and the Chairman of the Board of Directors of the Company, through a company controlled by him, was indirectly interested as to approximately 21.2% of the total issued shares when the Tenancy Agreement was entered into. Accordingly, LCR Catering was regarded as a connected subsidiary of the Company under the Listing Rules.

Subsequently, on 10 January 2020, LCR Catering became a non-wholly owned subsidiary of Superfood Retail Limited ("Superfood") which in turn is a 50.3% subsidiary of LCR. Superfood is owned as to 49.7% by Oddish Ventures Pte. Ltd. ("Oddish"), an indirect wholly-owned subsidiary of OUE Limited which in turn is a joint venture of the Company.

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Continuing Connected Transactions *(continued)*

(B) On 3 January 2020, a franchise agreement (the "Franchise Agreement") was entered into between Maxx Coffee Singapore Pte. Ltd. (the "Franchisee", an indirect non-wholly owned subsidiary of LCR) and PT Maxx Coffee Prima (the "Franchisor"), pursuant to which the Franchisor agreed (i) to grant to the Franchisee the exclusive right and licence in Singapore to carry on the business of establishing, developing and operating retail coffee shops in Singapore under the name of "Maxx Coffee" (the "Maxx Coffee Shops"), and sell Maxx Coffee brand coffee, beverages and/or other food or non-food products as agreed by the parties from time to time on a retail basis in Singapore; (ii) to supply to the Franchisee Maxx Coffee brand coffee, beverages and/or other food or non-food products, materials and supplies that are reasonably required by the Franchisee for the operation of the business under the franchise as agreed by the parties from time to time; and (iii) to provide training, ongoing advice and guidance to the Franchisee for the development, marketing and operation of the Maxx Coffee Shops during an initial term of ten years commencing from the date of the Franchise Agreement, with an option for the Franchisee to extend for another five years upon expiration of the initial term.

In consideration of the grant of the franchise and all the services to be provided by the Franchisor to the Franchisee under the Franchise Agreement, the Franchisee shall pay to the Franchisor a royalty fee, details of which are as follows:

(i) for each calendar month during the period from the date of the Franchise Agreement to 31 December 2020: the royalty fee shall be 2.5% of the total monthly net sales of the Maxx Coffee Shops (the "Net Sales");

(ii) for each calendar month during the 12 months ending 31 December 2021: the royalty fee shall be 3% of the total monthly Net Sales;

(iii) for each calendar month during the 12 months ending 31 December 2022: the royalty fee shall be 3.5% of the total monthly Net Sales; and

(iv) for each calendar month commencing 1 January 2023 onwards: the royalty fee shall be 4% of the total monthly Net Sales.

The consideration for the purchase of supplies from the Franchisor will be determined on an at-cost basis, being the consideration payable by the Franchisor to the relevant third party suppliers under each relevant supply of goods contract entered into between the Franchisor and the third party suppliers.

The annual cap for the aggregate transaction amounts made by the Franchisee to the Franchisor under the Franchise Agreement for the Year was HK$510,000, which were calculated based on the sum of the estimated maximum amounts of (a) the annual royalty fee for the Year of HK$50,000 and (b) the consideration for purchase of Maxx Coffee supplies from the Franchisor for the Year of HK$460,000.

The Franchise Agreement will enable the Franchisee to set up a new coffee chain in Singapore under the brand name "Maxx Coffee" and uses the know-hows from the Franchisor to expand its food retail business.

As at the date of the Franchise Agreement, the Franchisor was indirectly controlled by PT Inti Anugerah Pratama, of which Dr. Riady and his brother, Mr. James Tjahaja Riady were the ultimate beneficial owners.

Further details of the Franchise Agreement are disclosed in Note 45(e) to the financial statements.

Report of the Directors *(continued)*

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

Continuing Connected Transactions *(continued)*

The independent non-executive Directors have confirmed that the above agreements had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the above agreements on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Ernst & Young, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above in accordance with rule 14A.56 of the Listing Rules. A copy of the above auditor's letter will be provided by the Company to the Stock Exchange in accordance with rule 14A.57 of the Listing Rules.

Connected Transaction

(C) On 10 January 2020, a sale and purchase agreement was entered into between Food Junction International Pte Ltd ("FJ International"), an indirect wholly-owned subsidiary of Auric, and Superfood, pursuant to which FJ International agreed to sell, and Superfood agreed to purchase, one ordinary share, representing the entire issued share capital in All Around Limited ("All Around") for a consideration of S$5,200,000. All Around's major asset is its 90% equity interest in LCR Catering which owns and operates restaurant business in Hong Kong. The above transaction was to streamline the holding structure of the Group's food businesses, enabling a more focused and efficient management and future development of the food retail and catering business.

Dr. Riady and his son-in-law, Dr. Andy Adhiwana, through companies owned by each of them respectively together hold approximately 49.7% of the issued shares in Auric. The remaining 49.7% of the issued shares in Superfood is held by Oddish. Accordingly, FJ International is regarded as a connected subsidiary of the Company under the Listing Rules.

The Directors of the Company (excluding Dr. Riady who had abstained from voting) considered the terms of continuing connected transactions and connected transaction disclosed herein were fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

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 Crane 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 31 March 2020 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.

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.

Report of the Directors *(continued)*

DISCLOSURE PURSUANT TO RULE 13.20 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED *(continued)*

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 31 March 2020, the balance of the above advances amounted to approximately S$380,420,000 (equivalent to approximately HK$2,073,592,000).

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Save as disclosed above and in Note 45 to the financial statements, there were no contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

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

DIRECTORS' SERVICE CONTRACTS

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

MANAGEMENT CONTRACTS

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

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

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

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the percentage of revenue attributable to the Group's five largest customers combined was less than 30% of the Group's aggregate revenue. During the Year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's aggregate purchases.

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

Report of the Directors *(continued)*

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

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

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

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group and the employer's retirement benefits costs charged to the consolidated statement of profit or loss for the Year are set out in Notes 2.4(af) and 8 to the financial statements, respectively.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 36 to 47.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties were identified by the Group, details of which are disclosed in the Company's Risk Management Report as set out on pages 48 to 56. There may be other risks and uncertainties in addition to those shown in the above report which are not known to the Group or which may not be material now but could turn out to be material in the future.

ADOPTION OF DIVIDEND POLICY

The Board had approved and adopted a dividend policy for the Company in January 2019 that aims to set out the approach to determine the dividend to be payable by the Company, enhance transparency of the Company and facilitate shareholders and investors of the Company to make informed investment decisions. Details of the Company's dividend policy are disclosed in the Corporate Governance Report as set out on pages 36 to 47.

Report of the Directors *(continued)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, social and governance ("ESG") issues are fundamental to the Group's sustainability. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment.

The Group obliges itself to maintain business integrity and uphold ethical standards. Guided by a belief in a fair business environment where labour, competition, privacy and intellectual property are respected, the Group makes every effort to communicate its expectations and standards to all business partners, customers and staff.

The development and opinion of staff are highly valued at the Group. By engaging staff in training opportunities and ongoing dialogues, the Group keeps its ears open for suggestions. The Group has incorporated a sound employment management system to ensure a fair, safe, healthy and diverse working environment.

In times of rapid change, competitiveness is defined by flexibility and adaptability. To answer the needs of the current and future generations, the Company carefully manages its environmental impacts according to its Environmental Policy. By optimising its operational practices, the Group continues to improve its use of resources.

Striving forward, the Company will adhere to its belief in sustainable development and improve its ESG performances with time. Capitalising on a wide scope of business, the Company will aim at spreading awareness and influence in different sectors to bring it closer to sustainability.

By publishing the Company's ESG Report, the Company seizes the opportunity to disclose its sustainability performance and solicit stakeholder feedback. The Company's ESG Report is set out on pages 57 to 81.

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

SUFFICIENCY OF PUBLIC FLOAT

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

Report of the Directors *(continued)*

AUDITOR

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

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

Hong Kong, 29 June 2020

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

During the year ended 31 March 2020 (the "Year"), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

BOARD OF DIRECTORS

The Board currently comprises seven members (the composition of the Board is shown on page 18), including two executive Directors and five non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 20 to 22). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk). To the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

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

BOARD OF DIRECTORS *(continued)*

Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung (who is to retire by rotation at the forthcoming 2020 annual general meeting of the Company (the "2020 AGM")) have served as independent non-executive Directors of the Company for more than nine years. In addition to their confirmation of independence in accordance with rule 3.13 of the Listing Rules, each of Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice and there is no evidence that their tenure has had any impact on their independence. The Directors are of the opinion that Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung remain independent notwithstanding the length of their service and they believe that their valuable knowledge and experience in the Group's business and their external experience continue to generate significant contribution to the Company and its shareholders as a whole.

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

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

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS *(continued)*

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

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

During the Year, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

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

	Attendance/Number of Meetings				
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
Executive Directors					
Dr. Stephen Riady *(Chairman)*	8/8	N/A	2/2	2/2	1/1
Mr. John Luen Wai Lee *(Managing Director and Chief Executive Officer)*	8/8	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Jark Pui Lee	8/8	N/A	N/A	N/A	1/1
Mr. Leon Nim Leung Chan	8/8	3/3	2/2	2/2	1/1
Independent Non-executive Directors					
Mr. Victor Ha Kuk Yung *(Chairman of the Audit Committee)*	8/8	3/3	2/2	2/2	1/1
Mr. King Fai Tsui *(Chairman of the Remuneration Committee and Nomination Committee)*	8/8	3/3	2/2	2/2	1/1
Mr. Edwin Neo	8/8	3/3	2/2	2/2	1/1

* the only general meeting of the Company held during the Year was the annual general meeting held on 3 September 2019 (the "2019 AGM").

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

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

REMUNERATION OF DIRECTORS

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

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

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

Details of Directors' emoluments and retirement benefits are disclosed in Notes 9 and 2.4(af) to the financial statements, respectively.

Corporate Governance Report *(continued)*

NOMINATION OF DIRECTORS

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

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The principal role of the Nomination Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors and make recommendations to the Board for the appointment of independent non-executive Directors; making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive; and to review the terms of reference of the Nomination Committee, the board diversity policy and the Directors' nomination policy and recommend to the Board any necessary changes required. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2019 AGM and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition, diversity and efficiency of the Board. In addition, the Nomination Committee reviewed and recommended to the Board on the re-election of retiring Directors at the 2020 AGM.

With the support and recommendation of the Nomination Committee, the Board adopted the Directors' nomination policy (the "Nomination Policy") in January 2019. The Nomination Policy aims to, inter alia, set out the criteria and process in the nomination, appointment and re-election of Directors and ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company. The Nomination Committee is responsible to identify, evaluate and recommend potential candidates to the Board. The ultimate responsibility for selection and appointment of Directors rests with the entire Board and, where applicable, subject to the approval of the shareholders in general meeting.

Any Directors or shareholders may nominate any individuals as candidates for directorship for the consideration of the Nomination Committee in accordance with the Company's Articles, any applicable policies or procedures of the Company and/or the Listing Rules from time to time. The procedures for such shareholders' nomination are published on the Company's website (www.lippoltd.com.hk). When assessing the suitability of a proposed candidate, the Nomination Committee will take into consideration various factors including, but not limited to, character and integrity, qualification, skills and knowledge, experience, potential contributions, board diversity, number of directorships in other listed companies, independence requirements (for independent non-executive Directors) as set out in the Listing Rules and such other perspectives that are appropriate to the Company's business and succession plan.

NOMINATION OF DIRECTORS *(continued)*

Retiring Directors eligible for re-election at general meeting and proposed candidates are requested to submit the necessary information together with their written consents to be re-elected or appointed as Directors. The Nomination Committee may use any process it deems appropriate for the purpose of evaluating the retiring Director or the proposed candidate which may include, without limitation, personal interviews, background checks, written submissions by the candidate and/or third-party references. The Nomination Committee shall then recommend the proposed re-election or appointment of Director to the Board for the Board's consideration and, where applicable, the Board will make recommendation to shareholders. The Nomination Committee may nominate a suitable candidate to fill a casual vacancy on the Board for the Board's consideration and approval. A circular containing the requisite information of candidates recommended by the Board to stand for election at the general meeting (whether as new appointment or re-election) will be sent to shareholders as required under the Listing Rules.

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and substantial and balanced development. The board diversity policy (the "Diversity Policy") was adopted by the Board in August 2013 and revised in January 2019. A copy of the revised Diversity Policy can be found on the Company's website (www.lippoltd.com.hk). The Diversity Policy sets out the approach to achieve diversity on the Board which will include and make good use of the difference in skills, professional experience, cultural and educational background, gender, age, knowledge, length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and all board appointments will be based on merit and contribution, having regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee monitors the implementation of the Diversity Policy and will at appropriate time set measurable objectives for achieving diversity under the Diversity Policy. It will review objectives for the implementation of the Diversity Policy and monitor progress towards the achievement thereof. In carrying out its responsibility for identifying suitable candidates to become members of the Board, the Nomination Committee will give adequate consideration to the Diversity Policy and the Nomination Policy. The Nomination Committee will review the Diversity Policy from time to time as appropriate to ensure its continued effectiveness. The Company believes that diversity can strengthen the performance of the Board, and promote effective decision-making and better corporate governance and monitoring.

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

Corporate Governance Report *(continued)*

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company for the Year. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the 2020 AGM, all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 20 to 22.

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

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

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

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

Corporate Governance Report *(continued)*

DIRECTORS' TIME COMMITMENT AND TRAINING *(continued)*

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

AUDITOR'S REMUNERATION

Ernst & Young has been appointed by the shareholders annually as the Company's auditor. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditor nationally and internationally) amounted to approximately HK$9.5 million (2019 — HK$10.6 million) and approximately HK$0.3 million (2019 — HK$0.8 million), respectively. The non-statutory audit services provided during the Year consisted of the review of the Group's continuing connected transactions and other reporting services.

Corporate Governance Report *(continued)*

AUDIT COMMITTEE

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

The Committee members possess diversified industry experience and the Chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters. Under its current terms of reference, the Committee will meet at least twice each year. Management and auditor shall normally attend the meetings. In addition, the Audit Committee holds regular meetings with external auditor without the presence of executive Directors and/or management.

During the Year, the Audit Committee discharged its duties by reviewing and/or monitoring financial, audit, risk management, internal control and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report, risk management report and internal audit reports and discussing with executive Directors, management, external auditor and internal audit department (the "IA Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board including, inter alia, financial-related matters. The Audit Committee reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report, the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices in compliance with legal and regulatory requirements and the code of conduct applicable to employees and Directors. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2020 AGM, Ernst & Young be re-appointed as the Company's external auditor for the ensuing year; and reviewed the fees charged by the Company's external auditor.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

During the Year, a review of the effectiveness of the Group's risk management and internal control systems covering the risk management functions and all material controls, including financial, operational and compliance controls was conducted, details of which are set out in the Risk Management Report on pages 48 to 56. Such review will be conducted on an annual basis.

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

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

INTERNAL AUDIT

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

The principal roles of the internal audit are to ensure the effectiveness of internal control procedures and compliance with different standards and policies across different businesses and operations of the Group. The IA Department audits and evaluates the Group's internal control operation and risk management process so as to address the financial, operational and compliance risks in the Group. The Board and the Audit Committee will actively take actions based on the findings from the IA Department. The IA Department is also responsible for providing improvement recommendations to different operation teams and departments so as to minimise the risk exposure in the future.

COMPANY SECRETARY

The Company Secretary is an employee of the Company. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. During the Year, the Company Secretary had taken over 15 hours of relevant professional training to update his skills and knowledge.

COMMUNICATION WITH SHAREHOLDERS

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

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees and Board committee members, and the Company's external auditor attended the 2019 AGM and were available to answer questions from shareholders.

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

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

Shareholders may direct their questions about their shareholdings to the Company's Registrar, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or contact the Customer Service Hotline of the Company's Registrar at (852) 2980 1333. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the registered office of the Company.

SHAREHOLDERS' RIGHTS

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

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders and investors of the Company to be its goal and endeavours to achieve a progressive dividend policy where appropriate. The Board had approved and adopted a dividend policy for the Company (the "Dividend Policy") in January 2019 that aims to set out the approach to determine the dividend to be payable by the Company, enhance transparency of the Company and facilitate shareholders and investors of the Company to make informed investment decisions.

DIVIDEND POLICY *(continued)*

In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the Group's earnings performance, financial position, investment and funding requirements, and future prospects. There is no assurance that a dividend will be proposed or declared in any given year.

The Board will review the Dividend Policy from time to time to ensure its continued effectiveness.

FAIR DISCLOSURE AND INVESTOR RELATIONS

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

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

In January 2019, the Board had adopted the Nomination Policy which sets out, inter alia, the criteria and process in the nomination, appointment and re-election of Directors. Under the Nomination Policy, a retiring Director seeking for re-election at general meeting is subject to the evaluation of the Nomination Committee. The Nomination Committee shall then make recommendation to the Board which in turn makes recommendation to the shareholders. In order to be in line with the Nomination Policy, amendments were made to Articles 113 and 115 of the Company's Articles during the Year. An updated and consolidated version of the Company's Articles is available on the Company's website (www.lippoltd.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31 March 2020, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditor is responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

The responsibilities of the auditor with respect to financial reporting are set out in the Independent Auditor's Report on pages 82 to 87.

CORPORATE SOCIAL RESPONSIBILITY

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

Risk Management Report

Effective risk management is essential for the Group to take the appropriate level of risks and opportunities in pursuing its strategic and business goals. The Group is committed to the continuous improvement of the risk management system in order to facilitate the long-term growth and sustainability of its businesses. During the year ended 31 March 2020 (the "Year"), the Group has integrated Environmental, Social and Governance ("ESG") risk factors into enterprise risk management process given that the increasing significance of ESG risks.

With reference to Enterprise Risk Management — Integrated Framework issued by COSO and ISO 31000 Risk Management — Principles and Guidelines, the Group's risk management framework comprises 3 key components:

1. Risk Management Strategy;

2. Risk Governance Structure; and

3. Risk Management Process.

RISK MANAGEMENT STRATEGY

The Group recognises the importance of a proactive risk culture to the effective implementation of a risk management system. In order to foster the desired risk culture, the Group has integrated the risk management system into various parts of the business and day-to-day operation processes, and the Group aims to achieve the following objectives through the risk management activities:

- Promote corporate governance with a sound system of internal controls

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

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

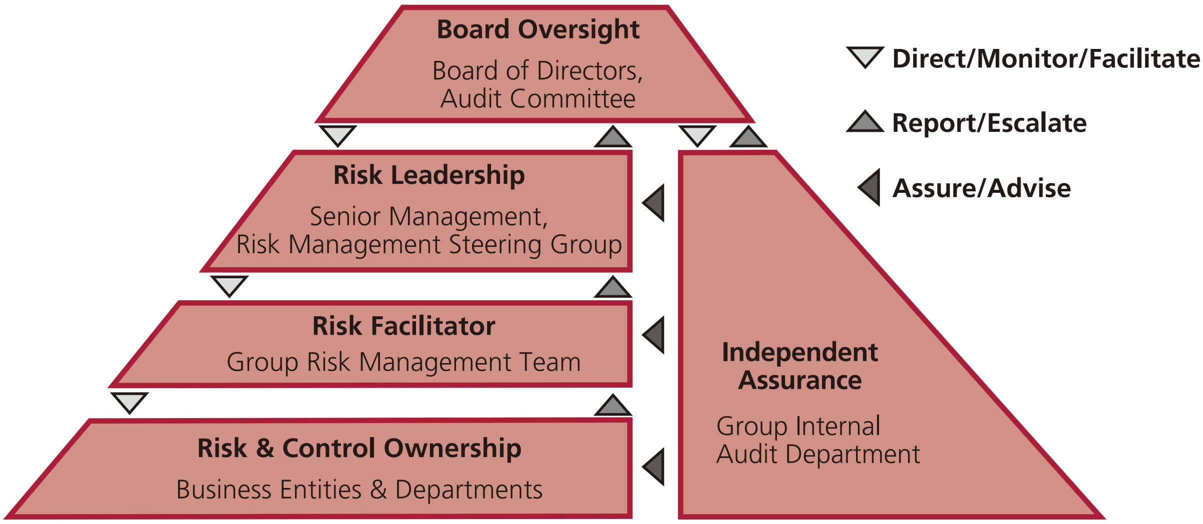
- Ensure the adequacy and effectiveness of risk controls in place to manage key risks

- Ensure compliance with the relevant legal and regulatory requirements

Risk Management Report *(continued)*

RISK GOVERNANCE STRUCTURE

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



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

Board Oversight

The Board of Directors (the "Board")

- Take the overall responsibility for the risk management and internal control systems

Audit Committee empowered by the Board

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

Risk Management Report *(continued)*

RISK GOVERNANCE STRUCTURE *(continued)*

Risk Leadership

Senior Management

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

RM Steering Group led by Senior Management

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

Risk Facilitator

Group Risk Management Team

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

Risk Management Report *(continued)*

RISK GOVERNANCE STRUCTURE *(continued)*

Risk and Control Ownership

Business Entities and Departments

- Identify and review changes in risks in line with changes in the business environment
- Analyse risks and identify appropriate controls or risk treatment plans to address the risks
- Responsible for risk management activities and reporting in their businesses or operations
- Perform risk and control self-assessment activity to evaluate the effectiveness of risk management and internal controls for their respective entities

Independent Assurance

Group Internal Audit Department

- Conduct audit projects on various entities and functions across the Group and provide independent review on the adequacy and effectiveness of the internal control and risk management systems

RISK MANAGEMENT PROCESS

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

Establish Context

The Group establishes risk assessment criteria and risk matrix to cascade the risk appetite across the Group and provides referencing risk inventory

Identify Risk

Respective business entities and the Group's management identify the risks in their areas of businesses or operations

Analyse and Evaluate Risk

Respective business entities and the Group's management assess the likelihood and impact of the risks, determine acceptance and prioritize the risks

Treat Risk

Respective business entities and the Group's management evaluate the existing risk controls and formulate risk treatment plan if appropriate

Report and Monitor Risk

Respective business entities and the Group's management report the risk profile regularly to appropriate level of authority and maintain ongoing monitoring

Risk Management Report *(continued)*

CONTINUOUS IMPROVEMENT

The Group continues to strive for improvement on its risk management system and has taken a series of actions during the Year:

- Revised enterprise risk management reporting templates
- Revised Risk and Control Self-Assessment template
- Discussed risk management improvement initiatives across different levels of the Group
- Conducted risk management workshops to provide up-to-date risk knowledge to the risk owners
- Integrated ESG risk factors into enterprise risk management process

MATERIAL RISKS

During the Year, the Group conducted risk review from the Group's perspective and on the risk profile submitted by the underneath business entities. Through this combined top-down and bottom-up risk review process, the Group has identified the material risks of various business segments for the Year.

The Group classifies risks into 4 main categories:

Strategic	—	Risk resulting from suboptimal determination and execution of business strategies or changes in external business environment.
Operational	—	Risk of potential financial losses and/or business instability arising from failures in internal controls, operational processes, or in the system that supports them.
Financial	—	Risk resulting from financial and reporting activities and/or use of financial instruments.
Compliance	—	Risk of non-compliance with any internal requirements/standards, legal/regulatory requirements, and/or any related third party legal actions/disputes.

Risk Management Report *(continued)*

MATERIAL RISKS *(continued)*

A. Group Operations

Risks	Examples of Response Taken	Risk Trend
Financial – Credit Risk The risk that a counterparty will not settle an obligation in full value, either when due or at any time thereafter.	• Default management and recovery procedures in place. • Established credit risk management function.	
Operational – COVID 19 outbreak The risk of adverse impact to the Group's business performance due to COVID-19.	• Ensure clean and hygienic work environment. • Temporary suspension of non-essential business travel. • Flexible working hours and work from home. • Provided face mask to staff.	
Operational – Natural Disaster Risk[1] The risk of extensive damage in network facilities caused by storm, flood, landslide, extreme weather phenomenon due to climate change impacting the Group's ability to sustain operation and/or loss of critical data and/or information.	• Performed periodic system backup • Established business continuity plan covering different disaster scenarios • Arranged appropriate insurance coverage for different disaster scenarios	

[1] material risk identified with ESG aspects

Risk Management Report *(continued)*

MATERIAL RISKS *(continued)*

B. Food Businesses

Risks	Examples of Response Taken	Risk Trend
Strategic **– Competitor Risk** The risk of competitors' actions (such as aggressive pricing and introduction of new products/services) or new entrants to the market, thereby impacting the Group's ability to achieve the market share target and/or sale revenue target.	• Periodic monitoring and discussion on market conditions • Competitive pricing and provision of value added services • Setting and periodic evaluation of marketing plans and campaigns • Continuous product or service development and improvement	
Operational **– Quality and Safety Risk[2]** The risk of sub-standard or unsafe product, service or business activity, thereby impacting the Group's reputation, or exposing the Group to regulatory/legal actions.	• Food safety and quality management system in place throughout the supply chain • Established supplier assessment process • Temperature monitoring for food storage • Staff training on product safety and operation • Equipment maintenance and cleaning program and pest control • Quality assurance against receiving, storing, production, etc. • Established product recall procedure	
Operational **– Political Risk** The risk of political instability, unfavorable government policy towards individual business and/or social unrest impacting the company's profitability and/or ability to sustain.	• Monitored announcement on protests planning and evaluate the stock level and ordering. • Closely monitored the situation around the shop and communicate with landlord/mall management.	

[2] material risk identified with ESG aspects

Risk Management Report *(continued)*

MATERIAL RISKS *(continued)*

B. Food Businesses *(continued)*

Risks	Examples of Response Taken	Risk Trend
Operational **– Talent Attraction and Retention Risk** The risk of failure to attract and/or retain qualified staff, impacting the business operation and achievement of business objectives.	• Ongoing recruitment advertisements placed in different channels • Talent scouting • In-house training to improve the productivity of existing staff	⮝

C. Property Investment, Property Development and Management Services

Risks	Examples of Response Taken	Risk Trend
Strategic **– Market Dynamic Risk** The risk of unfavorable condition in the market demand, supply and price of the product/service that the company positioning, impacting the company's sale revenue target.	• Contacted property agency to find new tenants proactively in order to minimize vacancy periods. • Increased agency commission to motivate property agency.	⮝

⮝ Risk level has increased ⟺ Risk level has remained steady

Risk Management Report *(continued)*

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

During the Year, the Board, through the Audit Committee, has reviewed the adequacy and effectiveness of the risk management and internal control systems based on:

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

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

3. Risk and control self-assessment by various entities;

4. Regular audit reports by the Group Internal Audit Department for audit evaluation of the internal controls and key findings with relevant recommendations;

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

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

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

As a result of the review, the Board, with the confirmation from the Management of the Group, considered the risk management and internal control systems to be effective and adequate for the Year. However, it should be acknowledged that the systems are designed to manage rather than to eliminate the risks of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Environmental, Social and Governance Report

ABOUT THIS REPORT

This report captures the performance of the Company and its subsidiaries (together, the "Group") in the environmental, social and governance ("ESG") aspects for the year ended 31 March 2020 (the "Year") (the "ESG Report"). By reporting the policies, measures and performance of the Group in ESG aspects, it allows all stakeholders to better understand the progress of the Group towards sustainability.

Reporting Boundary

The ESG Report covers the operation of the Company's head office in Hong Kong and its subsidiaries in food businesses, property development, property investment and property management, management services as well as fund management for the Year, details of which are as disclosed herein below[1]. While the ESG Report does not cover all of the Group's operations, the aim of the Group is to consistently upgrade the internal data collection procedure and gradually expand the scope of disclosure.

Segments	Subsidiaries covered in the reporting boundary
Food businesses	Auric Pacific Group Limited ("Auric") Auric Pacific Food Industries Pte. Ltd. ("Auric Pacific Food Industries") Auric Flavours Sdn Bhd ("Auric Flavours")[1,2] Cuisine Continental Group (HK) Ltd. ("CC Group") (formerly known as Delifrance (HK) Limited) Cuisine Continental (HK) Limited ("CCHK") Maxx Coffee Singapore Pte. Ltd. ("Maxx Coffee") (formerly known as Delifrance (Singapore) Pte. Ltd.) LCR Catering Services Limited
Property development, property investment and property management	北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.) ("Beijing Lippo") 成都力寶置業有限公司 (Chengdu Lippo Realty Limited) ("Chengdu Lippo") Fairseas 1 Pte. Ltd. ("Fairseas") 福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited) 福州力寶商業顧問有限公司 (Fuzhou Lippo Commercial Consultants Limited) One Realty Pte. Limited ("One Realty")
Management services	北京力寶商業顧問有限公司 (Beijing Lippo Commercial Consultants Limited) HCL Management Limited ("HCL Management") LCR Management Limited ("LCR Management")
Fund management	Lippo Investments Management Limited ("LIM")[1,3]

Auric Flavours and LIM are new additions to the reporting boundary in the ESG Report for the Year.

[1] Auric Flavours Sdn Bhd and LIM are new additions to the reporting boundary in the ESG Report for the Year. Food Junction Management Pte Ltd ("Food Junction"), a former principal subsidiary of Food Junction Holdings Limited which in turn is a subsidiary of Auric, is not included for the Year since it ceased to be a subsidiary of the Company on 31 October 2019. There were no corporate finance and securities broking operations following the disposal of Lippo Securities Holdings Limited ("LSH") in December 2018.

[2] Auric Flavours has not begun commercial manufacturing during the Year.

[3] LIM has become a wholly-owned subsidiary of the Company on 5 December 2019.

Environmental, Social and Governance Report *(continued)*

ABOUT THIS REPORT *(continued)*

Reporting Standard

The ESG Report was prepared in accordance with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. To ensure the accuracy of key environmental performance indicators, the Group commissioned a professional consultant to conduct a carbon assessment. Selected key performance indicators that are categorised by the ESG Reporting Guide as "recommended disclosures" are also included in the ESG Report. The ESG Reporting Guide Content Index is inserted at the end of the ESG Report for easy reference.

In preparation for the ESG Report, the Group adheres to the reporting principles of "Materiality", "Quantitative", "Balance" and "Consistency":

Reporting principles	The Group's application
Materiality	Material environmental and social issues were identified through stakeholder engagement and the materiality assessment was presented to the Board of Directors (the "Board"). Relevant contents have been prioritised and disclosed in the ESG Report.
Quantitative	The Group records and discloses key performance indicators in quantitative terms as appropriate.
Balance	The ESG Report discloses information in an objective manner, giving stakeholders an unbiased picture of the Group's overall ESG performance.
Consistency	As far as practicable and unless stated otherwise, the Group employs consistent measurement methodology to allow for meaningful comparison of ESG data over time.

Confirmation and Approval

Information in the ESG Report was sourced from the official documents, statistical data and management and operational information of and collected by the Group. The ESG Report was approved by the Board of the Company on 29 June 2020.

Opinion and Feedback

The Group values the opinion of stakeholders. If any stakeholder has any feedback or suggestions on the ESG Report, please send them to the registered office of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong or the Company's email address at lippo.ir@lippohk.com. Your feedback or suggestions would greatly help the Group continuously improve its ESG performance.

MANAGEMENT APPROACH TO ESG

The Board takes the overall responsibility for the oversight of the Group's ESG matters, including policies, measures, performance and risks. Through regular board meetings, the Board evaluates and reviews ESG matters as appropriate.

A working group that comprises representatives from business divisions and compliance team, was formed to implement ESG policies and strategy, carry out materiality assessment and prepare the ESG Report. To better prepare the Group for future challenges and opportunities, it is on the Group's agenda to continue enhancing its ESG governance and develop sustainability strategies more comprehensively.

During the Year, ESG workshops were organised to offer the staff of the Group with an introduction to ESG reporting, improvement opportunities and the updates of local reporting standard.

ESG Risk Management and Internal Control Systems

The Group considers effective risk management as an integral part of day-to-day operations and sound corporate governance. It is essential for the Group to evaluate risks that may prevent or endanger the achieving of its strategic and business goals, and identify opportunities ahead. Given the increasing significance of ESG risks, the Group has integrated ESG risk factors into enterprise risk management process.

The Board has the overall responsibility for maintaining an appropriate and effective risk management and internal control systems. The Group's risk governance structure and risk management process span all business entities and departments. Empowered by the Board, the Audit Committee reviews and approves risk criteria, oversees the risk exposure and reviews the adequacy and effectiveness of the systems.

To increase risk awareness among business entities and departments, relevant training events were held in Hong Kong, mainland China and Singapore during the Year. The training covered top risks identified for different businesses and key control measures taken.

For further information regarding the Group's risk governance structure, management strategy and major risks identified, please refer to the Risk Management Report on pages 48 to 56.

Environmental, Social and Governance Report *(continued)*

MANAGEMENT APPROACH TO ESG *(continued)*

Stakeholder Engagement

The Group defines its stakeholders as internal or external groups or individuals who have a significant impact on the Group's business, and those who are materially influenced or affected by the Group's business. Key groups of stakeholders are shown below:

Internal Stakeholders	External Stakeholders
• The Board • Management • General staff	• Investors • Shareholders • Suppliers • Business partners • Auditors • Customers • Service providers • Bankers • Communities

Understanding the needs and expectations of stakeholders enables the Group to formulate strategies that respond to their concerns and manage potential risks. To solicit their feedback, the Group engages its key stakeholders through a range of channels such as meetings, emails, telephone, interviews, conferences, visits, website and survey.

Highlights of regular stakeholder engagement

Employees	Suppliers
Engage employees through implementing a range of initiatives to create a healthy workplace with development opportunities.	Keep suppliers aware of the Group's social and environmental standards during supplier selection and assessment.

Customers	Communities
Communicate with customers to improve the products and services the Group delivers, and enhance their satisfaction.	Support the community through making charitable efforts, such as donation and sponsorship.

MANAGEMENT APPROACH TO ESG *(continued)*

Materiality Assessment

To ensure the ESG Report addresses the environmental and social issues that are important to the Group and its stakeholders, the independent consultant commissioned by the Group adopted a four-step approach to conduct a materiality assessment.

Step		Outcome
1	Identify relevant issues	• An interview with senior management was conducted to identify new and emerging material issues and risks. • A list of issues was compiled through reviewing existing and previous engagement results, with reference to local reporting standards. • 22 relevant issues were identified in aspects of "Environmental Protection", "Employment and Labour Practices", "Operating Practices" and "Community Investment".
2	Collect feedback	• A quantitative online survey was conducted, with 153 valid responses from internal and external stakeholders received.
3	Identify material issues	• The materiality of each relevant issue was assessed by considering its importance to the stakeholders and the Group's impact on the environment and society. • Based on the survey results, a materiality matrix was developed as illustrated herein below.
4	Validation	• The materiality matrix and assessment results were presented to the Board and senior management.

The materiality of 22 issues were mapped at the matrix, with material issues listed at the top right quadrant and less material issues found at the bottom left. A total of 11 issues were identified as material for the Group to address and report on.

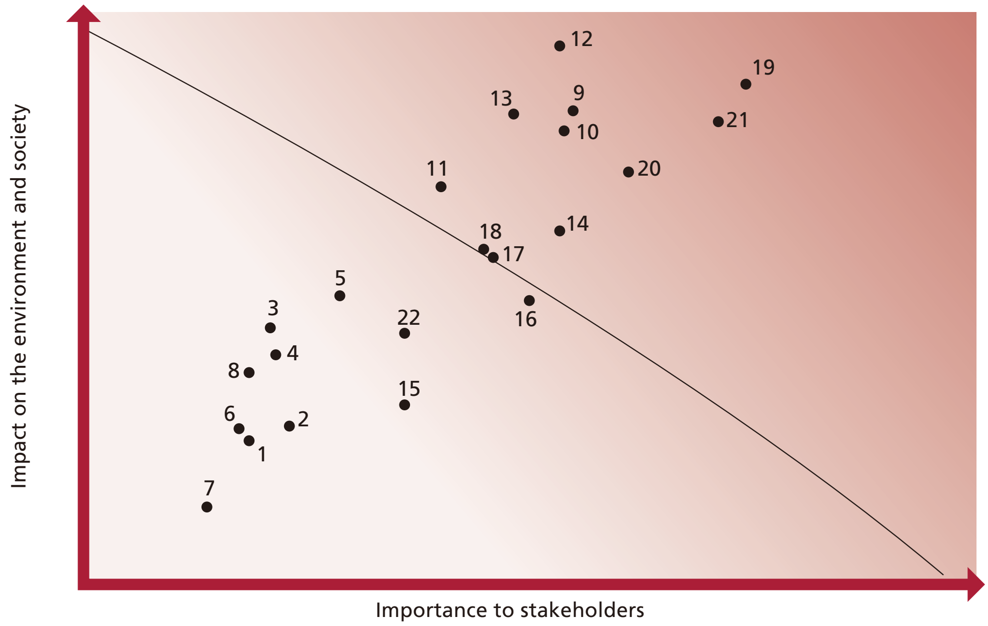
The Group believes that stakeholder engagement is a continuous process and will continue to explore different forms of engagement channels in order to strengthen its interaction with stakeholders to create mutually beneficial relationships.

Environmental, Social and Governance Report *(continued)*

MANAGEMENT APPROACH TO ESG *(continued)*

Materiality Assessment *(continued)*

Materiality Matrix



Number (See materiality matrix above)	Identified Material Issues	Relevant section in this report
19	Protecting customer privacy	Operating Responsibly — Product Responsibility
21	Anti-corruption	Operating Responsibly — Anti-corruption
12	Safe and healthy working environment	Caring for Our Employees — Health and Safety
9	Employment management system	Caring for Our Employees — Employment Management System
10	Employer-employee relations	Caring for Our Employees — Employment Management System
20	Protecting intellectual property rights	Operating Responsibly — Product Responsibility
13	Training and development	Caring for Our Employees — Training and Development
14	Prevention of child labour and forced labour	Caring for Our Employees — Employment Management System
11	Diversity, equal opportunity and eliminating discrimination	Caring for Our Employees — Employment Management System
18	After sales management	Operating Responsibly — Product Responsibility
17	Fair and responsible marketing	Operating Responsibly — Product Responsibility

To gain a more comprehensive understanding on the material issues, the Group also identified the issues that are of highest concern to the internal and external stakeholders under each aspect, which are energy management, water management and caring for the community. The ESG Report will also address these issues in addition to the material topics identified through the materiality assessment.

Environmental, Social and Governance Report *(continued)*

OPERATING RESPONSIBLY

Business ethics and consistently high standards of product quality are essential for the long-term viability of the Group's business. The Group's commitment and approach to responsible corporate citizenship are underpinned by the following policies and guidelines:

- Product and Service Responsibility Policy
- Anti-corruption Policy
- Whistleblowing Policy
- Sustainable Supply Chain Policy

Product Responsibility

The Group is committed to delivering products and services that are safe and of high quality to its customers. Guided by the Product and Service Responsibility Policy, the Group ensures the products and services it offers are complied with laws and regulations relating to privacy matters, health and safety, advertising and labelling, etc.

Protection of data privacy and intellectual property rights

The Group respects customer privacy and intellectual property rights of any third-party. The Product and Service Responsibility Policy highlights the guiding principles on safeguarding customer data and intellectual property of third-parties. When handling confidential information, the Group requires its employees to adhere to the policy and comply with applicable laws and regulations. To preserve confidentiality, the Group only collects and keeps information of its business partners and customers that is necessary in its business activities. Prior to data collection, informed consent from the relevant stakeholders is obtained to ensure they understand the purposes of collecting the data and how such data would be used.

For subsidiaries such as CC Group, CCHK and Maxx Coffee that hold personally identifiable information of customers, specific privacy policy and operating procedures are in place that involve the collection, use, communication and disclosure of such information. The policy is publicly available on the company website for easy access by customers and members of the public. Customers can contact the data protection officer or customer service department to make an inquiry or withdraw their consent.

To secure the data collection, the Group has implemented a range of security measures. By employing technologies and processes to control access, all data are handled by designated employees to avoid unauthorised or accidental access, handling, deletion, loss or use of such data. Security capabilities, such as monitoring system, alerting and incident response, are also employed. Important data are encrypted and regular data backup are performed.

Safety and quality management

Food businesses

Ensuring the safety and quality of products and services delivered is a priority at all times across the Group's food businesses. Subsidiaries such as Auric Pacific Food Industries, CC Group, CCHK and Maxx Coffee have implemented a number of management systems. Through these systems, food safety risks are assessed and monitored on an on-going basis.

Major management systems adopted			
ISO 9001 Quality Management System	ISO 22000 Food Safety Management System	Good Manufacturing Practices (GMP)	Hazard Analysis and Critical Control Point (HACCP) system

Environmental, Social and Governance Report *(continued)*

OPERATING RESPONSIBLY *(continued)*

Product Responsibility *(continued)*

Safety and quality management (continued)

Food businesses *(continued)*

To identify and minimise potential food safety hazards, the Group has in place a range of preventive and mitigation measures across its production and retail value chain, from suppliers, production, logistics to retail. These ensure the products sold meet the Group's standards and regulatory requirements relating to health and safety.

Vendor assessment	• Evaluate new and existing suppliers against quality and safety requirements through audit
Incoming materials inspection	• Perform assessment in accordance with the established acceptance criteria during receiving of raw materials, including raw ingredients, dry ingredients, seasoning and packaging
Materials storage	• Ensure materials are kept in appropriate locations and temperatures according to the product categories
Handling and processing of products	• Staff are required to follow proper operating procedures, and maintain personal hygiene and cleanliness when carrying out daily production duties
	• Properly clean and maintain production facilities and equipment
End products testing	• Perform laboratory testing to ensure the microbiological quality of end products and goods for sale at stores meet regulatory requirements
Logistics	• Ensure the condition of warehouse, storage areas and delivery fleet are properly maintained and cleaned
Retail	• Conduct regular quality assessment of retail stores

To ensure food safety at retail level, subsidiaries such as CC Group and CCHK have conducted retail quality assessment at stores on a regularly basis, evaluating the procedures for food preparation, food hygiene and personal hygiene, services received by customers, and cleanliness and maintenance of the premises. In the event of any non-conformances identified, responsible personnel will be assigned for initiating and executing improvement actions. Results of retail quality assessment, customer complaints in relation to product quality and improvement actions will be shared with store-in-charge during monthly training. To maintain good indoor air quality for customers, CC Group and CCHK has performed regular cleaning and maintenance of air-conditioners. High-efficiency particulate air (HEPA) filter and plasma filter have been installed at the store in Hong Kong International Airport to filter out very fine particles.

In the event of any non-conforming or potentially unsafe product is spotted, or a product recall is required, the Group has in place a controlling and handling procedure. Respective departments are responsible for segregating and evaluating the non-conforming products, and initiating corrective actions.

Environmental, Social and Governance Report *(continued)*

OPERATING RESPONSIBLY *(continued)*

Product Responsibility *(continued)*

Safety and quality management (continued)

Property development, property investment and property management

To take care of the health of tenants, subsidiaries are expected to establish facility hygiene requirements and maintain pest control. In the operations of property management, the property management companies engaged by subsidiaries provide regular maintenance of equipment and fixtures in the buildings, safety and security for tenants, and fire and emergency surveillance. For property development, the Group did not have any ongoing property project under development during the Year.

Responsible marketing and customer communication

The Group is mindful of its obligations to advertise and label its products and services responsibly. Information on products and services are provided through printed communication materials and digital platforms in daily operations. For example, product labels provide customers with information on allergens, product shelf life dates, and storage and consumption advice.

Seeking to help customers make informed choices and protect their interest, the Group promotes and advertises its products and services in ways that do not mislead customers and ensures that the information provided are adequate and reliable. At subsidiaries such as CC Group and CCHK, sharing sessions on customer services are held to provide restaurant managers with insights into handling and responding to customer queries on products and services. Chengdu Lippo conduct visits to their tenants to collect their feedback and identify ways to improve their services.

There are no relevant laws and regulations in relation to product and services responsibility, including health and safety, advertising, labelling and privacy matters, that have a significant impact on the Group. During the Year, the Group did not identify any cases of non-compliance or complaints regarding product and services responsibility.

Anti-corruption and Whistleblowing

Honesty, integrity and fairness have always been the Group's core values in operating its business. With that in mind, the Group is strongly against bribery, extortion, fraud and money laundering. The Group has the Anti-corruption Policy in place that sets out its expectations on the prohibition of all forms of bribery, extortion, fraud and money laundering on all its employees. The policy guides employees in circumstances such as the acceptance and offer of advantage, the dealing with conflict of interest and the handling of confidential information.

The Whistleblowing Policy is in place to encourage the reporting of suspected improprieties or non-compliance. The Group has safe and simple communication channels, such as email address and phone number, for all employees to raise concern confidentially. Whistleblowing reports can be filed for the attention of managers or head of department, the Group Internal Audit Department ("GIA"), the Chief Executive Officer of the Company or the Audit Committee of the Company, as the case may be.

The Audit Committee of the Company has the responsibility of overseeing the procedure and investigating reports received, which is administered with the support of the GIA. The Whistleblowing Policy is reviewed periodically by the head of the GIA to ensure effective monitoring and implementation.

At subsidiaries such as CC Group and CCHK, new employee for head office staff and new restaurant managerial staff will have an anti-corruption session in the induction program.

Environmental, Social and Governance Report *(continued)*

OPERATING RESPONSIBLY *(continued)*

Anti-corruption and Whistleblowing *(continued)*

There are no relevant laws and regulations in relation to corruption that have a significant impact on the Group. During the Year, the Group did not identify any non-compliance cases with laws and regulations in relation to corruption nor was there any concluded legal case regarding corruption practices brought against it or its employees.

Supply Chain Management

The Group places emphasis on enhancing its supply chain management to build a more sustainable supply chain. The Sustainable Supply Chain Policy underlines its commitment and expectations on suppliers. Subsidiaries are expected to implement procurement practices that align the Group's policy and other procurement policies that governs day-to-day operations.

To manage the social and environmental risks in its supply chain, the Groups states clearly in its policy the environmental and social factors that should be considered in the supplier selection and monitoring processes. Given that potential suppliers meet all other requirements, preference should be given to the supplier with better credentials or merits under the four pillars below. Subsidiaries are expected to conduct on-going monitoring and regular review of the relevant performance of suppliers.

Pillar	Consideration of credentials or merits achieved by suppliers
Business ethics	• Formulation of business code of conduct, policies related to regulatory compliance and policies related to the protection of employee rights, awards or accreditation obtained • Compliance with laws and regulations related to business ethics, environment and social responsibility
Product/service safety and quality	• Quality management system, assurance function, awards or accreditation obtained
Work health and safety	• Safe working environment, health and safety management system, policy, training, record of incident rate and awards achieved related to health and safety
Environmental management	• Environmental management system, policy and awards achieved

To uphold values for social responsibility, the Group encourages subsidiaries to invite local suppliers to participate in the selection process and consider small firms, voluntary, community service and ethnic minority organisations and/or social enterprises as potential suppliers, as far as practicable. Subsidiaries are also suggested to consider purchasing environmentally friendly products and services whenever feasible.

To support sustainable procurement, subsidiaries of food businesses consider and purchase organic and seasonal materials, fair trade products, food ingredients certified by Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) and packaging materials certified by Forest Stewardship Council (FSC) as far as practicable.

On top of constantly enforcing these standards, the Group will explore possibilities in developing a more comprehensive approach to identify and manage potential environmental and social impacts across its supply chain.

Environmental, Social and Governance Report *(continued)*

CARING FOR OUR EMPLOYEES

An engaged and talented workforce is the core pillar for the Group's long-term growth and viability. With this in mind, the Group aspires to create an engaged, healthy and safe workplace that respects different cultures and supports employee development. In line with the Human Resources Policy, the Group has implemented a range of measures and initiatives supporting employee performance.

Employee Health and Safety

Safeguarding the health and safety of employees has always been a priority to the Group's operations. It's the Group's goal to minimise safety and health risks to employees and protect them from workplace hazards, as stated in the Human Resources Policy.

On the food businesses front, safety committees have been established at a number of subsidiaries of food businesses to oversee and monitor occupational health and safety. The committees comprise personnel from various departments such as Human Resources Department, Operation Department, Project Department and Quality Assurance Department.

Taking Maxx Coffee as an example, its safety committee is responsible for developing, implementing and administering a comprehensive safety management system. It has to ensure the safety standards at retail outlets and baking centre are compliant with all statutory obligations and practices. Health and safety issues are regularly reviewed and resolved at meetings. The relevant departments are also briefed on the latest applicable laws and regulations.

To help employees understand the safety practices and prioritise safety at work, a set of clear safety guidelines are established and communicated:

- **Prevention of occupational hazards and ill-health**
- **Safe operation of machines**
- **Fire prevention**
- **Manual handling operations**
- **Chemicals handling**
- **Housekeeping in factory**
- **Emergency safety procedures**
- **Safety procedures in office**
- **Safety incident reporting**

The most common safety hazards across factories and restaurants are cuts, burn and scald, slips, trips and bruises. To avoid potential hazards, guidance on appropriate operating procedures and proper use of protective equipment for performing different tasks are given to employees through the safety guidelines.

Regular safety inspections are carried out to maintain good housekeeping. For example, monthly assessment at retail stores is conducted at CC Group and CCHK to maintain a safe working environment and ensure first aid materials are well-stocked and kept in good condition. Through monthly meetings, the Human Resources Department reviews and discusses health and safety issues with restaurant managers. The meetings also aim to enhance the safety awareness of restaurant managers through case studies and sharing information on preventive actions. To improve overall safety performance, the Group encourages employees to provide suggestions on improving workplace health and safety through various communication channels.

Environmental, Social and Governance Report *(continued)*

CARING FOR OUR EMPLOYEES *(continued)*

Employee Health and Safety *(continued)*

To enhance overall safety awareness, Maxx Coffee communicate the safety practices to current and newly hired factory employees through safety guidebooks and safety training, including structured classroom and on-the-job training. Employees are required to sign a "Letter of Undertaking" to acknowledge their completion of the training. To prepare employees for fire emergencies, the fire safety committees of food businesses organise fire drills and training on a regular basis.

In the operations of property development, property investment and property management segment, the Group ensures they are sufficiently protected with adequate personal protective equipment readily available on site to prevent employees from injuries. The Group disseminates a special accident handling guideline to various departments, including the engineering department, security department and cleaning department, in preparation for special accidents that may occur, such as electric shock, strong acid and alkali injury, heat stroke and syncope, etc. Fire drills are regularly held to better prepare employees in emergencies to ensure that they can efficiently identify and mitigate potential risks in the event of a fire.

The Group provides employees with medical insurance programmes to enhance their well-being. During the outbreak of the novel coronavirus (COVID-19) pandemic, the Group provided free surgical masks, work from home arrangement and flexible working hours to the employees in Hong Kong. It also assisted the employees in buying disinfectant products. Offices and common areas were regularly sanitised and equipped with adequate cleaning and hygiene supplies.

During the Year, the Group regrets that there were 28 cases of work related injuries across 12 subsidiaries covered in the reporting boundary. The injuries were caused by incidents such as burn, cut, sprain, slip and fall. The Group has conducted investigations and implemented preventive measures to prevent reoccurrence, such as developing and rolling out new standard operating procedures, enhancing safety awareness through verbal reminders, training and regular meetings, and applying non-slip materials to floors.

Employment Management System

A sound employment system is the first step in talent attraction and retention. The Group defines its principles for developing a motivating, diverse, impartial, harmonious and safe working environment in the Human Resources Policy. Employment policies and procedures are established across different operations to give clear guidelines on recruitment, promotion, dismissal, hours of work, rest periods, overtime, compensation and benefits and other employment arrangements.

Diversity and equal opportunities

Diversity and equal opportunities are one of the pillars forming the core of the Human Resources Policy. Employees are given equal access to opportunities irrespective of their age, gender, marital status, pregnancy, sexual orientation, family status, disability, politics, race, nationality or religion. Recruitment, compensation, rewards and promotion are fairly based on employees' performance, aptitude and potential. Various subsidiaries have policies, procedures and measures in support of a culture of diversity and equal opportunities. To enhance employee awareness, subsidiaries such as CC Group and CCHK communicate their equal opportunity policy to all head office staff and frontline managerial staff during the induction training.

Fair and competitive remuneration

To enhance employee well-being, the Group develops and delivers comprehensive welfare and benefits. The Group's remuneration package offers a number of benefits on top of the statutory requirements, such as paid marriage leave, medical and compassionate leave, generous annual leave, healthcare and life insurance.

CARING FOR OUR EMPLOYEES *(continued)*

Employment Management System *(continued)*

Employee relations

Open communication helps build trust and higher levels of engagement in the workplace. Communication channels are available for employees to raise any concerns at work to their direct supervisors and managers, the Human Resources Department, the General Manager or the Chief Executive Officer as appropriate. All feedback received will be handled confidentially. The Group did not receive any employee grievances during the Year.

Engagement activities can boost trust and happiness among employees. During the Year, the Group has organised various employee activities to enhance employees' sense of belonging, such as staff gathering, movie day for staff and their families, Chinese New Year party and Christmas party.

Labour standards

To maintain high ethical labour standards and comply with all relevant laws and regulations, the Group acknowledges its responsibility and actively works towards the prohibition of child and forced labour through the implementation of effective systems and controls across its businesses, as stated in the Human Resources Policy. During the recruitment process, all applicants' identity document, academic qualifications, talent, age and experience will be screened.

There are no relevant laws and regulations in relation to health and safety, employment and labour standards that have a significant impact on the Group. During the Year, the Group did not identify any non-compliance cases regarding health and safety, employment, child labour and forced labour.

Training and Development

The Group invests in employee training and development to build and sustain a competent and energised workforce in the long run. As outlined in the Human Resources Policy, a clear framework on the provision of learning and development opportunities is set out to promote employees' personal growth. By supporting employees to seek varieties of internal and external training courses, they will be able to acquire requisite skills and advance in their roles.

It is the Group's endeavour to create an inspiring and energetic team that never stops learning. The Group arranges training sessions with regard to the latest regulatory requirements and insights into corporate governance specifically for Directors and senior management who will be leading the Group's employees. Training related to enterprise risk management was also provided to employees across subsidiaries. Training courses, ranging from retail quality and hygiene to customer services and leadership skills, are also offered to frontline managers and office employees from the Group's subsidiaries in food businesses, such as CC Group and CCHK. To motivate employees to become self-driven learners, the Group provides financial incentives to employees taking additional training and development programmes.

Performance management and development process are carried out for employees to assess their performance throughout the Year. The purpose of an annual performance appraisal is to evaluate employees' personal and professional growth against various performance indices and annual objectives. The relevant divisions and departments are responsible for conducting coaching, assessing development needs of employees and setting aside training and development budgets.

Environmental, Social and Governance Report *(continued)*

PROTECTING THE ENVIRONMENT[4]

Upholding the principle of environmental responsibility for the interest of the communities, the Group strives to address and reduce the environmental impacts in its operations. In line with its Environmental Policy, the Group operates in an environmentally responsible and resource-efficient way and considers the material environmental risks and opportunities in its business decisions. All subsidiaries are expected to make ongoing efforts in managing and minimising their environmental impact through establishing applicable procedures and measures. Subsidiaries of food businesses such as Auric Pacific Food Industries operate with the implementation of ISO 14001 Environmental Management Systems. Auric Pacific Food Industries has also been ISO 14001 certified since 2000. The Group's environmental performance is regularly monitored and reviewed to ensure compliance with regulatory requirements and industry standards.

Environmental Performance Highlights

Total GHG emissions **10,717.1 tonnes of CO_2-e**	**Total energy consumption** **25,761.7 MWh-e**	**Total water consumption** **88,846 m^3**
Total hazardous waste generated **0.38 tonnes**	**Total non-hazardous waste generated** **4,846.1 tonnes**	**Total packaging materials used** **419 tonnes**

Further details of the environmental performance of the Group for the Year are provided below and in the Key Performance Indicators section.

Emissions

The quantification of Greenhouse Gases ("GHG") emissions was conducted in accordance with international and local standards, including:

- the Guidelines for Accounting and Reporting Greenhouse Gas Emissions — China Public Building Operator Units (Enterprises) (Trial) of the People's Republic of China (the "PRC");
- the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong;
- ISO 14064-1; and
- the GHG Protocol.

4 Food Junction, which ceased to be a subsidiary of the Company on 31 October 2019, was excluded for calculating the figures for the Year.

Environmental, Social and Governance Report *(continued)*

PROTECTING THE ENVIRONMENT[4] *(continued)*

Emissions *(continued)*

GHG emissions	2019/2020	2018/2019
Scope 1: Direct emissions (tonnes of CO_2-e)	4,440.6	4,661.4
Scope 2: Energy indirect emissions (tonnes of CO_2-e)	6,165.0[5]	12,661.3
Scope 3: Other indirect emissions (tonnes of CO_2-e)	111.5	534.8
Total GHG emissions (Scope 1, 2 and 3) (tonnes of CO_2-e)	10,717.1	17,857.5
GHG intensity (tonnes of CO_2-e/m^2)	0.12	0.25
GHG intensity (tonnes of CO_2-e/HK$1 million revenue)	11.58	6.96

Scope 1 emission sources include combustion of fuels in stationary sources, combustion of fuels in mobile sources and GHG releases from equipment and systems.

Scope 2 emission sources include electricity purchased from power companies in Hong Kong, Singapore, the PRC and Malaysia and gas purchased from Towngas in Hong Kong.

Scope 3 emissions include methane gas generation at landfills in Hong Kong due to disposal of paper waste, GHG emissions due to electricity used for fresh water processing by the Water Services Department in Hong Kong, GHG emissions due to electricity used for sewage processing by the Drainage Services Department in Hong Kong and business air travel by employees.

Air emissions	2019/2020	2018/2019
Nitrogen oxides (kg)	58,784.9	67,932.5
Sulphur oxides (kg)	4,530.9	5,149.8
Respirable suspended particulates (kg)	4,210.9	4,826.5

The total GHG emissions of the Year was 10,717.1 tonnes of CO_2-e. The GHG intensity was 0.12 tonnes of CO_2-e/m^2, which was 52% lower than that of 2018/2019. This was mainly due to a decrease in fuel consumption by vehicles and Towngas consumption in several subsidiaries, water consumption by most of the subsidiaries and paper waste disposed in several subsidiaries. The primary source of GHG emissions was Scope 2 energy indirect GHG emissions, which was mainly contributed by electricity consumption, accounting for nearly 58% of the total GHG emissions. Scope 1 direct GHG emissions and Scope 3 other indirect GHG emissions constituted 41% and 1% of the total GHG emissions respectively. Key air pollutants included nitrogen oxides, sulphur oxides and respirable suspended particles, which were emitted by manufacturing equipment, cooking equipment and vehicles. The air emissions of the Year was lower compared to that of 2018/2019. This was mainly due to a decrease in fuel consumption by vehicles in several subsidiaries.

The emissions data is set out in the Key Performance Indicators section below.

5 The consumption of purchased steam by Auric Flavours was excluded. It plans to gradually improve the internal data collection procedure for disclosing energy indirect emissions from purchased steam.

PROTECTING THE ENVIRONMENT[4] *(continued)*

Emissions *(continued)*

To reduce emissions at source, the Group continues to give priority to purchase of machines, equipment and company vehicles with higher energy efficiency and lower emissions, such as LED lights and Euro V and electric vehicles. Regular maintenance of company vehicles is carried out and eco-driving such as switching off idling engines are promoted. During the Year, electrostatic precipitators are installed to purify the air emitted from the kitchen exhaust at new retail stores of CCHK. Moving forward, the Group will consider the possibility of using the emission data in support of establishing a group-wide carbon reduction strategy, identifying carbon reduction actions and setting reduction targets.

Energy

Improving operational energy efficiency is a fundamental strategy to reduce energy consumption and associated GHG emissions. To conserve energy, a series of energy-efficiency initiatives have been implemented across the subsidiaries:

- Automatic lighting controls on a set schedule to save energy during non-business hours;
- Set thermostat of air conditioner to optimal temperature that balance employee comfort and energy use;
- Perform regular cleaning and maintenance of air-conditioning systems;
- Install lighting control sensor in the Company's head office;
- Choose energy efficient electrical appliances where applicable;
- Give priority to LED lights when there is need for replacement; and
- Defrost food ingredients by placing them in the refrigerators.

The total energy consumption of the Year was 25,761.7 MWh-e[6]. The energy intensity was 0.29 MWh-e/m^2 floor area, which is 52% lower than that of 2018/2019. This was mainly due to a decrease in fuel consumption by vehicles and towngas and electricity consumption in several subsidiaries.

Water

The Group mainly withdraws water from municipal supplies and has no issue in sourcing water during the Year. Domestic water is consumed for personal hygiene and routine cleaning. To reduce water consumption, water taps with lower flow rate are installed and regular maintenance of water supply system are performed. For example, all stores of CC Group and CCHK are equipped with water saving taps and dishwashers with higher water efficiency.

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6 The consumption of purchased steam by Auric Flavours was excluded. It plans to gradually improve the internal data collection procedure for disclosing such consumption.

Environmental, Social and Governance Report *(continued)*

PROTECTING THE ENVIRONMENT[4] *(continued)*

Water *(continued)*

Domestic effluents are discharged into municipal wastewater sewage treatment systems. At Auric Pacific Food Industries where production activities are undertaken, pre-treatment and third-party testing are conducted prior to wastewater discharge. Grease traps are regularly cleaned and maintained at retail stores of CC Group and CCHK.

The total water consumption of the Year was 88,846 m^3, and the water intensity was 1.0 m^3/m^2 floor area[7]. There was a drop of 83% in water intensity for the Year, compared to that of 2018/2019. This was mainly due to a decrease in water consumption by most of the subsidiaries. The data on use of resources is set out in Key Performance Indicators section below.

Waste and other resources

Mindful of its responsibility to manage and reduce the waste it produces, the Group has implemented a set of measures at offices, production facilities and retail stores:

General waste	Offices: • Practise reuse and recycling in offices where applicable • Reuse one-sided paper for printing • Adopt e-communication whenever possible Production facilities and retail stores: • Give priority to durable tools and equipment during purchasing • Reuse store decorations • Reuse shipment trays
Food waste	• Conduct sales forecasts and monitor return of excess products for adjusting production patterns • Standardise control of production process to achieve consistency in product quality and reduce defective products • Store perishable ingredients properly • Repurpose leftover ingredients in other dishes, such as bread cubes, while maintaining quality and safety standards • Donate surplus food to local organisations for redistribution to the needy • Practise food waste collection where applicable
Packaging and single-use items	• Packaging, storage, transportation and preparation processes are reviewed at the product development stage, aiming to minimise the materials and packaging needed • Communicate with suppliers on environmentally friendly alternatives • Avoid unnecessary wrapping of food products • Use packaging and takeaway cutleries that are more environment-friendly such as FSC-certified paper or bio-degradable plastic • Encourage customers to use their own bags before offering paper or plastic bags • Provide plastic straws only upon customers' request

7 Beijing Lippo, One Realty, HCL Management, LCR Management and LIM, which operated in leased premises with the supply of water controlled by building management and no sub-metering for individual occupants, were excluded.

Environmental, Social and Governance Report *(continued)*

PROTECTING THE ENVIRONMENT[4] *(continued)*

Waste and other resources *(continued)*

Environmental training CC Group and CCHK	
To enhance environmental awareness of employees, CC Group and CCHK provides bi-annually environmental training to restaurant managers. During the Year, the training focused on:	
Waste	• How to apply the 3Rs: reduction, reuse and recycling in daily operations • Common types of recyclables and handling procedures for recyclables collected, such as glass bottles, plastics, paper, aluminium and batteries • Common types of food waste and procedures for segregation, measurement and handling • Waste sampling and measurement
Energy and water	• Practices and facilities for saving energy and water
Sustainable procurement	• Common types of sustainable food ingredients and packaging

During the Year, the Group produced 0.38 tonnes of hazardous waste[8] and 4,846.1 tonnes of non-hazardous waste[9]. Hazardous waste intensity and non-hazardous waste intensity were 4.33 tonnes/million m^2 floor area and 0.06 tonnes/m^2 floor area respectively. Major non-hazardous waste generated throughout the Group's operations are domestic solid waste from offices, and food waste and packaging waste from food businesses. All non-hazardous waste was collected and handled by authorised waste collectors. The Group's operations generated minimal quantities of hazardous waste, such as spent fluorescent light tubes, which were disposed of by authorised vendors in accordance with applicable environmental regulations.

In addition to the GHG emissions and resource use disclosed above, the nature of the Group's operation does not have any significant impact on the environment and natural resources. Moving forward, the Group will constantly be working to reduce the consumption of energy, water and other natural resources across its operations and to use environmentally friendly products and services whenever possible.

There are no relevant laws and regulations in relation to the environment that have a significant impact on the Group. During the Year, the Group did not identify any non-compliance cases regarding environmental laws and regulations.

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8 Auric Flavours and Chengdu Lippo were excluded. They plan to gradually improve the internal data collection procedure for disclosing hazardous waste generated.

9 Auric, Maxx Coffee, Fairseas, One Realty, HCL Management and LCR Management were excluded. They plan to gradually improve the internal data collection procedure for disclosing non-hazardous waste generated.

Environmental, Social and Governance Report *(continued)*

CARING FOR THE COMMUNITY

As a responsible corporate citizen, the Group strives to understand and meet the needs of local communities and reducing the impacts of its operations on the neighbourhoods. Guided by the Donation Policy, the Group seeks to promote and support the development of communities in which it operates by means of philanthropic donations. The focus areas of contribution continue to include a wide array of aspects, ranging from education, culture, sickness and disability relief, poverty alleviation, disaster aid to religious pursuit. During the Year, the Group has donated a total of approximately HK$4,650,000[10] for various charity initiatives.

To fulfil its corporate social responsibility, the Group will continue its endeavour in community engagement and leverage its network and influence in community investment initiatives.

KEY PERFORMANCE INDICATORS[11]

Environmental Performance

Air emissions	2019/2020	2018/2019
Nitrogen oxides (kg)	58,784.9	67,932.5
Sulphur oxides (kg)	4,530.9	5,149.8
Respirable suspended particulates (kg)	4,210.9	4,826.5

GHG emissions	2019/2020	2018/2019
Scope 1: Direct emissions (tonnes of CO_2-e)	4,440.6	4,661.4
Scope 2: Energy indirect emissions (tonnes of CO_2-e)	6,165.0[12]	12,661.3
Scope 3: Other indirect emissions (tonnes of CO_2-e)	111.5	534.8
Total GHG emissions (Scope 1, 2 and 3)	10,717.1	17,857.5
GHG intensity (tonnes of CO_2-e/m^2)	0.12	0.25
GHG intensity (tonnes of CO_2-e/HK$1 million revenue)	11.58	6.96

Waste	2019/2020	2018/2019
Hazardous waste (tonnes)	0.38[13]	0.06
Hazardous waste intensity (tonnes/million m^2)	4.33	0.82
Non-hazardous waste (tonnes)	4,846.1[14]	4,533.3[15]
Non-hazardous waste intensity (tonnes/m^2)	0.06	0.06

10 The donation beyond the reporting boundary was included.

11 Food Junction, which ceased to be a subsidiary of the Company on 31 October 2019, was excluded for calculating the figures for the Year.

12 The consumption of purchased steam by Auric Flavours was excluded. It plans to gradually improve the internal data collection procedure for disclosing energy indirect emissions from purchased steam.

13 Auric Flavours and Chengdu Lippo were excluded. They plan to gradually improve the internal data collection procedure for disclosing hazardous waste generated.

14 Auric, Maxx Coffee, Fairseas, One Realty, HCL Management and LCR Management were excluded. They plan to gradually improve the internal data collection procedure for disclosing non-hazardous waste generated.

15 Auric, Centurion Marketing Pte. Ltd. ("Centurion Marketing", which ceased to be a subsidiary of the Company), Maxx Coffee, Food Junction, Chengdu Lippo, Fairseas, One Realty, HCL Management and LCR Management were excluded.

Environmental, Social and Governance Report *(continued)*

KEY PERFORMANCE INDICATORS[11] *(continued)*

Environmental Performance *(continued)*

Energy consumption		2019/2020	2018/2019
Direct energy	Petrol (MWh-e)	188.5	475.4
	Diesel (MWh-e)	13,125.8	14,515.4
	Natural gas (MWh-e)	300.4	0
	Towngas (MWh-e)	688.3	847.7
Indirect energy	Electricity (MWh)	11,458.7	26,935.5
Total energy consumption (MWh-e)		25,761.7[16]	42,774.0[17]
Energy intensity (MWh-e/m^2)		0.29	0.60
Energy intensity (MWh-e/HK$1 million revenue)		27.9	16.7

Water consumption[18]	2019/2020	2018/2019
Total water consumption (m^3)	88,846	408,944
Water intensity (m^3/m^2)	1.0	5.8

Packaging material	2019/2020	2018/2019
Total packaging material used (tonnes)	419	683
Packaging material intensity (tonnes/HK$1 million revenue)	0.45	0.27

Social Performance

Number of employees											2019/2020		2018/2019	
		Age			Employee category		Employment type							
Region	Gender	Below 30	30–50	Above 50	Management	Other employees	Full-time	Part-time	Subtotal	Total (by region)	Total workforce	Male to female ratio	Total workforce	Male to female ratio
Hong Kong	Male	95	91	54	22	218	143	97	240	603	1,397	1.1:1	1,472	1:1
	Female	90	168	105	9	354	175	188	363					
Singapore	Male	80	185	83	23	325	322	26	348	573				
	Female	80	75	70	20	205	127	98	225					
PRC	Male	0	22	13	9	26	34	1	35	62				
	Female	1	16	10	3	24	26	1	27					
Malaysia	Male	65	37	1	12	91	103	0	103	159				
	Female	35	21	0	3	53	56	0	56					

16 The consumption of purchased steam by Auric Flavours was excluded. It plans to gradually improve the internal data collection procedure for disclosing such consumption.

17 Centurion Marketing was excluded.

18 Beijing Lippo, One Realty, HCL Management, LCR Management and LIM, which operated in leased premises with the supply of water controlled by building management and no sub-metering for individual occupants, were excluded for calculating figures for the Year and 2018/2019. Centurion Marketing and LSH were excluded for 2018/2019.

Environmental, Social and Governance Report *(continued)*

KEY PERFORMANCE INDICATORS[11] *(continued)*

Social Performance *(continued)*

Work-related fatality and injury	Number and rate of work-related fatalities		Number of work-related injury		Rate of work-related injury (per 100 workforce)[19]	
Region	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
Hong Kong	0	0	14	9	2.3	1.5
Singapore	0	0	11	9	1.9	1.1
PRC	0	0	0	0	0	0
Malaysia	0	0	3	–	1.9	–
Total	0	0	28	18	2.0	1.2

Number and percentage of employees trained[20]		Employee category			2019/2020 Total (by gender)		2018/2019 Total (by gender)	
Region	Gender	Management	Other employees	Subtotal	Male	Female	Male	Female
Hong Kong	Male	8 (36%)	113 (52%)	121 (50%)	238 (33%)	261 (39%)	473 (64%)	372 (51%)
	Female	0	186 (53%)	186 (51%)				
Singapore	Male	1 (4%)	1 (0.3%)	2 (0.6%)				
	Female	4 (20%)	6 (3%)	10 (4%)				
PRC	Male	3 (33%)	23 (88%)	26 (74%)				
	Female	1 (33%)	14 (58%)	15 (56%)				
Malaysia	Male	6 (50%)	83 (91%)	89 (86%)				
	Female	3 (100%)	47 (89%)	50 (89%)				

Breakdown of percentage of employees trained/Number of employees who took part in training[21]			
Employee category		Gender	
Management	Other employees	Male	Female
5%	95%	48%	52%

Average training hours[22]		Employee category			2019/2020 Total (by gender)		2018/2019 Total (by gender)	
Region	Gender	Management	Other employees	Subtotal	Male	Female	Male	Female
Hong Kong	Male	6.1	2.4	2.8	4.1	3.4	5.7	4.0
	Female	0	2.0	1.9				
Singapore	Male	0.2	0.05	0.06				
	Female	9.6	0.2	1.1				
PRC	Male	0.9	3.4	2.8				
	Female	1.0	4.0	3.6				
Malaysia	Male	5.3	23.7	21.6				
	Female	11.0	22.8	22.1				

19 Rate of work-related injury (per 100 workforce) = number of injured employees / total number of employees x 100.

20 Percentage of employees trained = number of employees trained in specified category / number of employees in specified category x 100%.

21 Breakdown for employees trained = employee trained in specified category / total number of employees trained x 100%.

22 Average training hours = number of training hours for employees in specified category / number of employees in specified category.

Environmental, Social and Governance Report *(continued)*

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/ Remarks
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	70, 74
A1.1	The types of emissions and respective emissions data.	71, 75
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	70-71, 75
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	70, 74-75
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	70, 74-75
A1.5	Description of measures to mitigate emissions and results achieved.	70-75
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	73-75
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	70
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	70, 72, 76
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	70, 73, 76
A2.3	Description of energy use efficiency initiatives and results achieved.	72, 76
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	72-73, 76
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	76

Environmental, Social and Governance Report *(continued)*

ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Material Aspect	Content	Page Index/ Remarks
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	70
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	74
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	68-69
B1.1	Total workforce by gender, employment type, age group and geographical region.	76
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	67, 69
B2.1	Number and rate of work-related fatalities.	68, 77
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	67-68

Environmental, Social and Governance Report *(continued)*

ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Material Aspect	Content	Page Index/ Remarks
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	69
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	77
B3.2	The average training hours completed per employee by gender and employee category.	77
B4 Labour Standards		69
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	69
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	63, 66
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	63, 65
B6.3	Description of practices relating to observing and protecting intellectual property rights.	63
B6.4	Description of quality assurance process and recall procedures.	63-65
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	63

Environmental, Social and Governance Report *(continued)*

ESG REPORTING GUIDE CONTENT INDEX *(continued)*

Material Aspect	Content	Page Index/ Remarks
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	63, 65-66
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	66
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	65
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	75
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	75
B8.2	Resources contributed (e.g. money or time) to the focus area.	75

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of Lippo Limited (the "Company") and its subsidiaries (the "Group") set out on pages 88 to 214, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

Independent Auditor's Report *(continued)*

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of interest in a joint venture	
The carrying amount of the Group's interests in joint ventures amounted to HK$10,338 million as at 31 March 2020. The interests in joint ventures were stated at the Group's share of net assets under the equity method of accounting, less any impairment losses at the end of each reporting period. The carrying amount of the Group's interest in Lippo ASM Asia Property Limited ("LAAPL"), a material joint venture of the Group, amounted to HK$10,046 million as at 31 March 2020. LAAPL has a controlling interest in OUE Limited, a listed company in Singapore which is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. The impairment assessment of the Group's interest in LAAPL and its subsidiaries is significant to our audit due to (i) the significance of the carrying amount as at 31 March 2020; and (ii) the determination of the recoverable amount of the interest in LAAPL requires significant management's judgement and estimate. Related disclosures are included in Notes 3 and 24 to the consolidated financial statements.	We assessed management's process for identifying the objective evidence of impairment in respect of the interest in LAAPL. We evaluated and tested the assumptions and methodologies used by management in the determination of the recoverable amount. We assessed the cash flow projection of LAAPL by making reference to its historical financial performance. For the discount rate applied to the cash flow projection, we assessed the inputs used to determine the rate with reference to market data. We involved our internal valuation specialists to assist us in assessing the discount rate adopted in the cash flow projection.

Independent Auditor's Report *(continued)*

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessments of interests in associates	
As at 31 March 2020, the gross carrying amount of the Group's interests in associates amounted to approximately HK$1,199 million before impairment provision of approximately HK$157 million. The interests in associates were stated at the Group's share of net assets under the equity method of accounting, less any impairment losses at the end of each reporting period. The carrying amounts of the Group's interests in Healthway Medical Corporation Limited ("Healthway") and TIH Limited ("TIH"), material associates of the Group, amounted to HK$394 million and HK$237 million, respectively, as at 31 March 2020. Healthway is a listed company in Singapore which is engaged in the provision of healthcare services in Singapore. TIH is also a listed company in Singapore which is engaged in fund investment and management businesses. The impairment assessment of interests in associates is significant to our audit due to (i) the significance of the carrying amount as at 31 March 2020; and (ii) the determination of the recoverable amount of the interests in associates requires significant management's judgement and estimate. Related disclosures are included in Notes 3 and 23 to the consolidated financial statements.	We assessed management's process for identifying the objective evidence of impairment in respect of the interests in Healthway and TIH. We evaluated and tested the assumptions and methodologies used by management in the determination of the recoverable amounts. We assessed the cash flow projections of Healthway and TIH by making reference to its historical financial performance. For the discount rates applied to the cash flow projections of Healthway and TIH, we assessed the inputs used to determine the rates with reference to market data. We involved our internal valuation specialists to assist us in assessing the discount rates adopted in the cash flow projections.
Fair value of investment properties	
As at 31 March 2020, investment properties measured at fair values amounted to approximately HK$764 million, with a corresponding net fair value loss of HK$82 million recognised in profit or loss. The valuation process is inherently subjective and dependent on a number of estimates. The Group has engaged independent professional valuers to perform the valuation of the investment properties. Related disclosures are included in Notes 3 and 21 to the consolidated financial statements.	We considered the objectivity, independence and competency of the valuers. We assessed the valuation methodologies adopted and assumptions used by the valuers, and performed market value benchmarking against comparable properties. We involved our internal valuation specialists to assist us in evaluating the methodologies adopted and the assumptions used by the valuers for the valuation of investment properties held by the Group.

Independent Auditor's Report *(continued)*

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

Independent Auditor's Report *(continued)*

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report *(continued)*

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

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

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

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

29 June 2020

Consolidated Statement of Profit or Loss

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Continuing operations			
Revenue	5	**925,155**	2,554,210
Cost of sales	8	**(284,952)**	(1,406,343)
Gross profit		**640,203**	1,147,867
Other income	6	**22,635**	33,108
Administrative expenses		**(632,011)**	(798,602)
Other operating expenses	8	**(238,735)**	(454,205)
Gain on disposal of subsidiaries	40	**342,679**	873,928
Net fair value gain/(loss) on investment properties		**(81,539)**	30,062
Net fair value loss on financial instruments at fair value through profit or loss	8	**(173,028)**	(186,012)
Other losses — net	7	**(13,911)**	(55,032)
Finance costs	11	**(91,921)**	(90,169)
Share of results of associates	12	**(17,225)**	(3,430)
Share of results of joint ventures	13	**428,899**	(190,738)
Profit before tax from continuing operations	8	**186,046**	306,777
Income tax	14	**(2,346)**	(17,444)
Profit for the year from continuing operations		**183,700**	289,333
Discontinued operation			
Profit for the year from discontinued operation	15	**–**	145,666
Profit for the year		**183,700**	434,999
Attributable to:			
Equity holders of the Company		**(10,315)**	(112,191)
Non-controlling interests		**194,015**	547,190
		183,700	434,999
		HK$	HK$
Loss per share attributable to equity holders of the Company	16		
Basic and diluted			
— For loss for the year		**(0.02)**	(0.23)
— For loss from continuing operations		**(0.02)**	(0.44)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Profit for the year		**183,700**	434,999
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(94,754)**	(92,003)
Exchange differences reclassified to profit or loss upon:			
Disposal of foreign subsidiaries	40	**11,351**	26,228
Liquidation of foreign operations	7	**(13,985)**	(12,142)
Derecognition of an associate		**1,511**	–
Share of other comprehensive loss of associates		**(39,924)**	(24,860)
Share of other comprehensive loss of joint ventures:			
Exchange differences on translation of foreign operations		**(502,169)**	(205,036)
Other reserves		**(50,719)**	(8,048)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax		**(688,689)**	(315,861)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity instruments at fair value through other comprehensive income		**(36,427)**	95,444
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures		**54,920**	29,438
Gain on property revaluation		**–**	2,790
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		**18,493**	127,672
Other comprehensive loss for the year, net of tax		**(670,196)**	(188,189)
Total comprehensive income/(loss) for the year		**(486,496)**	246,810
Attributable to:			
Equity holders of the Company		**(498,187)**	(225,523)
Non-controlling interests		**11,691**	472,333
		(486,496)	246,810
Total comprehensive income/(loss) for the year attributable to equity holders of the Company:			
— From continuing operations		**(498,187)**	(327,534)
— From discontinued operation		**–**	102,011
		(498,187)	(225,523)

Consolidated Statement of Financial Position

As at 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Intangible assets	18	**21,034**	181,592
Exploration and evaluation assets	19	**882**	602
Fixed assets	20	**1,158,151**	1,091,618
Investment properties	21	**763,652**	923,465
Right-of-use assets	22(a)	**133,715**	–
Interests in associates	23	**1,042,358**	1,114,187
Interests in joint ventures	24	**10,338,320**	10,524,740
Financial assets at fair value through other comprehensive income	25	**105,689**	356,513
Financial assets at fair value through profit or loss	26	**388,662**	392,359
Debtors, prepayments and other assets	27	**11,872**	38,634
Other financial asset	28	**46,780**	49,087
Deferred tax assets	35	**2,807**	845
		14,013,922	14,673,642
Current assets			
Properties held for sale		**81,512**	86,165
Properties under development	29	**30,179**	29,566
Inventories	30	**10,389**	11,349
Loans and advances	31	**74,695**	83,631
Debtors, prepayments and other assets	27	**199,869**	264,539
Financial assets at fair value through profit or loss	26	**453,307**	588,148
Other financial assets	28	**–**	365
Tax recoverable		**474**	202
Restricted cash	32	**51,854**	59,899
Time deposits with original maturity of more than three months		**66,176**	69,342
Cash and cash equivalents		**1,175,208**	2,830,780
		2,143,663	4,023,986
Current liabilities			
Bank and other borrowings	33	**916,817**	1,289,332
Lease liabilities	22(b)	**45,680**	–
Creditors, accruals and other liabilities	34	**301,354**	464,942
Other financial liabilities	28	**21,606**	9,770
Tax payable		**174,359**	192,633
		1,459,816	1,956,677
Net current assets		**683,847**	2,067,309
Total assets less current liabilities		**14,697,769**	16,740,951

Consolidated Statement of Financial Position *(continued)*

As at 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Bank and other borrowings	33	**1,022,806**	1,438,668
Lease liabilities	22(b)	**94,560**	–
Creditors, accruals and other liabilities	34	**6,453**	24,412
Other financial liability	28	**1,303**	220
Deferred tax liabilities	35	**44,128**	66,193
		1,169,250	1,529,493
Net assets		**13,528,519**	15,211,458
Equity			
Equity attributable to equity holders of the Company			
Share capital	36	**986,598**	986,598
Reserves	38	**8,521,586**	9,223,349
		9,508,184	10,209,947
Non-controlling interests		**4,020,335**	5,001,511
		13,528,519	15,211,458

John Luen Wai Lee
Director

Stephen Riady
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Attributable to equity holders of the Company									
	Share capital	Special capital reserve *(Note 38(a))*	Fair value reserve of financial assets at FVOCI*	Other assets revaluation reserve	Hedging reserve *(Note 38(b))*	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 2019, as previously reported	986,598	1,709,202	110,287	2,092	(3,644)	298,396	7,107,016	10,209,947	5,001,511	15,211,458
Impact on initial application of HKFRS 16 *(Note 2.2)*	–	–	–	–	–	–	(7,214)	(7,214)	(16,343)	(23,557)
At 1 April 2019, as adjusted	986,598	1,709,202	110,287	2,092	(3,644)	298,396	7,099,802	10,202,733	4,985,168	15,187,901
Profit/(Loss) for the year	–	–	–	–	–	–	(10,315)	(10,315)	194,015	183,700
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(50,513)	–	(50,513)	(44,241)	(94,754)
Exchange differences reclassified to profit or loss upon:										
Disposal of foreign subsidiaries	–	–	–	–	–	3,423	–	3,423	7,928	11,351
Liquidation of foreign operations	–	–	–	–	–	(15,164)	–	(15,164)	1,179	(13,985)
Derecognition of an associate	–	–	–	–	–	1,133	–	1,133	378	1,511
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	(28,565)	–	–	–	–	(28,565)	(7,862)	(36,427)
Share of other comprehensive loss of associates	–	–	–	–	–	(29,939)	–	(29,939)	(9,985)	(39,924)
Share of other comprehensive income/(loss) of joint ventures	–	–	40,466	–	(37,359)	(371,354)	–	(368,247)	(129,721)	(497,968)
Total comprehensive income/(loss) for the year	–	–	11,901	–	(37,359)	(462,414)	(10,315)	(498,187)	11,691	(486,496)
Transfer of fair value reserve upon disposal of equity instruments at fair value through other comprehensive income	–	–	10,004	–	–	–	(10,004)	–	–	–
Disposal of subsidiaries *(Note 40)*	–	–	–	–	–	–	–	–	(1,117)	(1,117)
Changes in non-controlling interests without change in control	–	–	–	–	–	–	7	7	(127)	(120)
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	(151,985)	(151,985)	(53,538)	(205,523)
Transfer of reserve of a joint venture	–	–	(347,242)	–	–	–	347,242	–	–	–
2018/2019 final dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	(24,658)	(24,658)	–	(24,658)
2019/2020 interim dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	(19,726)	(19,726)	–	(19,726)
Dividends declared and paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(944,498)	(944,498)
Advance from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	22,756	22,756
At 31 March 2020	986,598	1,709,202	(215,050)	2,092	(41,003)	(164,018)	7,230,363	9,508,184	4,020,335	13,528,519

* FVOCI stands for fair value through other comprehensive income.

Consolidated Statement of Changes in Equity *(continued)*

For the year ended 31 March 2020

	Attributable to equity holders of the Company									
	Share capital	Special capital reserve *(Note 38(a))*	Fair value reserve of financial assets at FVOCI*	Other assets revaluation reserve	Hedging reserve *(Note 38(b))*	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 2018	986,598	1,709,202	(426)	–	1,977	511,312	7,095,408	10,304,071	4,834,197	15,138,268
Profit/(Loss) for the year	–	–	–	–	–	–	(112,191)	(112,191)	547,190	434,999
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(46,922)	–	(46,922)	(45,081)	(92,003)
Exchange differences reclassified to profit or loss upon:										
Disposal of foreign subsidiaries	–	–	–	–	–	6,789	–	6,789	19,439	26,228
Liquidation of foreign operations	–	–	–	–	–	(9,078)	–	(9,078)	(3,064)	(12,142)
Changes in fair value of equity instruments at fair value through other comprehensive income	–	–	72,187	–	–	–	–	72,187	23,257	95,444
Share of other comprehensive loss of associates	–	–	–	–	–	(18,643)	–	(18,643)	(6,217)	(24,860)
Share of other comprehensive income/(loss) of joint ventures	–	–	30,926	–	(5,621)	(145,062)	–	(119,757)	(63,889)	(183,646)
Gain on property revaluation	–	–	–	2,092	–	–	–	2,092	698	2,790
Total comprehensive income/(loss) for the year	–	–	103,113	2,092	(5,621)	(212,916)	(112,191)	(225,523)	472,333	246,810
Transfer of fair value reserve upon disposal of equity instruments at fair value through other comprehensive income	–	–	7,997	–	–	–	(7,997)	–	–	–
Changes in non-controlling interests without change in control *(Note 41)*	–	–	–	–	–	–	186,656	186,656	(249,495)	(62,839)
Share of equity movements arising on equity transactions of joint ventures	–	–	–	–	–	–	(15,804)	(15,804)	(6,132)	(21,936)
Transfer of reserve of a joint venture	–	–	(397)	–	–	–	397	–	–	–
2017/2018 final dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	(24,658)	(24,658)	–	(24,658)
2018/2019 interim dividend declared and paid to shareholders of the Company	–	–	–	–	–	–	(14,795)	(14,795)	–	(14,795)
Dividends declared and paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	(41,901)	(41,901)
Unclaimed dividends to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	116	116
Return of capital to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(7,607)	(7,607)
At 31 March 2019	986,598	1,709,202	110,287	2,092	(3,644)	298,396	7,107,016	10,209,947	5,001,511	15,211,458

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	42(a)	**(220,641)**	370,055
Interest received		**21,097**	25,738
Dividends received from:			
An associate		**5,497**	–
A joint venture		**1,418**	2,873
Investments		**17,221**	26,867
Taxes paid:			
Hong Kong		**(1,640)**	(1,920)
Overseas		**(19,430)**	(44,046)
Net cash flows from/(used in) operating activities		**(196,478)**	379,567
Cash flows from investing activities			
Distribution from:			
Financial assets at fair value through other comprehensive income		**–**	497
Financial assets at fair value through profit or loss		**27,563**	7,264
Proceeds from disposals of:			
Fixed assets		**1,106**	914
An investment property		**55,730**	–
An associate		**–**	1,587
Financial assets at fair value through other comprehensive income		**217,052**	35,776
Financial assets at fair value through profit or loss		**41,940**	253,861
Payments to acquire:			
Fixed assets		**(154,540)**	(160,673)
Exploration and evaluation assets		**(317)**	(258)
Associates		**(9,529)**	–
Joint ventures		**–**	(31,058)
Financial assets at fair value through other comprehensive income		**(2,790)**	(235,730)
Financial assets at fair value through profit or loss		**(76,655)**	(318,548)
Advances to associates		**(42)**	(45)
Repayment from joint ventures		**6,343**	–
Advances to joint ventures		**(32,193)**	(143,402)
Disposal of subsidiaries	40	**444,384**	1,323,098
Refund of exclusivity payment		**–**	(130,000)
Recovery of loans and advances		**4,618**	–
Decrease/(Increase) in time deposits with original maturity of more than three months		**(1,077)**	1,784
Net cash flows from investing activities		**521,593**	605,067

Consolidated Statement of Cash Flows *(continued)*

For the year ended 31 March 2020

	2020 HK$'000	2019 HK$'000
Cash flows from financing activities		
Drawdown of bank and other borrowings	**536,439**	1,423,065
Repayment of bank and other borrowings	**(1,300,673)**	(1,115,934)
Principal portion of lease payments	**(129,533)**	–
Repayment of obligations under finance leases	**–**	(1,060)
Finance costs paid	**(87,092)**	(82,025)
Acquisition of non-controlling interests	**(120)**	(62,839)
Dividends paid to shareholders of the Company	**(44,384)**	(39,453)
Dividends paid to non-controlling shareholders of subsidiaries	**(944,498)**	(41,901)
Advance from a non-controlling shareholder of a subsidiary	**22,756**	–
Return of capital to a non-controlling shareholder of a subsidiary	**–**	(7,607)
Decrease/(Increase) in restricted cash	**(950)**	4,013
Net cash flows from/(used in) financing activities	**(1,948,055)**	76,259
Net increase/(decrease) in cash and cash equivalents	**(1,622,940)**	1,060,893
Cash and cash equivalents at beginning of year	**2,830,780**	1,797,328
Exchange realignments	**(32,632)**	(27,441)
Cash and cash equivalents at end of year	**1,175,208**	2,830,780

Notes to the Financial Statements

1. CORPORATE AND GROUP INFORMATION

Lippo Limited is a limited liability company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China. The registered office of the Company is located at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

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

The immediate holding company of the Company is Lippo Capital Limited, a company incorporated in the Cayman Islands. In the opinion of the Directors, the ultimate holding company of the Company is Lippo Capital Group Limited, a company incorporated in Hong Kong.

Details of the principal subsidiaries are set out on pages 199 to 209.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Notes to the Financial Statements *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 and Amendments to HKAS 28, the application of the above new and revised standards has had no significant financial effect on these financial statements.

HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 April 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of equity at 1 April 2019, and the comparative information for the prior period was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

Notes to the Financial Statements *(continued)*

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

HKFRS 16 *(continued)*

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of properties, equipment and motor vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Upon the adoption of HKFRS 16, the Group reclassified the assets under finance leases from fixed assets to right-of-use assets and related liabilities from obligations under finance leases included in bank and other borrowings to lease liabilities for presentation purposes. There was no impact on the opening balance of equity at 1 April 2019.

Leases previously classified as operating leases

Lease liabilities at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 April 2019.

The right-of-use assets were either (i) measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 April 2019, or (ii) recognised based on the carrying amount as if the standard had always been applied, except for the incremental borrowing rate where the Group applied the incremental borrowing rate at 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

Notes to the Financial Statements *(continued)*

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

HKFRS 16 *(continued)*

Nature of the effect of adoption of HKFRS 16 (continued)

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 April 2019:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relying on the entity's assessment of whether leases were onerous by applying HKAS 37 immediately before the date of initial application as an alternative to performing an impairment review
- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

The lease liabilities as at 1 April 2019 reconciled to the operating lease commitments as at 31 March 2019 are as follows:

	HK$'000
Operating lease commitments as at 31 March 2019	518,587
Weighted average incremental borrowing rate as at 1 April 2019	3.4%
Discounted operating lease commitments as at 1 April 2019	495,975
Less: Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(13,774)
Less: Non-lease components	(11,016)
Less: Commitments relating to leases with lease terms beginning on or after 1 April 2019	(18,182)
Add: Commitments relating to leases previously classified as finance leases	376
Add: Payments for optional extension periods not recognised as at 31 March 2019	178,779
Add: Others	226
Lease liabilities as at 1 April 2019	632,384

The Group's associates and joint ventures also adopted HKFRS 16 on 1 April 2019 using the modified retrospective method. The cumulative effect of initial adoption was adjusted to the carrying amounts of the interests in associates and joint ventures and the opening balance of equity at 1 April 2019.

Besides, certain prepayments and accruals related to previous operating leases of the Group were derecognised upon the initial application of HKFRS 16 at 1 April 2019.

Notes to the Financial Statements *(continued)*

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

HKFRS 16 *(continued)*

Nature of the effect of adoption of HKFRS 16 (continued)

The impact arising from the adoption of HKFRS 16 at 1 April 2019 was as follows:

	Increase/ (Decrease) HK$'000
Assets	
Decrease in fixed assets	(623)
Increase in right-of-use assets	610,065
Decrease in interests in associates	(1,118)
Decrease in interests in joint ventures	(99)
Decrease in debtors, prepayments and other assets	(75)
Increase in total assets	608,150
Liabilities	
Decrease in bank and other borrowings	(376)
Increase in lease liabilities	632,384
Decrease in creditors, accruals and other liabilities	(301)
Increase in total liabilities	631,707
Equity	
Decrease in retained profits	(7,214)
Decrease in non-controlling interests	(16,343)
	(23,557)

Amendments to HKAS 28

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 April 2019 based on the facts and circumstances that exist on that day using the transitional requirements in the amendments. The adoption of the amendments on 1 April 2019 resulted in reclassification of HK$21,177,000 from share of net liabilities of associates to provision for impairment losses and HK$139,204,000 from share of net liabilities of joint ventures to provision for impairment losses. There is no impact on the balances of the interests in associates and interests in joint ventures, respectively. The Group applies the relief from restating comparative information for prior periods upon adoption of the amendments.

Notes to the Financial Statements *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions*[3]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 June 2020
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 April 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective to the Group for annual periods beginning on or after 1 April 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to the Financial Statements *(continued)*

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

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 April 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due to or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Interests in associates and joint ventures

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

(b) Interests in joint operations

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Business combinations and goodwill

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Fair value measurement

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Impairment of non-financial assets

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

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

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

(f) Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Related parties *(continued)*

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

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

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

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

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

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

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

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

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

(g) Fixed assets and depreciation

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

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

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

Freehold land	Not depreciated
Buildings and leasehold improvements	Over the unexpired terms of the leases or 10% to $33\frac{1}{3}$%, whichever is shorter
Furniture, fixtures, plant and equipment	10% to 100%
Motor vehicles	10% to $33\frac{1}{3}$%
Yacht	10%

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Fixed assets and depreciation *(continued)*

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

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

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

(h) Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset (For the year ended 31 March 2019: leasehold property under an operating lease) which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. When fair value is not reliably determinable for a property under development, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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

Unpatented technology	10%
Customer relationships	10%

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

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

(j) Exploration and evaluation assets

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Exploration and evaluation assets *(continued)*

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

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

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

(k) Leases (applicable from 1 April 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land and buildings	1 to 11 years
Plant and equipment	5 years
Motor vehicles	2 to 5 years

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Leases (applicable from 1 April 2019) *(continued)*

Group as a lessee (continued)

(i) Right-of-use assets *(continued)*

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "Investment properties".

(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and other equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Leases (applicable from 1 April 2019) *(continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

(l) Leases (applicable before 1 April 2019)

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVPL.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Subsequent measurement (continued)

Financial assets at FVOCI (debt instruments)

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at FVOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on equity investments classified as financial assets at FVPL are also recognised as revenue in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(n) Derecognition of financial assets

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

(o) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

For debt investments at FVOCI, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than thirty days past due.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

General approach (continued)

The Group considers a financial asset in default when contractual payments are ninety days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at FVOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings or payables, as appropriate.

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

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

Subsequent measurement

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

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at FVPL are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at FVPL are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Derecognition of financial liabilities

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

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

(r) Offsetting of financial instruments

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

(s) Derivative financial instruments

Initial recognition and subsequent measurement

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

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

Current versus non-current classification

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

(t) Properties held for sale

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Properties under development

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

(v) Inventories

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

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

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

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

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

(w) Cash and cash equivalents

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

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

(x) Provisions

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Income tax

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(y) Income tax *(continued)*

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(z) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Sale of goods and fast-moving consumer products

Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with retrospective promotional rebates and trading term rebates based on the aggregate sales over a period of time.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated promotional rebates and trading term rebates and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction price only to the extent that it is a 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(z) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(i) Sale of goods and fast-moving consumer products *(continued)*

The Group recognises the expected promotional rebates and trading term rebates payable to customers where considerations have been received from the customers and refunds due to expected returns from the customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the goods less expected costs to recover the goods, and adjust them against cost of sales correspondingly.

At the end of each reporting period, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

(ii) Sale of food and beverage

Revenue from the sale of food and beverage is recognised upon the delivery to and acceptance by customers, net of discounts.

(iii) Sale of properties

Revenue from the sale of properties is recognised at the point in time when control of the properties is transferred to the customers. Deposits received from purchasers prior to revenue recognition are accounted for as deposits received.

(iv) Provision of management services

Revenue from the provision of management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(v) Commission income

Commission income on dealing in securities and commodities is recognised at a point in time on the transaction date when the relevant contract notes are exchanged.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(aa) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

(ab) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(ac) Contract costs

Other than the costs which are capitalised as inventories, exploration and evaluation assets, fixed assets and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(i) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(ii) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(iii) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

(ad) Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

(ae) Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

(af) Employee benefits

Paid leave entitlement

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(af) Employee benefits *(continued)*

Retirement benefits

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

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

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

(ag) Borrowing costs

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

(ah) Dividends and distributions

Final dividends and distributions are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

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

Notes to the Financial Statements *(continued)*

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ai) Foreign currencies

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

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

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

(a) Judgements

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

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The Group includes the renewal period as part of the lease term for certain leases due to the significance of these assets to its operations.

Classification between investment properties and owner-occupied properties

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

Notes to the Financial Statements *(continued)*

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

(b) Estimation uncertainty

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

Estimation of fair value of investment properties

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

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

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

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

The carrying amount of investment properties as at 31 March 2020 was HK$763,652,000 (2019 — HK$923,465,000). Further details are disclosed in Note 21 to the financial statements.

Impairment of non-financial assets

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

The recoverable amounts of the CGU to which goodwill and trademarks have been allocated to are determined based on value in use calculations. The key assumptions applied in the determination of the value in use are disclosed and further explained in Note 18 to the financial statements. The carrying amount of intangible assets as at 31 March 2020 was HK$21,034,000 (2019 — HK$181,592,000). No impairment loss on goodwill (2019 — HK$10,681,000) was provided during the year ended 31 March 2020.

Notes to the Financial Statements *(continued)*

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

(b) Estimation uncertainty *(continued)*

Impairment of non-financial assets (continued)

After applying the equity method, the Group assesses whether there is any objective evidence of impairment for the interests in associates and joint ventures. The interests in associates and interests in joint ventures are tested for impairment when there is objective evidence of impairment. For the year ended 31 March 2020, no impairment loss was provided for net investment in associates and net investment in joint ventures. For the year ended 31 March 2019, HK$22,698,000 and HK$41,000 were provided for net investment in associates and joint ventures, respectively. The carrying amount of interests in associates as at 31 March 2020 was HK$1,042,358,000 (2019 — HK$1,114,187,000). Further details are disclosed in Note 23 to the financial statements. The carrying amount of interests in joint ventures as at 31 March 2020 was HK$10,338,320,000 (2019 — HK$10,524,740,000). Further details are disclosed in Note 24 to the financial statements.

Fair value of unlisted equity investments

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as the implied equity value, volatility and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The Group classifies the fair value of these investments as Level 3. Further details are included in Note 47 to the financial statements.

Provision for expected credit losses on trade debtors

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade debtors is disclosed in Note 27 to the financial statements.

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION

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

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

(b) the property development segment includes the 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 purposes;

(e) the food businesses segment mainly includes the 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 the provision of healthcare management services;

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

(h) the "other" segment comprises principally mineral exploration, extraction and processing, money lending, the provision of property, project, fund management and investment advisory services and investment in a 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 prior year (Note 15).

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

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

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

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

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

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Year ended 31 March 2020

	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$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000	Corporate finance and securities broking HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue													
External	90,720	–	16,034	17,158	785,326	–	–	15,917	–	925,155	–	–	925,155
Inter-segment	4,596	–	–	–	–	–	–	2,349	(6,945)	–	–	–	–
Total	95,316	–	16,034	17,158	785,326	–	–	18,266	(6,945)	925,155	–	–	925,155
Segment results	(47,036)	(8,430)	16,034	(147,108)	278,433	(896)	(2,307)	(12,779)	652	76,563	–	–	76,563
Unallocated corporate expenses										(254,273)			(254,273)
Finance costs										(47,918)			(47,918)
Share of results of associates	–	24,520	–	–	–	(4,118)	–	(37,627)	–	(17,225)	–	–	(17,225)
Share of results of joint ventures	433,874	(31)	–	–	(230)	–	(4,714)	–	–	428,899	–	–	428,899
Profit before tax										186,046			186,046
Segment assets	1,536,382	100,732	474,036	1,545,627	851,332	–	46,780	156,539	(16,504)	4,694,924	–	–	4,694,924
Interests in associates	6,290	369,646	–	–	–	394,071	–	272,351	–	1,042,358	–	–	1,042,358
Interests in joint ventures	10,176,674	530	–	–	31,243	580	129,293	–	–	10,338,320	–	–	10,338,320
Unallocated assets										81,983	–	–	81,983
Total assets										16,157,585	–	–	16,157,585
Segment liabilities	717,678	9,919	–	12,102	478,582	398,902	–	427,256	(391,529)	1,652,910	–	–	1,652,910
Unallocated liabilities										976,156	–	–	976,156
Total liabilities										2,629,066	–	–	2,629,066
Other segment information:													
Capital expenditure *(Note)*	199	–	–	–	235,883	–	–	461	–	236,543	–	–	236,543
Depreciation	(23,480)	(2)	–	–	(167,585)	–	–	(862)	4,714	(187,215)	–	–	(187,215)
Interest income	61,254	–	16,034	–	5,563	–	–	1,188	–	84,039	–	–	84,039
Finance costs	(19,192)	–	–	–	(18,988)	–	–	(6,364)	541	(44,003)	–	–	(44,003)
Gain/(Loss) on disposal of:													
Subsidiaries	–	–	–	–	342,679	–	–	–	–	342,679	–	–	342,679
Fixed assets	–	–	–	–	(4,775)	–	–	(1)	–	(4,776)	–	–	(4,776)
An investment property	(1,254)	–	–	–	–	–	–	–	–	(1,254)	–	–	(1,254)
Loss on derecognition of associates	–	–	–	–	–	–	–	(1,519)	–	(1,519)	–	–	(1,519)
Write-back of provisions/(Provisions) for impairment losses on:													
Fixed assets	(20,192)	–	–	–	3,265	–	–	–	–	(16,927)	–	–	(16,927)
Associates	–	–	–	–	–	–	–	168	–	168	–	–	168
Joint ventures	–	3,400	–	–	–	(896)	–	(717)	–	1,787	–	–	1,787
Properties under development	–	(140)	–	–	–	–	–	–	–	(140)	–	–	(140)
Inventories	–	–	–	–	(667)	–	–	–	–	(667)	–	–	(667)
Loans and receivables	–	–	–	–	(1,539)	–	–	–	–	(1,539)	–	–	(1,539)
Fixed assets written off	–	–	–	–	(2,627)	–	–	–	–	(2,627)	–	–	(2,627)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations	–	–	–	–	(10,434)	–	–	–	–	(10,434)	–	–	(10,434)
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(158,880)	(11,841)	–	(2,307)	–	–	(173,028)	–	–	(173,028)
Net fair value loss on investment properties	(81,539)	–	–	–	–	–	–	–	–	(81,539)	–	–	(81,539)
Unallocated:													
Capital expenditure *(Note)*										2,883			2,883
Depreciation										(17,564)			(17,564)
Finance costs										(47,918)			(47,918)
Gain on disposal of fixed assets										133			133
Net realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations										24,419			24,419

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Year ended 31 March 2019

	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$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000	Corporate finance and securities broking HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue													
External	86,368	6,083	14,163	35,426	2,396,501	–	–	15,669	–	2,554,210	11,493	–	2,565,703
Inter-segment	5,355	–	–	–	–	–	–	860	(6,215)	–	84	(84)	–
Total	91,723	6,083	14,163	35,426	2,396,501	–	–	16,529	(6,215)	2,554,210	11,577	(84)	2,565,703
Segment results	82,587	2,453	14,163	(178,718)	975,118	–	261	(45,825)	84	850,123	145,750	(84)	995,789
Unallocated corporate expenses										(293,086)			(293,086)
Finance costs										(56,092)			(56,092)
Share of results of associates	–	5,782	–	–	–	(16,104)	–	6,892	–	(3,430)	–	–	(3,430)
Share of results of joint ventures	(111,827)	2,852	–	–	(18)	(1,101)	7,681	(88,325)	–	(190,738)	–	–	(190,738)
Profit before tax										306,777			452,443
Segment assets	1,742,151	111,673	1,059,282	1,570,183	2,319,940	–	49,087	117,516	(966)	6,968,866	–	–	6,968,866
Interests in associates	6,476	367,761	–	–	–	423,772	–	316,178	–	1,114,187	–	–	1,114,187
Interests in joint ventures	10,384,189	2,042	–	–	2,932	1,370	134,207	–	–	10,524,740	–	–	10,524,740
Unallocated assets										89,835	–	–	89,835
Total assets										18,697,628	–	–	18,697,628
Segment liabilities	1,061,355	8,282	–	10,151	489,561	419,342	–	431,973	(386,339)	2,034,325	–	–	2,034,325
Unallocated liabilities										1,451,845	–	–	1,451,845
Total liabilities										3,486,170	–	–	3,486,170
Other segment information:													
Capital expenditure *(Note)*	21,750	–	–	–	131,517	–	–	10,548	–	163,815	3	–	163,818
Depreciation	(25,123)	(11)	–	–	(37,147)	–	–	(308)	–	(62,589)	(50)	–	(62,639)
Interest income	52,283	–	14,163	8,690	2,864	–	–	1,109	–	79,109	–	–	79,109
Finance costs	(17,338)	–	–	(5,009)	(5,329)	–	–	(6,401)	–	(34,077)	–	–	(34,077)
Gain/(Loss) on disposal of:													
Subsidiaries	–	15,547	–	–	858,381	–	–	–	–	873,928	153,255	–	1,027,183
Fixed assets	–	4	–	–	(2,402)	–	–	–	–	(2,398)	–	–	(2,398)
Gain on derecognition of an associate	–	–	–	–	–	–	–	5	–	5	–	–	5
Write-back of provisions/(Provisions) for impairment losses on:													
Intangible assets	–	–	–	–	(10,681)	–	–	–	–	(10,681)	–	–	(10,681)
Fixed assets	(1,782)	–	–	–	3,262	–	–	–	–	1,480	–	–	1,480
An associate	–	–	–	–	–	–	–	(22,698)	–	(22,698)	–	–	(22,698)
A joint venture	–	–	–	–	–	–	–	(41)	–	(41)	–	–	(41)
Properties under development	–	(138)	–	–	–	–	–	–	–	(138)	–	–	(138)
Properties held for sale	196	–	–	–	–	–	–	–	–	196	–	–	196
Inventories	–	–	–	–	(8,158)	–	–	–	–	(8,158)	–	–	(8,158)
Loans and receivables	–	–	–	–	(2,535)	–	–	(3,332)	–	(5,867)	(238)	–	(6,105)
Fixed assets written off	–	–	–	–	(6,720)	–	–	–	–	(6,720)	–	–	(6,720)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	9,272	2,093	–	–	–	–	–	777	–	12,142	–	–	12,142
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	(191,787)	5,514	–	261	–	–	(186,012)	–	–	(186,012)
Fair value gain on investment properties	30,062	–	–	–	–	–	–	–	–	30,062	–	–	30,062
Unallocated:													
Capital expenditure *(Note)*										1,705			1,705
Depreciation										(14,693)			(14,693)
Finance costs										(56,092)			(56,092)

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

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2020 HK$'000	2019 HK$'000
Hong Kong	**253,605**	280,675
Macau	**81**	5,908
Mainland China	**14,900**	19,766
Republic of Singapore	**619,451**	1,565,533
Malaysia	**9,572**	665,924
Indonesia	**17,193**	2,515
Other	**10,353**	13,889
Revenue from continuing operations	**925,155**	2,554,210
Revenue from discontinued operation — Hong Kong	**–**	11,493
	925,155	2,565,703

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

(b) Non-current assets

	2020 HK$'000	2019 HK$'000
Hong Kong	**1,241,416**	1,290,571
Macau	**129,293**	134,207
Mainland China	**265,582**	283,754
Republic of Singapore	**11,234,996**	11,755,727
Malaysia	**319,596**	132,440
Indonesia	**161,951**	139,541
Other	**105,278**	101,365
	13,458,112	13,837,605

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

Information about a major customer

Revenue of approximately HK$118,793,000 for the year ended 31 March 2020 (2019 — HK$416,916,000) was derived from sales by the food businesses segment to a single customer.

Notes to the Financial Statements *(continued)*

5. REVENUE

An analysis of revenue from continuing operations is as follows:

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers:		
Sale of properties	**–**	6,083
Sale of goods and fast-moving consumer products	**307,446**	1,788,264
Sale of food and beverage	**371,342**	448,374
Provision of management services	**14,336**	14,226
Revenue from other sources:		
Fees charged to food court tenants *(Note)*		
Variable lease payments that do not depend on an index or a rate	**8,018**	N/A
Other lease payments, including fixed payments	**81,190**	N/A
	89,208	136,958
Property rental income from operating leases	**29,466**	34,085
Interest income	**83,223**	78,285
Dividend income	**17,158**	26,736
Other	**12,976**	21,199
	925,155	2,554,210

Note: During the year ended 31 March 2019, the revenue included contingent rents of HK$15,011,000.

N/A: Not applicable

Notes to the Financial Statements *(continued)*

5. REVENUE *(continued)*

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	Property development HK$'000	Food businesses HK$'000	Other HK$'000	Total HK$'000
Year ended 31 March 2020				
Types of goods or services:				
Sale of goods and fast-moving consumer products	**–**	**307,446**	**–**	**307,446**
Sale of food and beverage	**–**	**371,342**	**–**	**371,342**
Provision of management services	**–**	**–**	**14,336**	**14,336**
Total revenue from contracts with customers	**–**	**678,788**	**14,336**	**693,124**
Geographical markets:				
Hong Kong	**–**	**217,022**	**11,091**	**228,113**
Mainland China	**–**	**–**	**2,135**	**2,135**
Republic of Singapore	**–**	**459,058**	**1,110**	**460,168**
Malaysia	**–**	**2,708**	**–**	**2,708**
Total revenue from contracts with customers	**–**	**678,788**	**14,336**	**693,124**
Timing of revenue recognition:				
Goods transferred at a point in time	**–**	**678,788**	**–**	**678,788**
Services transferred over time	**–**	**–**	**14,336**	**14,336**
Total revenue from contracts with customers	**–**	**678,788**	**14,336**	**693,124**
Year ended 31 March 2019				
Types of goods or services:				
Sale of properties	6,083	–	–	6,083
Sale of goods and fast-moving consumer products	–	1,788,264	–	1,788,264
Sale of food and beverage	–	448,374	–	448,374
Provision of management services	–	–	14,226	14,226
Total revenue from contracts with customers	6,083	2,236,638	14,226	2,256,947
Geographical markets:				
Hong Kong	–	240,447	11,220	251,667
Macau	5,906	–	–	5,906
Mainland China	177	–	2,556	2,733
Republic of Singapore	–	1,348,935	450	1,349,385
Malaysia	–	647,256	–	647,256
Total revenue from contracts with customers	6,083	2,236,638	14,226	2,256,947
Timing of revenue recognition:				
Goods transferred at a point in time	6,083	2,236,638	–	2,242,721
Services transferred over time	–	–	14,226	14,226
Total revenue from contracts with customers	6,083	2,236,638	14,226	2,256,947

Notes to the Financial Statements *(continued)*

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(a) Disaggregated revenue information *(continued)*

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	Property development HK$'000	Food businesses HK$'000	Other HK$'000	Total HK$'000
Year ended 31 March 2020				
Revenue from contracts with customers				
External customers	**–**	**678,788**	**14,336**	**693,124**
Inter-segment	**–**	**–**	**2,349**	**2,349**
Total revenue from contracts with customers	**–**	**678,788**	**16,685**	**695,473**
Revenue from other sources — external	**–**	**106,538**	**1,581**	**108,119**
Total segment revenue	**–**	**785,326**	**18,266**	**803,592**
Year ended 31 March 2019				
Revenue from contracts with customers				
External customers	6,083	2,236,638	14,226	2,256,947
Inter-segment	–	–	860	860
Total revenue from contracts with customers	6,083	2,236,638	15,086	2,257,807
Revenue from other sources — external	–	159,863	1,443	161,306
Total segment revenue	6,083	2,396,501	16,529	2,419,113

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

(i) Sale of goods and fast-moving consumer products

Revenue from the sale of goods and fast-moving consumer products is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The goods are often sold with a right of return and with volume discounts based on the aggregate sales over a period of time. Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period of 30 to 90 days is allowed according to relevant business practice. No provision for right of returns was made as the impact was insignificant.

(ii) Sale of food and beverage

Revenue from the sale of food and beverage is recognised at a point in time when the food and beverage are delivered to the customer, net of discounts. The payment of the transaction price is due immediately at the point when the customer purchases the goods.

Notes to the Financial Statements *(continued)*

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(b) Performance obligations *(continued)*

(iii) Sale of properties

Revenue from the sale of properties is recognised at a point in time when control of the properties is transferred to the customers. Deposits received from purchasers prior to revenue recognition are accounted for as deposits received.

(iv) Provision of management services

The performance obligation is satisfied over time as services are rendered. Accordingly, the service fee income is recognised as the service is performed over time.

6. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Recovery of costs from food court tenants	**21,819**	32,284
Interest income from promissory note	**816**	824
	22,635	33,108

7. OTHER LOSSES — NET

	2020 HK$'000	2019 HK$'000
Loss on disposal of:		
Fixed assets	**(4,643)**	(2,398)
An investment property	**(1,254)**	–
Gain/(Loss) on derecognition of associates	**(1,519)**	5
Write-back of provisions/(Provisions) for impairment losses on:		
Intangible assets	**–**	(10,681)
Fixed assets	**(16,927)**	1,480
Associates	**168**	(22,698)
Joint ventures	**1,787**	(41)
Properties under development	**(140)**	(138)
Properties held for sale	**–**	196
Inventories	**(667)**	(8,158)
Loans and receivables	**(1,539)**	(5,867)
Bad debt recovered	**4,618**	2,223
Fixed assets written off	**(2,627)**	(6,720)
Foreign exchange losses — net	**(5,153)**	(14,377)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	**13,985**	12,142
	(13,911)	(55,032)

Notes to the Financial Statements *(continued)*

8. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	2020 HK$'000	2019 HK$'000
Cost of sales:		
Cost of properties sold	–	(849)
Cost of inventories sold	(281,325)	(1,401,471)
Other	(3,627)	(4,023)
	(284,952)	(1,406,343)
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	(154,098)	(188,115)
Debt securities	–	(2,452)
Investment funds	505	(18,590)
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	(1,956)	4,299
Investment funds	(5,181)	34,735
Equity linked notes	–	15,585
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	1,850	(1,059)
Derivative financial instruments	(14,148)	(30,415)
	(173,028)	(186,012)
Employee benefit expense *(Note (a))*:		
Wages and salaries	(389,168)	(485,337)
Retirement benefit costs *(Note (b))*	(24,026)	(38,913)
Total staff costs	(413,194)	(524,250)
Interest income:		
Financial assets at fair value through profit or loss	–	8,690
Loans and advances	70,498	52,565
Promissory note	816	824
Other	12,725	17,030
Depreciation of fixed assets	(72,316)	(77,282)
Depreciation of right-of-use assets	(132,463)	–
Auditors' remuneration	(13,083)	(13,425)
Operating leases:		
Minimum lease payments	N/A	(208,535)
Contingent rents	N/A	(11,570)
Lease payments not included in the measurement of lease liabilities *(Note 22(c))*	(28,261)	N/A
Direct operating expenses arising on rental-earning investment properties	(3,627)	(4,023)
Selling and distribution expenses *(Note (c))*	(17,789)	(161,934)
Legal and professional fees *(Note (c))*	(46,775)	(54,317)
Consultancy and service fees *(Note (c))*	(71,064)	(73,080)
Utilities charges *(Note (c))*	(27,718)	(42,929)
Repairs and maintenance expenses *(Note (c))*	(24,418)	(33,099)

Note:

(a) The amounts include Directors' emoluments disclosed in Note 9 to the financial statements.

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

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

Notes to the Financial Statements *(continued)*

9. DIRECTORS' EMOLUMENTS

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

	2020 HK$'000	2019 HK$'000
Directors' fees	**6,831**	6,707
Basic salaries, allowances and benefits in kind	**9,513**	10,071
Discretionary bonuses paid and payable	**42,000**	44,586
Retirement benefit costs	**143**	144
	58,487	61,508

The emoluments paid to each of the Directors during the year ended 31 March 2020 are as follows:

2020	Directors' fees HK$'000	Basic salaries, allowances and benefits in kind HK$'000	Discretionary bonuses paid and payable HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors:					
Stephen Riady	738	8,096	30,000	107	38,941
John Luen Wai Lee	738	1,417	12,000	36	14,191
	1,476	9,513	42,000	143	53,132
Non-executive directors:					
Leon Nim Leung Chan	1,212	–	–	–	1,212
Jark Pui Lee	246	–	–	–	246
	1,458	–	–	–	1,458
Independent non-executive directors:					
Edwin Neo	1,212	–	–	–	1,212
King Fai Tsui	1,415	–	–	–	1,415
Victor Ha Kuk Yung	1,270	–	–	–	1,270
	3,897	–	–	–	3,897
	6,831	9,513	42,000	143	58,487

Notes to the Financial Statements *(continued)*

9. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid to each of the Directors during the year ended 31 March 2019 are as follows:

2019	Directors' fees HK$'000	Basic salaries, allowances and benefits in kind HK$'000	Discretionary bonuses paid and payable HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors:					
Stephen Riady	717	8,643	30,000	108	39,468
John Luen Wai Lee	747	1,428	14,586	36	16,797
	1,464	10,071	44,586	144	56,265
Non-executive directors:					
Leon Nim Leung Chan	1,212	–	–	–	1,212
Jark Pui Lee	239	–	–	–	239
	1,451	–	–	–	1,451
Independent non-executive directors:					
Edwin Neo	1,182	–	–	–	1,182
King Fai Tsui	1,374	–	–	–	1,374
Victor Ha Kuk Yung	1,236	–	–	–	1,236
	3,792	–	–	–	3,792
	6,707	10,071	44,586	144	61,508

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

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

Notes to the Financial Statements *(continued)*

10. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year included two (2019 — two) Directors, details of whose emoluments are set out in Note 9 to the financial statements. Details of the emoluments of the remaining three (2019 — three) non-director, highest paid employees for the year are as follows:

	2020 HK$'000	2019 HK$'000
Basic salaries, allowances and benefits in kind	**7,832**	7,850
Discretionary bonuses paid and payable	**18,500**	19,800
Retirement benefit costs	**99**	99
	26,431	27,749

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

Emoluments bands (HK$):	**2020 Number of employees**	2019 Number of employees
4,500,001 — 5,000,000	**1**	1
7,000,001 — 7,500,000	**–**	1
8,000,001 — 8,500,000	**1**	–
13,000,001 — 13,500,000	**1**	–
15,500,001 — 16,000,000	**–**	1
	3	3

Notes to the Financial Statements *(continued)*

11. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest on bank and other borrowings	**76,155**	90,054
Interest on lease liabilities	**15,766**	–
Interest on finance leases	**–**	115
Total interest	**91,921**	90,169

12. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates for the year ended 31 March 2020 mainly included share of loss of TIH Limited ("TIH"). TIH is a closed-end fund listed in Singapore which focuses on investment in various sectors in Asia such as consumer and industrial products, healthcare, technology, media and telecommunications, food, manufacturing and chemicals. Due to the adverse effects of the COVID-19 pandemic, TIH recorded fair value loss on its investments. As a result, the Group shared a loss of HK$37,989,000 from TIH for the year ended 31 March 2020 (2019 — profit of HK$4,663,000).

13. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures for the year ended 31 March 2020 mainly included share of profit of Lippo ASM Asia Property Limited ("LAAPL") of HK$439,522,000 (2019 — share of loss of HK$111,741,000). The change mainly resulted from the gain on disposal of interests in an associate, higher contribution from equity-accounted investees and partial offset by the fair value loss on investment properties during the year. LAAPL is a material joint venture of the Group, further details are given in Note 24 to the financial statements.

Share of results of joint ventures for the year ended 31 March 2019 also included share of loss of Collyer Quay Limited ("CQL") of HK$88,325,000. CQL is a joint venture consortium to invest in a company (the "JV Company") principally engaged in the exploration, extraction and processing of mineral resources. The Group shared a loss from the joint venture for the year ended 31 March 2019 as a result of the drop in copper price and the increased production cost. The JV Company put the mine into care and maintenance mode in order to minimise the costs incurred and CQL had fully impaired its investment in the JV Company as at 31 March 2019.

Notes to the Financial Statements *(continued)*

13. SHARE OF RESULTS OF JOINT VENTURES *(continued)*

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.A. and had engaged in the business of mining and processing copper and other minerals. Subsequently the Group invested in CQL, a joint venture of the Company, for an investment in the JV Company. The JV Company, in which the Group has an effective interest of 45%, acquired all or substantially all of the mining assets (the "Assets") held by CS Mining in a court-supervised 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 (the "Delaware State Court") by the majority investors in Skye (the "Majority Investors") individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the Group. The Complaint alleges, among other things, that the Majority Investors directly and derivatively through their ownership of Skye, suffered from 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 filed a motion to dismiss the Complaint in 2019. The Delaware State Court recently issued its decision on the motion to dismiss, which was partially granted. With respect to the remaining parts of the Complaint that were not dismissed, the Delaware State Court did not rule on the merits of those claims and therefore, the Group, together with the other persons in or related to the Group, filed an answer and the Majority Investors will now have to provide evidence to establish the claims that were not dismissed. Subsequently, the Group, individually and derivatively on behalf of Skye, filed a counterclaim (the "Counterclaim") against the Majority Investors and their related persons (the "Counterparties"), in which the Group has claimed that the Counterparties had, at all relevant times, controlled over both Skye and CS Mining and had continuously preferred their own interests over those of Skye and its creditors and other owners. As a result, the Counterclaim alleges that the conduct of the Counterparties caused the other parties to the Complaint, including, inter alia, the Group, to suffer loss, and accordingly seeks damages against the Counterparties for such losses. The Group continues to believe the Complaint is wholly frivolous and without basis and the Group will continue to vigorously defend the claims made against it as well as to pursue the Counterclaim.

14. INCOME TAX

	2020 HK$'000	2019 HK$'000
Hong Kong:		
Charge for the year	**4,275**	1,324
Underprovision in prior years	**436**	–
Deferred *(Note 35)*	**(652)**	(715)
	4,059	609
Overseas:		
Charge for the year	**14,386**	37,683
Overprovision in prior years	**(13,161)**	(20,349)
Deferred *(Note 35)*	**(2,938)**	(499)
	(1,713)	16,835
Total charge for the year from continuing operations	**2,346**	17,444

Notes to the Financial Statements *(continued)*

14. INCOME TAX *(continued)*

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (2019 — 8.25% or 16.5%), as appropriate. For the companies operating in the Republic of Singapore, Macau and mainland China, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 17%, 12% and 25% (2019 — 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.

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

	2020 HK$'000	2019 HK$'000
Profit before tax from continuing operations	**186,046**	306,777
Profit before tax from discontinued operation	**–**	145,666
	186,046	452,443
Tax at the statutory tax rate of 16.5% (2019 — 16.5%)	**30,698**	74,653
Effect of different tax rates in other jurisdictions	**2,943**	10,964
Adjustments in respect of current tax of previous years	**(12,725)**	(20,349)
Losses/(Profits) attributable to joint ventures and associates	**(67,927)**	32,038
Income not subject to tax	**(71,499)**	(188,416)
Expenses not deductible for tax	**81,889**	71,559
Effect of partial tax exemption and tax relief	**(569)**	(1,053)
Effect of withholding tax on the distributable profits of the Group's subsidiary in mainland China	**(420)**	(634)
Benefits from tax losses/temporary differences previously unrecognised	**(8,599)**	(9,203)
Tax losses/temporary differences not recognised	**48,555**	47,860
Land appreciation tax	**–**	33
Tax effect of land appreciation tax	**–**	(8)
Tax charge from continuing operations at the Group's effective rate	**2,346**	17,444

The share of tax charge attributable to associates and joint ventures amounting to HK$5,726,000 (2019 — HK$1,225,000) and HK$102,906,000 (2019 — HK$162,407,000), respectively, is included in "Share of results of associates" and "Share of results of joint ventures" on the face of the consolidated statement of profit or loss.

15. DISCONTINUED OPERATION

In July 2018, the Group entered into a sale and purchase agreement for the sale of the entire issued shares in Lippo Securities Holdings Limited ("LSH", the securities arm of the Company). The disposal was completed on 11 December 2018 and the Group has ceased the corporate finance and securities broking business.

Notes to the Financial Statements *(continued)*

15. DISCONTINUED OPERATION *(continued)*

The results of LSH and its subsidiaries (the "LSH Group") included in the Group's consolidated statement of profit or loss for the year ended 31 March 2019 as a discontinued operation are presented below:

	Note	2019 HK$'000
Revenue *(Note)*		11,493
Cost of sales		(5,305)
Gross profit		6,188
Administrative expenses		(10,859)
Other operating expenses		(2,918)
Loss before tax		(7,589)
Income tax		–
Loss after tax of discontinued operation		(7,589)
Gain on disposal of discontinued operation	40	153,255
Profit for the year from discontinued operation		145,666
Other comprehensive loss		
Exchange differences on translation of discontinued operation		(424)
Release of cumulative exchange differences on translation of discontinued operation upon disposal		(2,708)
Other comprehensive loss from discontinued operation		(3,132)
Total comprehensive income for the year from discontinued operation		142,534
Profit for the year attributable to:		
Equity holders of the Company		104,253
Non-controlling interests		41,413
		145,666
Total comprehensive income for the year attributable to:		
Equity holders of the Company		102,011
Non-controlling interests		40,523
		142,534
		HK$
Earnings per share attributable to equity holders of the Company	16	
Basic and diluted		
— For profit from discontinued operation		0.21

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

Notes to the Financial Statements *(continued)*

15. DISCONTINUED OPERATION *(continued)*

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

	2019 HK$'000
Operating activities	56,945
Investing activities	(3)
Financing activities	(5)
Net cash inflow	56,937

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

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (2019 — approximately 493,154,000 ordinary shares) in issue during the year.

	2020 HK$'000	2019 HK$'000
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	**(10,315)**	(216,444)
From discontinued operation	**–**	104,253
	(10,315)	(112,191)

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2020 and 2019.

17. DIVIDENDS

	2020 HK$'000	2019 HK$'000
Interim dividend, declared, of HK4 cents (2019 — HK3 cents) per ordinary share	**19,726**	14,795
Final dividend, proposed, of HK5 cents (2019 — HK5 cents) per ordinary share	**24,658**	24,658
	44,384	39,453

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

Notes to the Financial Statements *(continued)*

18. INTANGIBLE ASSETS

	Goodwill HK$'000	Trademarks and trademark licence agreement HK$'000	Other intangible assets HK$'000	Total HK$'000
2020				
Cost:				
At 1 April 2019	**328,081**	**307,655**	**168,194**	**803,930**
Disposal of subsidiaries *(Note 40)*	**(93,887)**	**(117,598)**	**(84,348)**	**(295,833)**
Exchange adjustments	**(9,165)**	**(12,933)**	**(6,199)**	**(28,297)**
At 31 March 2020	**225,029**	**177,124**	**77,647**	**479,800**
Accumulated amortisation and impairment losses:				
At 1 April 2019	**242,951**	**211,193**	**168,194**	**622,338**
Disposal of subsidiaries *(Note 40)*	**(30,726)**	**(22,668)**	**(84,348)**	**(137,742)**
Exchange adjustments	**(8,230)**	**(11,401)**	**(6,199)**	**(25,830)**
At 31 March 2020	**203,995**	**177,124**	**77,647**	**458,766**
Net carrying amount:				
At 31 March 2020	**21,034**	**–**	**–**	**21,034**
2019				
Cost:				
At 1 April 2018	350,852	317,821	173,748	842,421
Disposal of subsidiaries *(Note 40)*	(14,388)	–	–	(14,388)
Exchange adjustments	(8,383)	(10,166)	(5,554)	(24,103)
At 31 March 2019	328,081	307,655	168,194	803,930
Accumulated amortisation and impairment losses:				
At 1 April 2018	237,273	218,162	173,748	629,183
Impairment during the year	10,681	–	–	10,681
Exchange adjustments	(5,003)	(6,969)	(5,554)	(17,526)
At 31 March 2019	242,951	211,193	168,194	622,338
Net carrying amount:				
At 31 March 2019	85,130	96,462	–	181,592

Trademarks related to the "Food Junction" trademarks and were disposed of during the year ended 31 March 2020.

Trademark licence agreement relates to the right to use the "Delifrance" trademark granted under a licence agreement. The value of the trademark licence agreement was fully impaired in prior years.

Other intangible assets include unpatented technology and customer relationships.

Unpatented technology relates to Delifrance's Modified Sous Vide Process for the Group's food retail business, which allows for the preparation of food to reduce wastage significantly, increases the shelf life of the food items, and reduces the time required to reheat food significantly. The value of the unpatented technology was fully impaired in prior years.

Notes to the Financial Statements *(continued)*

18. INTANGIBLE ASSETS *(continued)*

Customer relationships related to tenancy agreements between the stallholders and the food court operators in the food court business and were disposed of during the year ended 31 March 2020.

As at 31 March 2020, the net carrying amount of goodwill acquired through business combination allocated to the food businesses for impairment testing was HK$21,034,000 (2019 — HK$85,130,000).

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

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

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

	Goodwill HK$'000	Trademarks and trademark licence agreement HK$'000	Compounded revenue growth rate %	Long-term growth rate %	Pre-tax discount rate per annum %
At 31 March 2020					
All Around Limited *(Note (a))*	**21,034**	**–**	**4.6**	**1.0**	**7.0**
At 31 March 2019					
All Around Limited *(Note (a))*	20,955	–	3.8	1.0	9.1
Food Junction Holdings Limited *(Note (b))*	64,175	96,462	3.9	1.7	11.9
	85,130	96,462			

The intangible assets' recoverable amounts have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a period of five years (2019 — five years). Management has considered and determined the factors applied in these financial budgets which include budgeted gross margins and the target growth rates.

Note:

(a) For the years ended 31 March 2020 and 2019, impairment assessment review had been performed for the goodwill acquired in All Around Limited and it was assessed that there was no impairment as the recoverable amount was in excess of the carrying value.

(b) For the year ended 31 March 2019, impairment assessment had been performed for the goodwill and trademarks acquired for Food Junction Holdings Limited ("FJH") and an impairment loss of HK$10,681,000 was recognised as the recoverable amount was below the carrying value. The goodwill and trademarks were disposed of during the year ended 31 March 2020.

Key assumptions used in the value in use calculations

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

Notes to the Financial Statements *(continued)*

18. INTANGIBLE ASSETS *(continued)*

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

Key assumptions used in the value in use calculations (continued)

Compounded revenue growth rate — The compounded revenue growth rate is the rate which revenue grows over a period of five years, taking into account the effect of annual compounding. Management determines the growth rate based on past performance and its expectations for market development. The forecast is based on management's past experience and does not exceed the long-term average growth rate for the industries relevant to the CGUs.

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

Impairment loss recognised

No impairment loss was charged to the consolidated statement of profit or loss during the year ended 31 March 2020 based on the impairment assessment review. For the year ended 31 March 2019, an impairment loss of HK$10,681,000 was recognised on the goodwill of FJH. The impairment loss was presented under "other losses — net" in the consolidated statement of profit or loss.

Sensitivity to changes in assumptions

For the years ended 31 March 2020 and 2019, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the business units to materially exceed their recoverable amounts.

19. EXPLORATION AND EVALUATION ASSETS

	2020 HK$'000	2019 HK$'000
Cost:		
Balance at beginning of year	**79,711**	82,045
Additions during the year	**317**	258
Exchange adjustments	**(4,995)**	(2,592)
Balance at end of year	**75,033**	79,711
Accumulated impairment losses:		
Balance at beginning of year	**79,109**	81,689
Exchange adjustments	**(4,958)**	(2,580)
Balance at end of year	**74,151**	79,109
Net carrying amount	**882**	602

Notes to the Financial Statements *(continued)*

20. FIXED ASSETS

	Land and buildings HK$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK$'000	Yacht HK$'000	Construction in progress HK$'000	Total HK$'000
2020					
At 1 April 2019, as adjusted					
Cost or valuation	985,507	704,420	53,711	58,691	1,802,329
Accumulated depreciation and impairment losses	(143,795)	(542,596)	(24,642)	(301)	(711,334)
Net carrying amount	841,712	161,824	29,069	58,390	1,090,995
At 31 March 2019, net of accumulated depreciation and impairment losses, as previously reported	841,712	162,447	29,069	58,390	1,091,618
Impact on initial application of HKFRS 16 *(Note 2.2)*	–	(623)	–	–	(623)
At 1 April 2019, as adjusted	841,712	161,824	29,069	58,390	1,090,995
Additions during the year *(Note)*	1,439	45,851	–	191,819	239,109
Reclassification	91,911	155,070	–	(246,981)	–
Disposals during the year	–	(5,664)	–	(85)	(5,749)
Disposal of subsidiaries *(Note 40)*	–	(66,597)	–	–	(66,597)
Depreciation provided for the year	(21,524)	(45,506)	(5,286)	–	(72,316)
Impairment written back/(provided) during the year	(20,192)	3,265	–	–	(16,927)
Write-off during the year	–	(2,621)	–	(6)	(2,627)
Exchange adjustments	(3,173)	(458)	(1,476)	(2,630)	(7,737)
At 31 March 2020, net of accumulated depreciation and impairment losses	890,173	245,164	22,307	507	1,158,151
At 31 March 2020					
Cost or valuation	1,072,167	580,312	50,561	507	1,703,547
Accumulated depreciation and impairment losses	(181,994)	(335,148)	(28,254)	–	(545,396)
Net carrying amount	890,173	245,164	22,307	507	1,158,151

Notes to the Financial Statements *(continued)*

20. FIXED ASSETS *(continued)*

	Land and buildings HK$'000	Leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles HK$'000	Yacht HK$'000	Construction in progress HK$'000	Total HK$'000
2019					
At 1 April 2018					
Cost or valuation	1,017,802	742,503	55,485	1,950	1,817,740
Accumulated depreciation and impairment losses	(125,121)	(599,793)	(19,908)	(305)	(745,127)
Net carrying amount	892,681	142,710	35,577	1,645	1,072,613
At 1 April 2018, net of accumulated depreciation and impairment losses	892,681	142,710	35,577	1,645	1,072,613
Additions during the year *(Note)*	20,456	86,471	–	58,338	165,265
Surplus on revaluation	2,790	–	–	–	2,790
Reclassification to investment properties *(Note 21)*	(37,271)	–	–	–	(37,271)
Reclassification	–	261	–	(261)	–
Disposals during the year	–	(3,312)	–	–	(3,312)
Disposal of subsidiaries *(Note 40)*	(9,451)	(9,707)	–	–	(19,158)
Depreciation provided for the year	(22,684)	(49,293)	(5,355)	–	(77,332)
Impairment written back/(provided) during the year	(1,782)	3,262	–	–	1,480
Write-off during the year	–	(5,623)	–	(1,097)	(6,720)
Exchange adjustments	(3,027)	(2,322)	(1,153)	(235)	(6,737)
At 31 March 2019, net of accumulated depreciation and impairment losses	841,712	162,447	29,069	58,390	1,091,618
At 31 March 2019					
Cost or valuation	985,507	705,665	53,711	58,691	1,803,574
Accumulated depreciation and impairment losses	(143,795)	(543,218)	(24,642)	(301)	(711,956)
Net carrying amount	841,712	162,447	29,069	58,390	1,091,618

Note: The amounts include reinstatement costs of HK$1,286,000 (2019 — HK$4,592,000) for dismantling, removal and restoration of fixed assets and reclassification from prepayment of HK$83,283,000 (2019 — Nil). Cash payments of HK$154,540,000 (2019 — HK$160,673,000) were made to purchase fixed assets during the year.

As at 31 March 2019, the carrying amount of the Group's fixed assets held under hire purchase commitments included in the total amount of leasehold improvements, furniture, fixtures, plant and equipment and motor vehicles was HK$623,000. Leased assets were pledged as security for the related finance lease obligations as set out in Note 33 to the financial statements. From 1 April 2019, leased assets are presented as right-of-use assets (Note 22(a)) upon the initial application of HKFRS 16.

Certain land and buildings have been mortgaged to secure banking facilities made available to the Group as set out in Note 33 to the financial statements.

Notes to the Financial Statements *(continued)*

21. INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
Carrying amount at beginning of year	**923,465**	880,548
Reclassification from fixed assets *(Note 20)*	**–**	37,271
Disposals during the year	**(56,984)**	–
Fair value adjustments	**(81,539)**	30,062
Exchange adjustments	**(21,290)**	(24,416)
Carrying amount at end of year	**763,652**	923,465

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 33 to the financial statements.

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

Based on professional valuations as at 31 March 2020 made by Asian Appraisal Company, Inc., CBRE, Inc., Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Cresa Polska Sp. z o.o., Dalia Assis, RHL Appraisal Limited, Savills Valuation And Professional Services (S) Pte Ltd and Vigers Appraisal and Consulting Limited, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK$763,652,000 (2019 — HK$923,465,000).

Fair value hierarchy

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31 March 2020				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	**–**	**–**	**361,430**	**361,430**
Mainland China	**–**	**–**	**248,440**	**248,440**
Overseas	**–**	**–**	**153,782**	**153,782**
	–	**–**	**763,652**	**763,652**
At 31 March 2019				
Recurring fair value measurement for:				
Completed investment properties in:				
Hong Kong	–	–	428,660	428,660
Mainland China	–	–	268,132	268,132
Overseas	–	–	226,673	226,673
	–	–	923,465	923,465

Notes to the Financial Statements *(continued)*

21. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019 — Nil).

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

Class of property	Valuation techniques	Significant unobservable inputs	Range
Completed investment properties in:			
Hong Kong	Market approach	Price per square metre	HK$179,000 to HK$278,500 (2019 — HK$139,500 to HK$322,000)
	Income approach	Capitalisation rate	8.0% (2019 — 8.0%)
Mainland China	Market approach	Price per square metre	HK$11,500 to HK$22,500 (2019 — HK$12,000 to HK$24,000)
Overseas	Market approach	Price per square metre	HK$5,500 to HK$153,500 (2019 — HK$6,500 to HK$179,000)
	Income approach	Rental per square metre per month	HK$84 to HK$4,000 (2019 — HK$82 to HK$4,000)
		Capitalisation rate	4.7% to 8.3% (2019 — 4.7% to 8.7%)

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

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

Notes to the Financial Statements *(continued)*

22. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties, equipment and motor vehicles used in its operations. Leases of properties have lease terms of 1 to 11 years, equipment generally has lease terms of 5 years, while motor vehicles generally have lease terms of 2 to 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land and buildings HK$'000	Plant and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 April 2019	564,522	2,379	43,164	610,065
Additions	157,659	–	5,457	163,116
Disposal of subsidiaries *(Note 40)*	(504,075)	–	–	(504,075)
Depreciation provided for the year	(122,587)	(507)	(9,369)	(132,463)
Exchange adjustments	(695)	(117)	(2,116)	(2,928)
At 31 March 2020	**94,824**	**1,755**	**37,136**	**133,715**

As at 31 March 2020, the carrying amount of the Group's right-of-use assets held under hire purchase commitments was HK$469,000. The related assets were pledged as security for the related hire purchase commitment with a carrying amount of HK$168,000 as at 31 March 2020. The hire purchase commitment was presented as part of the Group's lease liabilities (Note 22(b)). In the previous year, such hire purchase commitment was presented as obligations under finance leases included in the Group's bank and other borrowings.

Notes to the Financial Statements *(continued)*

22. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020 HK$'000
At 1 April 2019	632,384
Additions	163,116
Disposal of subsidiaries *(Note 40)*	(527,439)
Interest expenses	15,766
Payments	(145,299)
Exchange adjustments	1,712
At 31 March 2020	140,240
Analysed for reporting purposes as:	
Current liabilities	45,680
Non-current liabilities	94,560
	140,240

The maturity analysis of lease liabilities is disclosed in Note 48(b) to the financial statements.

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	2020 HK$'000
Interest on lease liabilities	15,766
Depreciation of right-of-use assets	132,463
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 March 2020 (included in administrative expenses)	17,382
Expense relating to leases of low-value assets (included in administrative expenses)	1,305
Variable lease payments not included in the measurement of lease liabilities (included in administrative expenses)	9,574
Total amount recognised in the statement of profit or loss	176,490

Notes to the Financial Statements *(continued)*

22. LEASES *(continued)*

The Group as a lessee *(continued)*

(d) *Extension and termination options*

The Group has several lease contracts that include extension and/or termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and they are aligned with the Group's business needs. The Group does not expect to exercise the termination options under the lease contracts. Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms:

	Payable within five years HK$'000	Payable after five years HK$'000	Total HK$'000
At 31 March 2020			
Extension options expected not to be exercised	**26,605**	**4,224**	**30,829**

(e) *Variable lease payments*

The Group leased certain properties which contain variable lease payment terms that are based on the percentage of sales in excess of base rent. There are also minimum annual base rental arrangements for these leases. The amounts of the fixed and variable lease payments made during the year ended 31 March 2020 for these leases were HK$112,891,000 and HK$9,574,000, respectively.

(f) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in Notes 42(d) and 44(c) to the financial statements, respectively.

The Group as a lessor

The Group leases certain properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. The Group licensed the use of food and beverage stalls within food courts to tenants through a then subsidiary which was disposed of during the year. Such licences were not cancellable. Details of the rental income recognised by the Group were included in Note 5 to the financial statements.

As at 31 March 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2020 HK$'000	2019 HK$'000
Within one year	**17,132**	130,034
After one year but within two years	**12,077**	76,914
After two years but within three years	**5,003**	8,150
After three years but within four years	**280**	1,836
After four years but within five years	**–**	39
	34,492	216,973

Notes to the Financial Statements *(continued)*

23. INTERESTS IN ASSOCIATES

	2020 HK$'000	2019 HK$'000
Share of net assets	**849,273**	901,852
Goodwill	**253,570**	260,098
Due from associates	**96,838**	97,656
Provisions for impairment losses	**(157,323)**	(145,419)
	1,042,358	1,114,187

As at 31 March 2020, the amounts due from associates included a loan of HK$36,477,000 (2019 — HK$36,942,000), which bears interest at 8.5% per annum and is repayable on demand. The remaining amounts due from associates are unsecured, interest-free and repayable on demand. In the opinion of the Directors, these balances are considered as part of the Group's net investments in the associates. On 1 April 2019, the Group adopted Amendments to HKAS 28 and applied HKFRS 9, rather than HKAS 28, in accounting for the amounts due from associates and the related impairment. As at 1 April 2019, loss allowance for impairment of amounts due from associates amounted to HK$91,122,000 which represented lifetime ECLs made for credit-impaired balances. Loss allowance of HK$41,000 was provided for the year ended 31 March 2020 for credit-impaired receivables with a gross carrying amount of HK$41,000. On the other hand, reversal of loss allowance of HK$209,000 was credited to the consolidated statement of profit or loss. The loss allowance for impairment of amounts due from associates amounted to HK$90,485,000 as at 31 March 2020. Except for the credit-impaired balances, there has been no significant increase in credit risk of the remaining balances. As at 1 April 2019 and 31 March 2020, the loss allowance for such remaining balances was assessed to be minimal.

Details of the principal associates are set out on pages 210 and 211.

Notes to the Financial Statements *(continued)*

23. INTERESTS IN ASSOCIATES *(continued)*

Healthway Medical Corporation Limited ("Healthway"), TIH and Greenix Limited ("Greenix") are considered as material associates of the Group.

Healthway

Healthway is a listed company in Singapore. Healthway, together with its subsidiaries, owns, operates and manages around 90 medical centres and clinics in Singapore. Healthway became an associate of the Group in May 2017 after the completion of a voluntary conditional cash offer and Healthway is accounted for using the equity method. As at 31 March 2020, the Group's equity interest in Healthway was 40.91% (2019 — 40.82%).

The Group assessed whether there is any objective evidence that the carrying amount of interest in Healthway may be impaired and the recoverable amount of the associate is estimated based on a value in use calculation. The Directors considered no impairment loss was necessary for the year ended 31 March 2020 (2019 — Nil).

TIH

TIH is a closed-end fund listed in Singapore which focuses on investment in various sectors in Asia such as consumer and industrial products, healthcare, technology, media and telecommunications, food, manufacturing and chemicals. TIH became an associate of the Group in early 2018 through a share offer (the "TIH Offer") and is accounted for using the equity method. As at 31 March 2020, the Group's equity interest in TIH remained at 39.9% (2019 — 39.9%).

The Group carried out an impairment assessment for the investment in TIH as the carrying amount of the investment exceeded the market value of the investment held by the Group as at 31 March 2020. The recoverable amount of the investment was determined based on a value in use calculation. The discount rate applied to the cash flow projection was 7.95% (2019 — 7.95%). No impairment loss was charged to the consolidated statement of profit or loss for the year ended 31 March 2020. Impairment loss of HK$22,698,000 has been charged to the consolidated statement of profit or loss for the year ended 31 March 2019 as the recoverable amount was lower than its carrying amount.

Greenix

Greenix and its subsidiaries are engaged in property development in Singapore and are accounted for using the equity method.

Notes to the Financial Statements *(continued)*

23. INTERESTS IN ASSOCIATES *(continued)*

The following table illustrates the summarised consolidated financial information of Healthway, TIH and Greenix, adjusted for fair value adjustments on acquisition (if any) and any differences in accounting policies and reconciled to the carrying amounts in the financial statements:

	Healthway		TIH		Greenix	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Current assets	**238,990**	271,911	**267,144**	305,484	**797,000**	835,053
Non-current assets	**463,623**	367,343	**434,254**	547,928	**–**	–
Current liabilities	**(156,640)**	(116,080)	**(108,242)**	(112,872)	**(57,709)**	(99,532)
Non-current liabilities	**(126,971)**	(65,449)	**(272)**	–	**–**	–
Net assets, excluding goodwill	**419,002**	457,725	**592,884**	740,540	**739,291**	735,521
Reconciliation to the Group's interests in associates:						
Group's share of net assets of associates, excluding goodwill	**171,036**	186,842	**236,679**	295,624	**369,646**	367,761
Goodwill, less cumulative impairment	**223,035**	236,930	**–**	–	**–**	–
Carrying amount of the investments	**394,071**	423,772	**236,679**	295,624	**369,646**	367,761
Revenue for the year	**662,570**	651,135	**49,861**	39,537	**204,211**	71,177
Profit/(Loss) for the year	**(10,086)**	(39,450)	**(95,163)**	11,680	**49,039**	11,564
Other comprehensive loss for the year	**(59,964)**	(35,565)	**(38,697)**	(25,909)	**–**	–
Total comprehensive income/(loss) for the year	**(70,050)**	(75,015)	**(133,860)**	(14,229)	**49,039**	11,564
Dividend received for the year	**–**	–	**5,497**	–	**–**	–
Fair value of the Group's listed investments *(Note)*	**241,838**	299,722	**97,809**	161,999	**N/A**	N/A

Note: Based on the quoted market price as at 31 March (Level 1 in the fair value hierarchy).

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

	2020 HK$'000	2019 HK$'000
Share of the associates' profit and total comprehensive income for the year	**362**	2,229
Aggregate carrying amount of the Group's interests in the associates	**41,962**	27,030

Notes to the Financial Statements *(continued)*

24. INTERESTS IN JOINT VENTURES

	2020 HK$'000	2019 HK$'000
Share of net assets	**7,823,879**	7,807,081
Due from joint ventures	**2,665,751**	2,734,347
Due to a joint venture	**(4,278)**	(5,295)
Provisions for impairment losses	**(147,032)**	(11,393)
	10,338,320	10,524,740

As at 31 March 2020, the amounts due from joint ventures included balances of HK$2,346,523,000 (2019 — HK$2,440,301,000), which are unsecured, bear interest at rates ranging from nil to 2.25% per annum (2019 — nil to 2.25% per annum) and are repayable on demand. The amounts due from joint ventures also included balances of HK$171,596,000 (2019 — HK$139,129,000), which are unsecured, bear interest at rates ranging from nil to 7% per annum (2019 — nil to 7% per annum) and are repayable when the resources of the joint ventures permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand. In the opinion of the Directors, the balances with joint ventures are considered as part of the Group's net investments in the joint ventures. On 1 April 2019, the Group adopted Amendments to HKAS 28 and applied HKFRS 9, rather than HKAS 28, in accounting for the amounts due from joint ventures and the related impairment. As at 1 April 2019, loss allowance for impairment of amounts due from joint ventures amounted to HK$150,597,000, which represented lifetime ECLs made for credit-impaired balances. Loss allowance of HK$1,613,000 was provided for the year ended 31 March 2020 for credit-impaired receivables with a gross carrying amount of HK$1,613,000. On the other hand, reversal of loss allowance of HK$3,400,000 was credited to the consolidated statement of profit or loss because the repayment was received. The loss allowance for impairment of amounts due from joint ventures amounted to HK$147,032,000 as at 31 March 2020. Except for the credit-impaired balances, there has been no significant increase in credit risk of the remaining balances. As at 1 April 2019 and 31 March 2020, the loss allowance for such remaining balances was assessed to be minimal.

Details of the principal joint ventures are set out on pages 212 and 213.

LAAPL is considered a material joint venture of the Group and is accounted for using the equity method. LAAPL is a joint venture set up to hold the controlling stake in OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a listed company in Singapore. OUE is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it. The Directors assessed whether there is any indication that the carrying amount of interest in the joint venture may be impaired and the recoverable amount of the joint venture is estimated based on a value in use calculation. The Directors considered no impairment loss was necessary for the year ended 31 March 2020 (2019 — Nil).

Notes to the Financial Statements *(continued)*

24. INTERESTS IN JOINT VENTURES *(continued)*

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

	2020 HK$'000	2019 HK$'000
Non-current assets	**47,760,390**	50,767,032
Cash and cash equivalents	**3,260,070**	2,898,126
Other current assets	**3,098,905**	6,178,188
Current assets	**6,358,975**	9,076,314
Financial liabilities, excluding trade and other payables	**(10,303,498)**	(5,865,954)
Other current liabilities	**(1,623,484)**	(2,129,621)
Current liabilities	**(11,926,982)**	(7,995,575)
Non-current financial liabilities, excluding trade and other payables and provisions	**(16,531,662)**	(24,928,839)
Other non-current liabilities	**(1,295,047)**	(1,281,898)
Non-current liabilities	**(17,826,709)**	(26,210,737)
Net assets	**24,365,674**	25,637,034
Reconciliation to the Group's interest in the joint venture:		
Net assets	**24,365,674**	25,637,034
Less: Non-controlling interests	**(16,184,967)**	(17,345,127)
Net assets attributable to equity holders of the joint venture	**8,180,707**	8,291,907
Group's share of net assets of the joint venture	**7,712,401**	7,817,304
Due from the joint venture	**2,346,523**	2,440,301
Adjustment of unrealised gain	**(12,954)**	(12,954)
Carrying amount of the investment	**10,045,970**	10,244,651
Revenue	**5,596,809**	3,894,491
Interest income	**30,350**	44,779
Depreciation and amortisation	**(173,796)**	(168,869)
Interest expenses	**(926,457)**	(988,516)
Tax	**(176,695)**	(270,247)
Profit/(Loss) for the year attributable to equity holders of the joint venture	**466,296**	(118,548)
Other comprehensive loss for the year attributable to equity holders of the joint venture	**(513,648)**	(194,742)
Total comprehensive loss for the year attributable to equity holders of the joint venture	**(47,352)**	(313,290)

Notes to the Financial Statements *(continued)*

24. INTERESTS IN JOINT VENTURES *(continued)*

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

	2020 **HK$'000**	2019 HK$'000
Share of the joint ventures' loss for the year	**(10,623)**	(78,997)
Share of the joint ventures' other comprehensive loss for the year	**(13,803)**	(83)
Share of the joint ventures' total comprehensive loss for the year	**(24,426)**	(79,080)
Aggregate carrying amount of the Group's interests in the joint ventures	**292,350**	280,089

As at 31 March 2020, the Group's share of joint ventures' own capital commitments amounted to HK$36,198,000 (2019 — HK$107,645,000).

Under the terms of Macau banking legislation, The Macau Chinese Bank Limited ("MCB", a joint venture of the Company) is required to transfer to a legal reserve an amount equal to a minimum of 20% of its annual profit after tax until the amount of the reserve is equal to 50% of its issued and fully paid up share capital. Thereafter, transfers must continue at a minimum annual rate of 10% of its annual profit after tax until the reserve is equal to MCB's issued and fully paid up share capital. This reserve is only distributable in accordance with certain limited circumstances prescribed by statute. As at 31 March 2020, the balance of interests in joint ventures included the share of such legal reserve of HK$8,455,000 (2019 — HK$6,620,000). Besides, in order to comply with the requirements of the Monetary Authority of Macao ("AMCM") to maintain impairment allowances in excess of MCB's collective impairment allowances, a portion of the retained profits is earmarked as a regulatory reserve, which is not distributable to MCB's shareholders under the AMCM's requirements. As at 31 March 2020, the balance of interests in joint ventures did not include the share of such regulatory reserve (2019 — Nil).

As at 31 March 2020, the Group's share of contingent liabilities relating to MCB amounted to HK$107,155,000 (2019 — HK$47,937,000), comprising share of guarantees and other endorsements of HK$106,418,000 (2019 — HK$47,727,000) and share of liabilities under letters of credit on behalf of customers of HK$737,000 (2019 — HK$210,000).

Notes to the Financial Statements *(continued)*

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020 HK$'000	2019 HK$'000
Financial assets at fair value through other comprehensive income:		
Equity securities	**105,689**	356,513

The Group has designated certain equity securities as financial assets at fair value through other comprehensive income as the Group considers these equity securities to be strategic in nature.

During the year ended 31 March 2020, the Group sold certain equity securities at fair value through other comprehensive income as these investments no longer coincided with the Group's investment strategy. The fair value on the date of sale was HK$217,052,000 (2019 — HK$35,776,000) and the net accumulated loss recognised in other comprehensive income was HK$13,340,000 (2019 — HK$11,370,000). The net accumulated loss attributable to equity holders of the Company of HK$10,004,000 (2019 — HK$7,997,000) was transferred from fair value reserve of financial assets at FVOCI to retained profits upon disposal.

During the year ended 31 March 2020, the Group recognised dividend income of HK$606,000 (2019 — HK$1,351,000) from investments derecognised during the reporting period. During the year ended 31 March 2019, the Group also recognised dividend income of HK$16,000 from investments held at the end of the reporting period. Such dividend income is included in "Revenue" in the consolidated statement of profit or loss.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 HK$'000	2019 HK$'000
Held for trading:		
Equity securities	**431,202**	580,988
Investment funds	**22,046**	7,024
	453,248	588,012
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	**21,826**	23,001
Investment funds	**366,895**	369,494
	388,721	392,495
	841,969	980,507
Analysed for reporting purposes as:		
Current assets	**453,307**	588,148
Non-current assets	**388,662**	392,359
	841,969	980,507

Notes to the Financial Statements *(continued)*

27. DEBTORS, PREPAYMENTS AND OTHER ASSETS

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

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

	2020 **HK$'000**	2019 HK$'000
Outstanding balances with ages:		
Within 30 days	**30,732**	27,405
Between 31 and 60 days	**20,456**	17,244
Between 61 and 90 days	**13,577**	13,382
Between 91 and 180 days	**3,363**	1,696
	68,128	59,727

As at 31 March 2020, the balances of debtors, prepayments and other assets included the promissory note received in connection with the TIH Offer of HK$34,588,000 (2019 — HK$36,743,000), which is unsecured, bears interest at a rate of 2.25% per annum and is repayable on demand. The remaining balances of debtors, prepayments and other assets were non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

Loss allowance for impairment of trade debtors

The movements in the loss allowance for impairment of trade debtors are as follows:

	2020 **HK$'000**	2019 HK$'000
Balance at beginning of year	**2,299**	13,306
Impairment losses recognised	**1,539**	2,773
Disposal of subsidiaries	**–**	(10,046)
Write-off	**(1,869)**	(3,308)
Exchange adjustments	**(143)**	(426)
Balance at end of year	**1,826**	2,299

The Group applies the simplified approach to measure the loss allowance at lifetime ECLs for trade debtors. The Group determines the ECLs by using a provision matrix. The provision rates are based on the past due status of the debtors and adjusted for factors specific to the debtors, general economic conditions forecasts and forward-looking information that is available without undue cost or effort. For the year ended 31 March 2020, loss allowance of HK$1,539,000 (2019 — HK$2,535,000) was charged to the consolidated statement of profit or loss for receivables arising from contracts with customers under the food businesses. Loss allowance for the year ended 31 March 2019 also included HK$238,000 related to receivables arising from contracts with customers of the LSH Group.

Notes to the Financial Statements *(continued)*

27. DEBTORS, PREPAYMENTS AND OTHER ASSETS *(continued)*

Loss allowance for impairment of trade debtors *(continued)*

Set out below is the information about credit risk exposure on the Group's trade debtors using a provision matrix:

	Expected credit loss rate	Gross carrying amount HK$'000	Expected credit losses HK$'000
As at 31 March 2020			
Current	**0%**	**38,866**	**–**
Past due:			
Within 30 days	**0%**	**21,243**	**–**
Between 31 and 90 days	**0%**	**5,447**	**–**
Between 91 and 120 days	**33.4%**	**3,541**	**1,183**
Over 121 days	**75.0%**	**857**	**643**
	2.6%	**69,954**	**1,826**
As at 31 March 2019			
Current	0%	37,034	–
Past due:			
Within 30 days	0%	18,523	–
Between 31 and 90 days	12.8%	4,691	602
Over 90 days	95.4%	1,778	1,697
	3.7%	62,026	2,299

Loss allowance for impairment of other financial assets included in debtors, prepayments and other assets

The movements in the loss allowance for impairment of other financial assets included in debtors, prepayments and other assets are as follows:

	2020 HK$'000	2019 HK$'000
Balance at beginning of year	**4,017**	17,730
Impairment losses recognised	**–**	3,332
Write-off	**(519)**	(17,018)
Exchange adjustments	**(7)**	(27)
Balance at end of year	**3,491**	4,017

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate, general economic conditions forecasts and forward-looking information that is available without undue cost or effort. Loss allowance represented lifetime ECLs made for credit-impaired balances. There has been no significant increase in credit risk of the remaining balances, additional ECLs required for the year ended 31 March 2020 are minimal. For the year ended 31 March 2019, loss allowance was provided for credit-impaired receivables with a gross carrying amount of HK$3,332,000.

Notes to the Financial Statements *(continued)*

28. OTHER FINANCIAL ASSETS/LIABILITIES

	2020		2019	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Current portion:				
Derivative financial instruments:				
Forward currency contracts *(Note (a))*	**–**	**9,888**	365	–
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**–**	**11,718**	–	9,770
	–	**21,606**	365	9,770
Non-current portion:				
Derivative financial instruments:				
Put Option *(Note (b))*	**46,780**	**–**	49,087	–
Interest rate swap *(Note (c))*	**–**	**1,303**	–	220
	46,780	**1,303**	49,087	220
	46,780	**22,909**	49,452	9,990

Note:

(a) Forward currency contracts are mainly used to hedge the foreign exchange exposure related to the food businesses operation. The notional amount of the outstanding forward currency contracts as at 31 March 2020 was HK$189,453,000 (2019 — HK$279,617,000).

(b) Pursuant to the amended and restated shareholders agreement for the joint arrangement for investment in MCB, 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.

(c) The notional amount of the outstanding interest rate swap as at 31 March 2020 was HK$54,508,000 (2019 — HK$57,904,000).

Notes to the Financial Statements *(continued)*

29. PROPERTIES UNDER DEVELOPMENT

	2020 HK$'000	2019 HK$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	**88,175**	92,784
Additions during the year	**207**	213
Exchange adjustments	**(2,111)**	(4,822)
Balance at end of year	**86,271**	88,175
Provisions for impairment losses:		
Balance at beginning of year	**(58,609)**	(62,204)
Impairment during the year	**(140)**	(138)
Exchange adjustments	**2,657**	3,733
Balance at end of year	**(56,092)**	(58,609)
	30,179	29,566

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

30. INVENTORIES

	2020 HK$'000	2019 HK$'000
Raw materials and stores	**7,835**	7,290
Finished goods and goods for sale	**2,554**	4,059
	10,389	11,349

Notes to the Financial Statements *(continued)*

31. LOANS AND ADVANCES

The loans and advances to customers of the Group bear interest at rates ranging from 3.0% to 12.0% per annum (2019 — rates ranging from 3.0% to 5.0% per annum). Certain loans and advances are secured by client's assets being held as collateral with a carrying amount of HK$29,973,000 (2019 — HK$34,679,000).

The movements in the loss allowance for impairment of loans and advances are as follows:

	2020 HK$'000	2019 HK$'000
Balance at beginning of year	**223,158**	223,365
Impairment losses reversed	**(4,618)**	–
Write-off	**(3,545)**	–
Disposal of subsidiaries	**–**	(207)
Exchange adjustments	**(2,793)**	–
Balance at end of year	**212,202**	223,158

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate, general economic conditions forecasts and forward-looking information that is available without undue cost or effort. Loss allowance represented lifetime ECLs made for credit-impaired balances. For the year ended 31 March 2020, reversal of loss allowance of HK$4,618,000 (2019 — Nil) was credited to the consolidated statement of profit or loss. Certain loans and advances are secured by client's asset being held as collateral with no significant changes in the quality of the collateral. Loss allowance for such loans and advances is considered to be minimal. There has been no significant increase in credit risk of the remaining balances, additional ECLs required for the year are minimal.

32. RESTRICTED CASH

As at 31 March 2020, restricted cash balances with a carrying amount of HK$49,826,000 (2019 — HK$52,516,000) 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 TIH Offer). Details of the unsecured notes are set out in Note 33(c) to the financial statements.

Except for the above, the restricted cash balances also included bank deposits pledged as securities for bankers' guarantees issued in relation to the food businesses segment as set out in Note 43 to the financial statements.

Notes to the Financial Statements *(continued)*

33. BANK AND OTHER BORROWINGS

	2020 **HK$'000**	2019 HK$'000
Current portion:		
Bank loans:		
Secured *(Note (a))*	**648,223**	658,611
Unsecured	**–**	470,524
Other borrowings:		
Unsecured other loan *(Note (b))*	**–**	160,000
Unsecured notes *(Note (c))*	**268,594**	–
Obligations under finance leases *(Note (d))*	**–**	197
	916,817	1,289,332
Non-current portion:		
Bank loans:		
Secured *(Note (a))*	**431,139**	663,161
Unsecured	**491,667**	490,000
Other borrowings:		
Unsecured other loan *(Note (b))*	**100,000**	–
Unsecured notes *(Note (c))*	**–**	285,328
Obligations under finance leases *(Note (d))*	**–**	179
	1,022,806	1,438,668
	1,939,623	2,728,000
Bank and other borrowings by currency:		
Hong Kong dollar	**1,483,118**	2,218,439
Singapore dollar	**429,363**	509,561
Malaysian Ringgit	**27,142**	–
	1,939,623	2,728,000
Bank loans repayable:		
Within one year	**648,223**	1,129,135
In the second year	**559,574**	663,161
In the third to fifth years, inclusive	**363,232**	490,000
	1,571,029	2,282,296
Other borrowings repayable:		
Within one year	**268,594**	160,197
In the second year	**100,000**	285,507
	368,594	445,704

The Group's bank loans bear interest at floating rates ranging from 3.1% to 5.0% (2019 — 2.5% to 5.1%) per annum.

Notes to the Financial Statements *(continued)*

33. 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$1,944,758,000 (2019 — HK$2,678,912,000);

(ii) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK$294,400,000 (2019 — HK$359,100,000) and HK$890,179,000 (2019 — HK$773,037,000), respectively; and

(iii) fixed and floating charge over all the assets of certain subsidiaries of the Group.

(b) The Group's other loan represents unsecured loan advanced from Lippo Capital Limited, a holding company of the Company, which bears interest at a rate of 4% (2019 — 4%) per annum.

(c) The unsecured notes were issued in connection with the TIH Offer at a rate of 2.25% per annum. The unsecured notes are redeemable at par on their respective maturity dates in January and February 2021.

(d) As at 31 March 2019, the Group had obligations under finance leases for certain fixed assets. The implicit average interest rate in the leases ranged from 2.5% to 2.6% per annum. The obligations under finance leases were secured by rights to certain leased fixed assets of the Group with a carrying amount of HK$623,000. Upon the adoption of HKFRS 16 on 1 April 2019, the Group reclassified the assets under finance leases from fixed assets to right-of-use assets and related liabilities from obligations under finance leases to lease liabilities for presentation purposes.

At 31 March 2019, future minimum lease payments under finance leases together with the present value of the net minimum lease payments were as follows:

	Present value of minimum lease payments HK$'000	Minimum lease payments HK$'000
Within one year	197	226
In the second year	179	208
	376	434
Future finance charges		(58)
		376

Notes to the Financial Statements *(continued)*

34. CREDITORS, ACCRUALS AND OTHER LIABILITIES

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

	2020 HK$'000	2019 HK$'000
Outstanding balances with ages:		
Within 30 days	**22,722**	47,597
Between 31 and 60 days	**6,307**	10,180
Between 61 and 90 days	**409**	625
Between 91 and 180 days	**1,286**	828
Over 180 days	**2,382**	313
	33,106	59,543

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

35. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Provision and accruals HK$'000	Indefinite life intangible assets HK$'000	Others HK$'000	Total HK$'000
2020							
At 1 April 2019	**7,523**	**41,305**	**(91)**	**(1,528)**	**16,399**	**1,740**	**65,348**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 14)*	**(3,187)**	**502**	**28**	**672**	**–**	**(1,605)**	**(3,590)**
Disposal of subsidiaries *(Note 40)*	**(1,596)**	**–**	**–**	**844**	**(16,138)**	**(97)**	**(16,987)**
Exchange adjustments	**227**	**(3,390)**	**–**	**12**	**(261)**	**(38)**	**(3,450)**
At 31 March 2020	**2,967**	**38,417**	**(63)**	**–**	**–**	**–**	**41,321**
2019							
At 1 April 2018	9,951	43,421	(1,026)	(9,037)	16,940	3,395	63,644
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 14)*	(2,291)	1,746	935	(98)	–	(1,506)	(1,214)
Disposal of subsidiaries *(Note 40)*	–	–	–	7,754	–	–	7,754
Exchange adjustments	(137)	(3,862)	–	(147)	(541)	(149)	(4,836)
At 31 March 2019	7,523	41,305	(91)	(1,528)	16,399	1,740	65,348

Notes to the Financial Statements *(continued)*

35. DEFERRED TAX *(continued)*

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

	2020 **HK$'000**	2019 HK$'000
Deferred tax assets	**(2,807)**	(845)
Deferred tax liabilities	**44,128**	66,193
Net deferred tax liabilities	**41,321**	65,348

The Group has tax losses of HK$1,549,588,000 (2019 — HK$1,420,633,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for tax losses of HK$19,114,000 (2019 — HK$43,296,000) which will expire in one to five years (2019 — one to five years). Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group also has unrecognised deferred tax assets in respect of unabsorbed capital allowances of HK$185,000 (2019 — HK$3,555,000) available for offsetting future taxable income, subject to compliance with the relevant rules and procedures and agreement of the respective tax authorities. The Group did not recognise those deferred tax assets as it is not probable that taxable profits will be available against which the unabsorbed capital allowances can be utilised.

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

As at 31 March 2020, there were no significant unrecognised deferred tax liabilities (2019 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

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

Notes to the Financial Statements *(continued)*

36. SHARE CAPITAL

	2020 HK$'000	2019 HK$'000
Issued and fully paid:		
493,154,032 (2019 — 493,154,032) ordinary shares	**986,598**	986,598

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

There was no movement in share capital during the years ended 31 March 2020 and 2019.

37. 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 ("LCR", a listed subsidiary of the Company) and the Company, was adopted on 11 September 2014 (the "ANR Adoption Date"). Pursuant to the ANR Share Option Scheme, the board of directors of Asia Now (the "ANR Board") was entitled at any time to offer to grant an option to subscribe for common shares in the capital of Asia Now (the "ANR Shares") to any eligible person including director or senior officer of Asia Now, and employee (the "ANR Eligible Employee") and consultant of Asia Now and its subsidiaries (together, the "ANR Eligible Person") whom the ANR Board might, in its absolute discretion, select and subject to such conditions as it might think fit. The purpose of the ANR Share Option Scheme was to provide ANR Eligible Persons with the opportunity to acquire proprietary interests in Asia Now and to encourage ANR Eligible Persons to work towards enhancing the value of Asia Now and its shares for the benefit of Asia Now and its shareholders as a whole. The ANR Share Option Scheme was valid and effective for the period of ten years commencing on the ANR Adoption Date. Under the rules of the ANR Share Option Scheme, no further options should be granted on and after the tenth anniversary of the ANR Adoption Date. The options could be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which date should not be later than the day last preceding the tenth anniversary of the date of grant. No option might be exercised by an ANR Eligible Employee until such ANR Eligible Employee had been in continuous employment with Asia Now or its subsidiary or had been appointed as a director for a period of one calendar year from the date of such ANR Eligible Employee's commencement of employment with or appointment by Asia Now or its subsidiary. In respect of an ANR Eligible Person who was not an ANR Eligible Employee, the ANR Board might in its absolute discretion specify such minimum period for which an option must be held before such option could be exercised. In respect of an ANR Eligible Person (whether or not an ANR Eligible Employee), the ANR Board might in its absolute discretion make the exercise of an option conditional on the achievement of minimum performance target(s). No grantee of option was required to pay for the grant of the relevant option.

Notes to the Financial Statements *(continued)*

37. SHARE OPTION SCHEME *(continued)*

The overall limit on the number of ANR Shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the ANR Share Option Scheme and other share option schemes must not exceed 20% of the ANR Shares in issue on the ANR Adoption Date. The maximum number of ANR Shares in respect of which options might be granted under the ANR Share Option Scheme should not (when aggregated with any ANR Shares subject to grants made after the ANR Adoption Date pursuant to any other share option scheme(s) of Asia Now) exceed 10% of the issued share capital of Asia Now on the ANR Adoption Date (the "ANR Scheme Mandate Limit"). The ANR Scheme Mandate Limit might be renewed at any time subject to prior approval of the Toronto Stock Exchange (as defined below) and shareholders of Asia Now and its relevant holding companies but in any event should not exceed 10% of the issued share capital of Asia Now as at the date of approval of the renewal of the ANR Scheme Mandate Limit. A maximum of 11,332,079 ANR Shares, representing approximately 10% of Asia Now's issued share capital, were reserved for issuance upon exercise of options granted under the ANR Share Option Scheme. The total number of ANR Shares issued and to be issued upon exercise of options granted and to be granted under the ANR Share Option Scheme to any single ANR Eligible Person, whether or not already a grantee, in any 12-month period should be subject to a limit that it should not exceed 1% of the ANR Shares in issue at the relevant time. The exercise price for the ANR Shares under the ANR Share Option Scheme should be determined by the ANR Board in its absolute discretion but in any event should not be less than the highest of (i) the closing price of the ANR Shares on the date of grant of the option, as stated in the daily quotations sheets of the TSX Venture Exchange of Canada ("TSXVE") or the Toronto Stock Exchange, as applicable, being the stock exchange on which the ANR Shares were primarily listed (the "Toronto Stock Exchange"); (ii) the average closing price of the ANR Shares for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Toronto Stock Exchange; and (iii) the floor price which meant the last closing price of the ANR Shares on the Toronto Stock Exchange before the date the option was granted less the following maximum discounts based on closing price (and subject, notwithstanding the application of any such maximum discount, to a minimum price per share of C$0.05):

Closing Price	Discount
Up to C$0.50	25%
C$0.51 to C$2.00	20%
Above C$2.00	15%

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

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

Notes to the Financial Statements *(continued)*

38. RESERVES

The amounts of the Group's reserves and movements therein for the current and the prior years are presented in the consolidated statement of changes in equity on pages 92 and 93.

Included in the retained profits of the Group as at 31 March 2020 was an amount of final dividend for the year then ended of HK$24,658,000 (2019 — HK$24,658,000) proposed after the end of the reporting period.

Note:

(a) Special capital reserve
Pursuant to a special resolution passed at an extraordinary general meeting of the Company on 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.

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

Hongkong Chinese Limited ("HKC") and LCR are considered as subsidiaries that have material non-controlling interests. Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2020	2019
Percentage of ownership interest held by non-controlling interests:		
HKC	**26.1%**	26.1%
LCR	**25.0%**	25.0%

	2020 **HK$'000**	2019 HK$'000
Profit for the year allocated to non-controlling interests:		
HKC	**109,437**	2,819
LCR	**84,582**	544,376
Dividends paid to non-controlling interests:		
HKC	**10,411**	11,364
LCR	**934,087**	30,537
Accumulated balances of non-controlling interests at the end of the reporting period:		
HKC	**2,771,849**	2,866,401
LCR	**1,247,897**	2,134,516

Notes to the Financial Statements *(continued)*

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

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

	HKC	
	2020	2019
	HK$'000	HK$'000
Continuing operations		
Revenue	**71,438**	71,155
Share of results of joint ventures	**429,138**	(101,294)
Total expenses	**(76,971)**	(105,543)
Profit/(Loss) for the year from continuing operations	**423,605**	(135,682)
Profit for the year from discontinued operation	**–**	145,677
Profit for the year	**423,605**	9,995
Total comprehensive loss for the year	**(110,342)**	(210,998)
Current assets	**267,726**	654,407
Non-current assets	**10,909,843**	11,131,959
Current liabilities	**(82,131)**	(336,769)
Non-current liabilities	**(507,150)**	(505,379)
Net cash flows used in operating activities	**(65,161)**	(61,615)
Net cash flows from/(used in) investing activities	**2,392**	(152,395)
Net cash flows from/(used in) financing activities	**(304,360)**	189,586
Net decrease in cash and cash equivalents	**(367,129)**	(24,424)

	LCR	
	2020	2019
	HK$'000	HK$'000
Revenue	**855,720**	2,484,874
Total expenses	**(1,044,128)**	(1,996,415)
Profit/(Loss) for the year	**(188,408)**	488,459
Total comprehensive income/(loss) for the year	**(324,651)**	521,330
Current assets	**1,815,966**	3,301,642
Non-current assets	**3,137,013**	3,581,611
Current liabilities	**(1,144,982)**	(1,152,384)
Non-current liabilities	**(283,687)**	(759,890)
Net cash flows from/(used in) operating activities	**(103,526)**	471,726
Net cash flows from investing activities	**519,037**	757,719
Net cash flows used in financing activities	**(1,666,258)**	(151,050)
Net increase/(decrease) in cash and cash equivalents	**(1,250,747)**	1,078,395

Notes to the Financial Statements *(continued)*

40. DISPOSAL OF SUBSIDIARIES

	2020 HK$'000	2019 HK$'000
Net assets disposed of:		
Intangible assets	**158,091**	14,388
Fixed assets	**66,597**	19,158
Right-of-use assets	**504,075**	–
Deferred tax assets	**–**	7,754
Inventories	**969**	255,558
Loans and advances	**–**	7,861
Debtors, prepayments and other assets	**65,520**	306,007
Tax recoverable	**1,835**	3,851
Client trust bank balances	**–**	217,350
Restricted cash	**5,482**	1,010
Cash and cash equivalents	**44,715**	238,246
Bank and other borrowings	**–**	(56,471)
Lease liabilities	**(527,439)**	–
Creditors, accruals and other liabilities	**(103,767)**	(501,623)
Tax payable	**(2,422)**	(5,156)
Deferred tax liabilities	**(16,987)**	–
Non-controlling interests	**(1,117)**	–
	195,552	507,933
Release of cumulative exchange differences on translation of foreign operations	**11,351**	26,228
	206,903	534,161
Gain on disposal of subsidiaries:		
Continuing operations	**342,679**	873,928
Discontinued operation *(Note 15)*	**–**	153,255
	549,582	1,561,344
Satisfied by:		
Cash	**489,099**	1,561,344
Other receivables	**60,483**	–
	549,582	1,561,344

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

	2020 HK$'000	2019 HK$'000
Cash consideration	**489,099**	1,561,344
Cash and cash equivalents disposed of	**(44,715)**	(238,246)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**444,384**	1,323,098

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

There are no material changes in non-controlling interests during the year ended 31 March 2020.

During the year ended 31 March 2019, the Company acquired an aggregate of 47,634,000 shares in HKC from third party investors at an aggregate consideration of HK$62,067,000. As a result, the Group's effective interest in HKC was increased from approximately 71.57% as at 31 March 2018 to approximately 73.95% as at 31 March 2019. The Group recognised a decrease in non-controlling interests of HK$248,910,000 and an increase in retained profits of HK$186,843,000.

Notes to the Financial Statements *(continued)*

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before tax to cash generated from/(used in) operations

	Note	2020 HK$'000	2019 HK$'000
Profit before tax:			
From continuing operations		**186,046**	306,777
From discontinued operation		**–**	145,666
Adjustments for:			
Share of results of associates		**17,225**	3,430
Share of results of joint ventures		**(428,899)**	190,738
Loss/(Gain) on disposal of:			
Fixed assets	7	**4,643**	2,398
An investment property	7	**1,254**	–
Subsidiaries	40	**(342,679)**	(1,027,183)
Loss/(Gain) on derecognition of associates	7	**1,519**	(5)
Provisions/(Write-back of provisions) for impairment losses on:			
Intangible assets	7	**–**	10,681
Fixed assets	7	**16,927**	(1,480)
Associates	7	**(168)**	22,698
Joint ventures	7	**(1,787)**	41
Properties under development	7	**140**	138
Properties held for sale	7	**–**	(196)
Inventories	7	**667**	8,158
Loans and receivables		**1,539**	6,105
Bad debt recovered		**(4,618)**	–
Fixed assets written off	7	**2,627**	6,720
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	7	**(13,985)**	(12,142)
Net fair value loss on financial instruments at fair value through profit or loss		**173,028**	186,012
Net fair value loss/(gain) on investment properties		**81,539**	(30,062)
Finance costs		**91,921**	90,169
Interest income	8	**(84,039)**	(79,109)
Dividend income	5	**(17,158)**	(26,736)
Depreciation of fixed assets	20	**72,316**	77,332
Depreciation of right-of-use assets	8	**132,463**	–
		(109,479)	(119,850)
Decrease in properties held for sale		**–**	1,265
Increase in properties under development		**(207)**	(213)
Decrease/(Increase) in inventories		**(1,271)**	27,739
Decrease/(Increase) in loans and advances		**11,750**	(70,659)
Increase in debtors, prepayments and other assets		**(20,083)**	(21,350)
Decrease/(Increase) in financial instruments at fair value through profit or loss		**(22,435)**	928,238
Decrease in client trust bank balances		**–**	83,663
Decrease in creditors, accruals and other liabilities		**(82,589)**	(458,159)
Increase/(Decrease) in other financial liabilities		**3,673**	(619)
Cash generated from/(used in) operations		**(220,641)**	370,055

Notes to the Financial Statements *(continued)*

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Major non-cash transactions

Save as disclosed elsewhere in the financial statements, the Group had the following major non-cash transactions:

During the year ended 31 March 2020, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$163,116,000 and HK$163,116,000, respectively, in respect of lease arrangements (2019 — N/A).

(c) Changes in liabilities arising from financing activities

	Bank and other borrowings HK$'000	Interest payable HK$'000	Lease liabilities HK$'000	Total HK$'000
At 31 March 2019, as previously reported	**2,728,000**	**1,938**	**–**	**2,729,938**
Impact on initial application of HKFRS 16 *(Note 2.2)*	**(376)**	**–**	**632,384**	**632,008**
At 1 April 2019, as adjusted	**2,727,624**	**1,938**	**632,384**	**3,361,946**
Changes from financing cash flows:				
Drawdown of bank and other borrowings	**536,439**	**–**	**–**	**536,439**
Repayment of bank and other borrowings	**(1,300,673)**	**–**	**–**	**(1,300,673)**
Principal portion of lease payments	**–**	**–**	**(129,533)**	**(129,533)**
Finance costs paid	**(3,360)**	**(67,966)**	**(15,766)**	**(87,092)**
Total changes from financing cash flows	**(767,594)**	**(67,966)**	**(145,299)**	**(980,859)**
Addition to lease liabilities	**–**	**–**	**163,116**	**163,116**
Disposal of subsidiaries *(Note 40)*	**–**	**–**	**(527,439)**	**(527,439)**
Exchange adjustments	**(28,447)**	**(317)**	**1,712**	**(27,052)**
Finance costs charged to the statement of profit or loss	**8,040**	**68,115**	**15,766**	**91,921**
At 31 March 2020	**1,939,623**	**1,770**	**140,240**	**2,081,633**
At 1 April 2018	2,480,860	1,533	–	2,482,393
Changes from financing cash flows:				
Drawdown of bank and other borrowings	1,423,065	–	–	1,423,065
Repayment of bank and other borrowings	(1,115,934)	–	–	(1,115,934)
Repayment of obligations under finance leases	(1,060)	–	–	(1,060)
Finance costs paid	–	(82,025)	–	(82,025)
Total changes from financing cash flows	306,071	(82,025)	–	224,046
Disposal of subsidiaries *(Note 40)*	(56,471)	–	–	(56,471)
Exchange adjustments	(10,195)	(4)	–	(10,199)
Finance costs charged to the statement of profit or loss	7,735	82,434	–	90,169
At 31 March 2019	2,728,000	1,938	–	2,729,938

Notes to the Financial Statements *(continued)*

42. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(d) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2020 HK$'000
Within operating activities	**28,261**
Within financing activities	**145,299**
	173,560

43. CONTINGENT LIABILITIES

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

	2020 HK$'000	2019 HK$'000
Secured bankers' guarantee	**2,697**	16,981
Unsecured bankers' guarantee	**17,352**	20,355
	20,049	37,336

The bankers' guarantees were mainly issued in lieu of rental and utility deposits for the premises used in the food businesses segment. As at 31 March 2020, the secured bankers' guarantees were secured by fixed deposits of approximately HK$2,028,000 (2019 — HK$7,383,000) pledged to banks as security for secured bankers' guarantees issued and corporate guarantees from the shareholders of a subsidiary of approximately HK$373,000 (2019 — Nil).

Notes to the Financial Statements *(continued)*

44. COMMITMENTS

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

	2020 HK$'000	2019 HK$'000
Commitments in respect of properties, plant and equipment:		
Contracted, but not provided for *(Note (i))*	**53,024**	111,112
Other commitments:		
Contracted, but not provided for *(Note (ii))*	**51,830**	58,916
	104,854	170,028

Note:

(i) The balance included the Group's commitments in relation to the construction of a new food factory in Malaysia of HK$53,024,000 (2019 — HK$109,353,000).

(ii) The balance included the Group's commitments for financial assets at fair value through profit or loss of approximately HK$45,454,000 (2019 — approximately HK$56,416,000).

(b) Operating lease commitments as at 31 March 2019
The Group leased certain properties and vehicles under operating lease agreements which were non-cancellable. The leases expired on various dates until 30 June 2025 and the leases for properties contained the provision for rental adjustments. As at 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	2019 HK$'000
Within one year	242,389
In the second to fifth years, inclusive	271,033
After five years	5,165
	518,587

(c) The Group has various lease contracts that have not yet commenced as at 31 March 2020. The future lease payments for these non-cancellable lease contracts are HK$34,695,000 due within one year, HK$63,676,000 due in the second to fifth years, inclusive and HK$4,840,000 due after five years.

Notes to the Financial Statements *(continued)*

45. RELATED PARTY TRANSACTIONS

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

(a) During the period from 1 April 2019 to 31 May 2019, the Group made lease payments (including service charges) of HK$596,000 (2019 — HK$3,609,000) to a joint venture of the Group for a property rented to the Group. The rental was determined by reference to the then prevailing open market rentals. Such lease was surrendered on 31 May 2019.

(b) During the period from 1 April 2019 to 31 October 2019, the Group made lease payments (including service charges) of HK$2,209,000 (2019 — HK$3,788,000) to a joint venture of the Group for a property rented to a then subsidiary of the Group. The rental was determined by reference to the then prevailing open market rentals.

(c) During the year, the Group received interest income of HK$61,722,000 (2019 — HK$52,283,000) from joint ventures of the Group.

(d) During the year, the Group received revenue from the provision of project management services of HK$837,000 (2019 — HK$208,000) from an associate of the Group.

(e) During the year, Maxx Coffee Singapore Pte. Ltd. (the "Franchisee"), a non-wholly owned subsidiary of the Company, entered into a franchise agreement (the "Franchise Agreement") with PT Maxx Coffee Prima (the "Franchisor"), pursuant to which the Franchisor agreed to grant to the Franchisee the exclusive right and licence in Singapore to carry on the business of establishing, developing and operating the Maxx Coffee shops for an initial term of ten years. During the year, the Group paid to the Franchisor a royalty fee and a consideration for the purchase of supplies of HK$19,000 and HK$107,000, respectively. As at the date when the Franchise Agreement was entered into, the Franchisor was indirectly controlled by PT Inti Anugerah Pratama, of which Dr. Stephen Riady, an executive Director and Chairman of the Board of the Company, and his brother, Mr. James Tjahaja Riady were the ultimate beneficial owners.

(f) During the year, the Group entered into a lease agreement with a joint venture of the Group for a property rented to the Group. Such lease will expire on 31 July 2022. The right-of-use assets as at the date of the commencement date of the lease was HK$16,436,000.

(g) As at 31 March 2020, the Group had balances with its associates and joint ventures, further details of which are set out in Notes 23 and 24 to the financial statements.

(h) The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 9 to the financial statements.

The transaction referred to in item (e) above was a continuing connected transaction as defined under Chapter 14A of the Listing Rules which was subject to the disclosure requirements under the Listing Rules. Further details of such transaction are disclosed in the section headed "Continuing Connected Transactions and Connected Transaction" in the Report of Directors. Save for the transaction referred to in item (e) above, the other transactions referred to herein were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules.

Notes to the Financial Statements *(continued)*

46. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income			
	Held for trading HK$'000	Mandatorily classified at fair value through profit or loss HK$'000	Equity securities HK$'000	Financial assets at amortised cost HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 31 March 2020						
Financial assets at fair value through other comprehensive income	–	–	105,689	–	–	105,689
Financial assets at fair value through profit or loss	453,248	388,721	–	–	–	841,969
Other financial asset	–	–	–	–	46,780	46,780
Amounts due from associates	–	–	–	6,353	–	6,353
Amounts due from joint ventures	–	–	–	2,518,719	–	2,518,719
Loans and advances	–	–	–	74,695	–	74,695
Financial assets included in debtors, prepayments and other assets	–	–	–	199,762	–	199,762
Restricted cash	–	–	–	51,854	–	51,854
Time deposits with original maturity of more than three months	–	–	–	66,176	–	66,176
Cash and cash equivalents	–	–	–	1,175,208	–	1,175,208
	453,248	**388,721**	**105,689**	**4,092,767**	**46,780**	**5,087,205**
At 31 March 2019						
Financial assets at fair value through other comprehensive income	–	–	356,513	–	–	356,513
Financial assets at fair value through profit or loss	588,012	392,495	–	–	–	980,507
Other financial assets	–	–	–	–	49,452	49,452
Loans and advances	–	–	–	83,631	–	83,631
Financial assets included in debtors, prepayments and other assets	–	–	–	190,925	–	190,925
Restricted cash	–	–	–	59,899	–	59,899
Time deposits with original maturity of more than three months	–	–	–	69,342	–	69,342
Cash and cash equivalents	–	–	–	2,830,780	–	2,830,780
	588,012	392,495	356,513	3,234,577	49,452	4,621,049

Notes to the Financial Statements *(continued)*

46. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition HK$'000	Financial liabilities at amortised cost HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 31 March 2020				
Bank and other borrowings	**–**	**1,939,623**	**–**	**1,939,623**
Financial liabilities included in creditors, accruals and other liabilities	**–**	**231,715**	**–**	**231,715**
Other financial liabilities	**11,718**	**–**	**11,191**	**22,909**
Amount due to a joint venture	**–**	**4,278**	**–**	**4,278**
	11,718	**2,175,616**	**11,191**	**2,198,525**
At 31 March 2019				
Bank and other borrowings	–	2,728,000	–	2,728,000
Financial liabilities included in creditors, accruals and other liabilities	–	376,013	–	376,013
Other financial liabilities	9,770	–	220	9,990
Amount due to a joint venture	–	5,295	–	5,295
	9,770	3,109,308	220	3,119,298

47. 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	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Financial assets				
Financial assets at fair value through other comprehensive income	**105,689**	356,513	**105,689**	356,513
Financial assets at fair value through profit or loss	**841,969**	980,507	**841,969**	980,507
Other financial assets	**46,780**	49,452	**46,780**	49,452
	994,438	1,386,472	**994,438**	1,386,472
Financial liabilities				
Bank and other borrowings	**268,594**	285,328	**267,495**	282,112
Other financial liabilities	**22,909**	9,990	**22,909**	9,990
	291,503	295,318	**290,404**	292,102

Notes to the Financial Statements *(continued)*

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, restricted cash, financial assets included in debtors, prepayments and other assets, amounts due from associates and joint ventures, loans and advances, unsecured other loan and financial liabilities included in creditors, accruals and other liabilities 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 approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near the end of the reporting period and the changes in fair value as a result of the Group's non-performance risk were 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 securities, debt securities and investment funds are based on quoted market prices.

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

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 an exchange traded fund, which is a subsidiary of the Group.

The fair values of the forward currency contracts and interest rate swap are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include present value calculations using forward pricing, observable forward interest rate.

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 31 March 2020 was assessed to be insignificant.

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 by 3% (2019 — 3%), the fair value will be increased/decreased by HK$11,106,000 (2019 — HK$11,199,000).

The fair values of unlisted equity securities are estimated based on either the market approach or the income approach. The market approach is based on price multiple determined with reference to comparable public companies and includes appropriate risk adjustments for lack of marketability. The income approach uses the discounted cash flow model which requires management to make assumptions about model inputs, including forecast cash flows, the discount rate and volatility based on observable or unobservable market data.

Notes to the Financial Statements *(continued)*

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

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

Below is a summary of significant unobservable inputs to the valuation of the unlisted equity securities and the Put Option used in Level 3 fair value measurements as at 31 March 2020 and 2019:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted equity securities	Market approach	Price to earnings multiple ("PE multiple")	11.5 to 12.2 (2019 — 14.8 to 15.5)	When PE multiple increases/decreases by 0.5 (2019 — 0.5), the fair value will be increased/decreased by HK$3,701,000 and HK$3,716,000 (2019 — HK$3,949,000 and HK$3,949,000), respectively.
		Discount for lack of marketability ("DLOM")	15.8% (2019 — 15.8%)	When DLOM increases/decreases, the fair value will be decreased/increased. Fair value changes resulting from reasonably possible changes in DLOM were not significant (2019 — not significant).
	Income approach	Discount rate	20.3% to 26.7% (2019 — 20.3% to 26.0%)	When discount rate increases/decreases by 3% (2019 — 3%), the fair value will be decreased/increased by HK$1,074,000 and HK$1,364,000 (2019 — HK$2,178,000 and HK$3,143,000), respectively.
		DLOM	15.8% to 20.6% (2019 — 15.8% to 20.6%)	When DLOM increases/decreases, the fair value will be decreased/increased. Fair value changes resulting from reasonably possible changes in DLOM were not significant (2019 — not significant).
Put Option	Monte-Carlo simulation method	Volatility of underlying shares	20.9% (2019 — 20.4%)	When the volatility of the underlying shares increases/decreases by 5% (2019 — 5%), the fair value will be increased/decreased by HK$343,000 and HK$75,000 (2019 — HK$212,000 and HK$91,000), respectively.

Notes to the Financial Statements *(continued)*

47. 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			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31 March 2020				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	360	–	105,329	105,689
Held for trading financial assets at fair value through profit or loss:				
Equity securities	431,202	–	–	431,202
Investment funds	18,338	403	3,305	22,046
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	21,826	–	21,826
Investment funds	–	–	366,895	366,895
Other financial asset:				
Put Option	–	–	46,780	46,780
	449,900	22,229	522,309	994,438
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	11,718	–	11,718
Foreign currency contracts	–	9,888	–	9,888
Interest rate swap	–	1,303	–	1,303
	–	22,909	–	22,909
At 31 March 2019				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	219,809	–	136,704	356,513
Held for trading financial assets at fair value through profit or loss:				
Equity securities	580,988	–	–	580,988
Investment funds	2,470	758	3,796	7,024
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	23,001	–	23,001
Investment funds	–	–	369,494	369,494
Other financial assets:				
Put Option	–	–	49,087	49,087
Foreign currency contracts	–	365	–	365
	803,267	24,124	559,081	1,386,472
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	9,770	–	9,770
Interest rate swap	–	220	–	220
	–	9,990	–	9,990

Notes to the Financial Statements *(continued)*

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The movements in fair value measurements in Level 3 during the year 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$'000	Put Option HK$'000	Equity linked notes HK$'000
At 1 April 2019	**136,704**	**3,796**	**369,494**	**49,087**	**–**
Total gains/(losses) recognised in the statement of profit or loss	**–**	**277**	**(5,181)**	**(2,307)**	**–**
Total losses recognised in other comprehensive income	**(33,691)**	**–**	**–**	**–**	**–**
Additions	**2,714**	**–**	**76,786**	**–**	**–**
Disposals	**(262)**	**–**	**(41,940)**	**–**	**–**
Distributions	**–**	**(768)**	**(27,707)**	**–**	**–**
Exchange adjustments	**(136)**	**–**	**(4,557)**	**–**	**–**
At 31 March 2020	**105,329**	**3,305**	**366,895**	**46,780**	**–**
At 1 April 2018	23,972	7,074	278,320	48,826	376,407
Total gains/(losses) recognised in the statement of profit or loss	–	(558)	34,735	261	15,585
Total gains recognised in other comprehensive income	108,929	–	–	–	–
Additions	5,338	–	66,185	–	506,866
Disposals	(1,038)	(806)	–	–	(898,858)
Distributions	(497)	(1,914)	(7,264)	–	–
Exchange adjustments	–	–	(2,482)	–	–
At 31 March 2019	136,704	3,796	369,494	49,087	–

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019 — Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Notes to the Financial Statements *(continued)*

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31 March 2020				
Liabilities for which fair values are disclosed				
Bank and other borrowings:				
Unsecured notes	**–**	**–**	**267,495**	**267,495**
At 31 March 2019				
Liabilities for which fair values are disclosed				
Bank and other borrowings:				
Unsecured notes	–	–	282,112	282,112

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

The Group trades only with recognised and creditworthy parties. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control for trade receivables. New customers are subject to credit evaluation while the Group continues to monitor existing customers, especially those with repayment issues. Credit approval for loans and advances takes into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Appropriate allowances are made for probable losses when necessary for identified debtors.

Notes to the Financial Statements *(continued)*

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

(a) Credit risk *(continued)*

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
As at 31 March 2020					
Amounts due from associates*	**6,353**	**–**	**90,485**	**–**	**96,838**
Amounts due from joint ventures*	**2,518,719**	**–**	**147,032**	**–**	**2,665,751**
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	**–**	**–**	**–**	**69,954**	**69,954**
Others*	**131,634**	**–**	**3,491**	**–**	**135,125**
Loans and advances*	**74,695**	**–**	**212,202**	**–**	**286,897**
Restricted cash***	**51,854**	**–**	**–**	**–**	**51,854**
Time deposits with original maturity of more than three months***	**66,176**	**–**	**–**	**–**	**66,176**
Cash and cash equivalents***	**1,175,208**	**–**	**–**	**–**	**1,175,208**
	4,024,639	**–**	**453,210**	**69,954**	**4,547,803**
As at 31 March 2019					
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	–	–	–	62,026	62,026
Others*	131,198	–	4,017	–	135,215
Loans and advances*	83,631	–	223,158	–	306,789
Restricted cash***	59,899	–	–	–	59,899
Time deposits with original maturity of more than three months***	69,342	–	–	–	69,342
Cash and cash equivalents***	2,830,780	–	–	–	2,830,780
	3,174,850	–	227,175	62,026	3,464,051

* Further details in respect of the Group's loss allowance for impairment of amounts due from associates, amounts due from joint ventures and other financial assets included in debtors, prepayments and other assets and loans and advances are disclosed in Notes 23, 24, 27 and 31 to the financial statements, respectively.

** For trade debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 27 to the financial statements.

*** The bank balances are deposited with creditworthy financial institutions with no recent history of default. The Group considers these balances to have low credit risk and the amount of the loss allowance for impairment was negligible.

Notes to the Financial Statements *(continued)*

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

(a) Credit risk *(continued)*

Concentration of credit risk

The Group's exposure to credit risk arising from trade debtors and loans and advances at the end of the reporting period based on the information provided to key management is as follows:

	2020 **HK$'000**	2019 HK$'000
By geographical area:		
Hong Kong	**640**	1,264
Mainland China	**176**	30
Republic of Singapore	**84,446**	133,708
Indonesia	**50,500**	–
Others	**7,061**	8,356
	142,823	143,358

(b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for the minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. As at 31 March 2020, approximately 47% (2019 — 47%) of the Group's debts would mature in less than one year based on the carrying values of bank and other borrowings.

Notes to the Financial Statements *(continued)*

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

(b) Liquidity risk *(continued)*

The maturity profile of liabilities of the Group as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Repayable on demand HK$'000	3 months or less HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 March 2020						
Bank and other borrowings	**–**	**456,383**	**508,742**	**1,065,476**	**–**	**2,030,601**
Lease liabilities	**–**	**15,319**	**34,085**	**92,199**	**7,734**	**149,337**
Financial liabilities included in creditors, accruals and other liabilities	**–**	**113,737**	**117,978**	**–**	**–**	**231,715**
Other financial liabilities	**11,718**	**–**	**9,888**	**1,303**	**–**	**22,909**
Amount due to a joint venture	**4,278**	**–**	**–**	**–**	**–**	**4,278**
Bankers' guarantee	**–**	**6,284**	**293**	**13,472**	**–**	**20,049**
	15,996	**591,723**	**670,986**	**1,172,450**	**7,734**	**2,458,889**
At 31 March 2019						
Bank and other borrowings	–	842,072	598,489	1,416,497	–	2,857,058
Financial liabilities included in creditors, accruals and other liabilities	–	171,037	204,976	–	–	376,013
Other financial liabilities	9,770	–	–	220	–	9,990
Amount due to a joint venture	5,295	–	–	–	–	5,295
Bankers' guarantee	–	2,639	7,472	27,225	–	37,336
	15,065	1,015,748	810,937	1,443,942	–	3,285,692

Notes to the Financial Statements *(continued)*

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

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by the senior management of the Group.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and equity (through the impact on interest-bearing monetary assets and liabilities).

	2020			2019		
	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity HK$'000	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity HK$'000
Hong Kong dollar	+50	(6,372)	(6,372)	+50	(9,941)	(9,941)
United States dollar	+50	2,991	2,991	+50	1,791	1,791
Singapore dollar	+50	851	851	+50	6,559	6,559
Renminbi	+50	807	807	+50	871	871
Hong Kong dollar	–50	6,372	6,372	–50	9,941	9,941
United States dollar	–50	(2,991)	(2,991)	–50	(1,791)	(1,791)
Singapore dollar	–50	(851)	(851)	–50	(6,559)	(6,559)
Renminbi	–50	(807)	(807)	–50	(871)	(871)

(d) Foreign currency risk

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

The Group monitors the relative foreign exchange positions of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by the senior management of the Group.

The Group uses forward currency contracts to mitigate the currency exposures on transactions under the food businesses segment. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward currency contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Group does not apply hedge accounting.

Notes to the Financial Statements *(continued)*

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

(d) Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollars, Singapore dollars and Renminbi exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(Decrease) in profit before tax 2020 HK$'000	2019 HK$'000
United States dollar against Hong Kong dollar		
— strengthened by 3% (2019 — 3%)	**2,542**	12,343
— weakened by 3% (2019 — 3%)	**(2,542)**	(12,343)
Singapore dollar against Hong Kong dollar		
— strengthened by 3% (2019 — 3%)	**(1,869)**	(625)
— weakened by 3% (2019 — 3%)	**1,869**	625
Renminbi against Hong Kong dollar		
— strengthened by 3% (2019 — 3%)	**248**	361
— weakened by 3% (2019 — 3%)	**(248)**	(361)

At the end of the reporting period, the total cash and bank balances of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK$227,225,000 (2019 — HK$263,971,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets included in financial assets at fair value through other comprehensive income (Note 25) and financial assets at fair value through profit or loss (Note 26) as at 31 March 2020. The Group's listed financial assets are mainly listed on stock exchanges in Hong Kong, the Republic of Singapore and New York and are valued at quoted market prices at the end of the reporting period.

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

	31 March 2020	High/Low 2020	31 March 2019	High/Low 2019
Hong Kong — Hang Seng Index	**23,603**	**30,281/21,139**	29,051	31,593/24,540
Republic of Singapore — Straits Times Index	**2,481**	**3,416/2,208**	3,213	3,642/2,955
New York — NYSE Composite Index	**10,302**	**14,184/8,664**	12,697	13,262/10,723

Notes to the Financial Statements *(continued)*

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

(e) Equity price risk *(continued)*

The senior management of the Group regularly reviews and monitors the mix of securities in the Group's investment portfolio based on the fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

The following table demonstrates the sensitivity to every 3% change in the fair values of the equity investments and investment funds, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the investments at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve of financial assets at FVOCI.

	2020				2019			
	3% increase		**3% decrease**		3% increase		3% decrease	
	Increase in profit before tax HK$'000	**Increase in equity* HK$'000**	**Decrease in profit before tax HK$'000**	**Decrease in equity* HK$'000**	Increase in profit before tax HK$'000	Increase in equity* HK$'000	Decrease in profit before tax HK$'000	Decrease in equity* HK$'000
Financial assets at fair value through other comprehensive income								
Hong Kong	**–**	**81**	**–**	**(81)**	–	6,859	–	(6,859)
Republic of Singapore	**–**	**230**	**–**	**(230)**	–	70	–	(70)
Global and others	**–**	**2,858**	**–**	**(2,858)**	–	3,767	–	(3,767)
	–	**3,169**	**–**	**(3,169)**	–	10,696	–	(10,696)
Financial assets at fair value through profit or loss								
Hong Kong	**6,837**	**–**	**(6,837)**	**–**	8,205	–	(8,205)	–
Republic of Singapore	**3,796**	**–**	**(3,796)**	**–**	5,579	–	(5,579)	–
United States of America	**2,499**	**–**	**(2,499)**	**–**	2,858	–	(2,858)	–
Global and others	**11,117**	**–**	**(11,117)**	**–**	11,739	–	(11,739)	–
	24,249	**–**	**(24,249)**	**–**	28,381	–	(28,381)	–

* Excluding retained profits

Notes to the Financial Statements *(continued)*

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

(f) Capital management

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

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

A subsidiary of the Company is regulated by the Securities and Futures Commission (the "SFC") and is required to comply with certain minimum capital requirements according to the rules of the SFC. Management monitors, on a daily basis, the subsidiary's liquid capital to ensure it meets the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rule.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 2019.

The Group monitors capital using a gearing ratio, which is calculated by dividing its total borrowings, net of non-controlling interests, by equity attributable to equity holders of the Company. Total borrowings include current and non-current bank and other borrowings.

	2020 **HK$'000**	2019 HK$'000
Bank and other borrowings *(Note 33)*	**1,939,623**	2,728,000
Less: Non-controlling interests in bank and other borrowings	**(423,576)**	(609,496)
Bank and other borrowings, net of non-controlling interests	**1,516,047**	2,118,504
Equity attributable to equity holders of the Company	**9,508,184**	10,209,947
Gearing ratio	**15.9%**	20.7%

49. EVENTS AFTER THE REPORTING PERIOD

(a) The Group provided a loan facility of US$35 million (approximately HK$271 million) to a subsidiary of LAAPL for investment opportunities of strategic assets and general working capital purposes. Interest is charged at 2.2% over 1 week US$ London Inter-Bank Offered Rate.

(b) The COVID-19 pandemic since early 2020 has impacted the global business and economic environment. The overall financial effect on the Group in the coming financial year cannot be reasonably estimated for the time being as the pandemic is still continuing. The Group will be watchful of the development and continue to evaluate its impacts on the business, financial position, cash flows and financial performance of the Group.

50. COMPARATIVE AMOUNTS

(a) As further explained in Note 2.2 to the financial statements, the Group adopted HKFRS 16 on 1 April 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, HKAS 17, and related interpretations.

(b) Certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

Notes to the Financial Statements *(continued)*

51. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 HK$'000	2019 HK$'000
Non-current assets		
Fixed assets	**18**	90
Interests in subsidiaries	**3,599,232**	3,601,100
	3,599,250	3,601,190
Current assets		
Debtors, prepayments and other assets	**790**	630
Cash and cash equivalents	**56,888**	54,408
	57,678	55,038
Current liabilities		
Bank and other borrowings	**224,850**	459,326
Creditors, accruals and other liabilities	**2,710**	2,476
	227,560	461,802
Net current liabilities	**(169,882)**	(406,764)
Total assets less current liabilities	**3,429,368**	3,194,426
Non-current liabilities		
Bank and other borrowings	**378,413**	264,224
Net assets	**3,050,955**	2,930,202
Equity		
Share capital	**984,440**	984,440
Reserves *(Note)*	**2,066,515**	1,945,762
	3,050,955	2,930,202

John Luen Wai Lee
Director

Stephen Riady
Director

Notes to the Financial Statements *(continued)*

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

Note:

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

	Special capital reserve *(Note 38(a))* HK$'000	Retained profits HK$'000	Total HK$'000
2020			
At 1 April 2019	**1,709,202**	**236,560**	**1,945,762**
Profit and total comprehensive income for the year	**–**	**165,137**	**165,137**
2018/2019 final dividend declared and paid to shareholders of the Company	**–**	**(24,658)**	**(24,658)**
2019/2020 interim dividend declared and paid to shareholders of the Company	**–**	**(19,726)**	**(19,726)**
At 31 March 2020	**1,709,202**	**357,313**	**2,066,515**
2019			
At 1 April 2018	1,709,202	237,161	1,946,363
Profit and total comprehensive income for the year	–	38,852	38,852
2017/2018 final dividend declared and paid to shareholders of the Company	–	(24,658)	(24,658)
2018/2019 interim dividend declared and paid to shareholders of the Company	–	(14,795)	(14,795)
At 31 March 2019	1,709,202	236,560	1,945,762

Included in the retained profits of the Company as at 31 March 2020 was an amount of final dividend for the year then ended of HK$24,658,000 (2019 — HK$24,658,000) proposed after the end of the reporting period.

52. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29 June 2020.

Particulars of Principal Subsidiaries

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31 MARCH 2020 ARE AS SET OUT BELOW.

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Acematic Limited	British Virgin Islands	US$1	100	100	Investment holding
Creaworld (Holdings) Company Limited	Hong Kong	HK$2	–	100	Investment holding
福建華陽湄洲開發有限公司 (Fujian Creaworld Meizhou Development Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	HK$114,000,000*	–	100	Property investment and property development
Hennessy Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Lippo Korea Holdings Pte. Limited**	Republic of Singapore	S$2	–	100	Investment holding
Skyscraper Realty Limited	British Virgin Islands	US$10	–	100	Investment holding
Lippo China Resources Limited *(listed on The Stock Exchange of Hong Kong Limited)*	Hong Kong	HK$1,704,031,044.03	–	74.99	Investment holding
Admiralty Development Limited	Hong Kong	HK$446,767,129	–	74.99	Property investment
Ally Wise Capital Limited	British Virgin Islands	US$1	–	74.99	Investment
Apexwin Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Asia Now Resources Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Broadwell Asia Limited	British Virgin Islands	US$1	–	74.99	Property investment
Cajan Enterprises Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Caross Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Castar Assets Limited	British Virgin Islands	US$1	–	74.99	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Chalton Assets Limited	British Virgin Islands	US$1	–	74.99	Property investment
China Chance Investments Limited	Hong Kong	HK$10	–	74.99	Investment holding
China Gold Pte. Ltd.**	Republic of Singapore	S$1	–	74.99	Investment holding
China Pacific Electric Limited	British Virgin Islands	US$100	–	74.99	Investment holding
Continental Equity Inc.	British Virgin Islands	US$1	–	74.99	Investment
DXS Capital (U.S.) Limited	United States of America	US$1.221	–	74.99	Investment holding
Direct Union Limited	British Virgin Islands	US$1	–	74.99	Investment
Dragon Board Holdings Limited	British Virgin Islands	S$1	–	74.99	Investment holding
Dukestown Sp. z o.o.**	Poland	PLN600,000	–	74.99	Property investment
Energetic Holdings Limited	British Virgin Islands	US$1	–	74.99	Property investment
Ethnos Ltd.**	Israel	NIS100	–	74.99	Property investment
Fortune Finance Investment Limited	British Virgin Islands	US$1	–	74.99	Investment
Fortune Star Asia Limited	Hong Kong	HK$1	–	74.99	Investment
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited)** — wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	–	74.99	Property management
福州力寶商業顧問有限公司 (Fuzhou Lippo Commercial Consultancy Limited)** — wholly foreign-owned enterprise##	People's Republic of China	HK$100,000*	–	74.99	Real estate leasing and agency services, and consultancy services

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Gabarro Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Gain Motion International Limited	Hong Kong	HK$1	–	74.99	Investment
Gentle Care Pte. Ltd.**	Republic of Singapore	S$1	–	74.99	Investment holding
Globe Energy Development Limited**	Hong Kong	HK$1	–	74.99	Property investment
Golden Rain Holdings Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Golden Sunshine Worldwide Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Golden Super Holdings Limited	British Virgin Islands	US$1	–	74.99	Investment
Goldmax Pacific Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Grandbeam Limited	Hong Kong	HK$1	–	74.99	Investment holding
Grand Vista Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Securities investment
Innovation Lab Technology Pte. Ltd.**	Republic of Singapore	S$1	–	74.99	Software product development
Integral Fortress Limited	British Virgin Islands	US$1	–	74.99	Investment
Istan Assets Limited	British Virgin Islands	US$1	–	74.99	Property investment
JB Property Holdings Pte. Ltd.**	Republic of Singapore	S$1	–	74.99	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Kaiser Union Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Keytime Holdings Limited	British Virgin Islands	US$1	–	74.99	Property investment
Kingz Ltd	British Virgin Islands	US$1	–	74.99	Investment holding
LCR Ltd.	British Virgin Islands	US$1	–	74.99	Intellectual property
LCR Management Limited	Hong Kong	HK$1	–	74.99	Management services
Laurel Century Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Liberty Town Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Property investment
Lippo Consortium Pte. Limited**	Republic of Singapore	S$2	–	74.99	Property development
Lippo Finance Holdings Limited	British Virgin Islands	US$50,000	–	74.99	Investment holding
Lippo Group International Pte. Limited**	Republic of Singapore	S$2	–	74.99	Investment holding
Lippo Investments Management Limited	Hong Kong	HK$83,700,000	–	74.99	Fund management
Lippo Property Management Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Investment holding
Lippo Retail Holdings Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Mantor Assets Limited	British Virgin Islands	US$1	–	74.99	Property investment
Masstrong Limited	Hong Kong	HK$1	–	74.99	Investment holding
Mastafield Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Property investment
Maxfit Holding Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Netscope Limited	British Virgin Islands	US$1	–	74.99	Investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
New Grandeur Development Limited	Hong Kong	HK$1	–	74.99	Management services
Northville Global Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Oriental Coronet Limited	British Virgin Islands	US$1	–	74.99	Investment
PacNet Capital (U.S.) Limited	United States of America	US$1.603	–	74.99	Investment holding
Pantogon Holdings Pte Ltd**	Republic of Singapore	S$1,000,000	–	74.99	Investment holding
Polarstar Capital Limited	British Virgin Islands	US$1	–	74.99	Investment
Premier Asia Limited	British Virgin Islands	US$1	–	74.99	Investment holding
莆田力寶商業顧問有限公司 (Putian Lippo Commercial Consultants Limited)** — wholly foreign-owned enterprise##	People's Republic of China	RMB2,000,000*	–	74.99	Commercial consulting
莆田塔林基礎建設有限公司 (Putian Talin Infrastructure Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	US$300,000*	–	74.99	Property services
Powerful Arch Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Investment
Queenz Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Radical Profits Limited	British Virgin Islands	US$1	–	74.99	Property investment
Reiley Inc.	British Virgin Islands	US$1	–	74.99	Investment holding
Rickon Holdings Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Rock Phoenix Limited	British Virgin Islands	US$1	–	74.99	Property investment
Season Spark Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Serene Yield Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Property investment
Star Heaven Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Star Trendy Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Property holding
Starford Corporation Limited	Hong Kong	HK$1	–	74.99	Investment
Super Assets Company Limited	Samoa	US$1	–	74.99	Investment holding
Super Equity International Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Tamsett Holdings Limited	British Virgin Islands	US$1	–	74.99	Investment holding
Topstar China Limited	Hong Kong	HK$1	–	74.99	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US$1	–	74.99	Property investment
Vitaland Limited	Hong Kong	HK$1	–	74.99	Investment holding
Waterloo Street Limited	British Virgin Islands	US$1	–	74.99	Financing
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Property investment
Win Joyce Limited	Hong Kong	HK$2	–	74.99	Money lending
Winplace Global Limited	British Virgin Islands	US$1	–	74.99	Property investment
Wollora Assets Limited	British Virgin Islands	US$1	–	74.99	Property investment
World Grand Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	74.99	Investment
Writring Investments Limited	Hong Kong	HK$2	–	74.99	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)[#]		Principal activities
Lippo Select HK & Mainland Property ETF** *(an exchange traded fund listed on The Stock Exchange of Hong Kong Limited)*	Hong Kong	N/A	–	68.13[@]	Investment
Jeremiah Holdings Limited	British Virgin Islands	S$1,298,645	–	44.99	Investment holding
Nine Heritage Pte Ltd**	Republic of Singapore	S$1,000,000	–	36.00	Investment holding
Auric Pacific Group Limited**	Republic of Singapore	S$60,251,954	–	30.17	Investment holding
Auric Flavours Sdn Bhd**	Malaysia	RM25,000,002	–	30.17	Supply of bakery products
Auric Pacific Food Industries Pte Ltd**	Republic of Singapore	S$34,400,000	–	30.17	General wholesale and trade in food products
Food Retail Asia Ltd**	Republic of Singapore	S$18,058,100	–	30.17	Management and holding company, development and sale of franchising activities
Superfood Retail Limited	British Virgin Islands	US$2,048,260	–	30.17	Investment holding
Cuisine Continental Group (HK) Limited** (formerly known as Delifrance (HK) Limited)	Hong Kong	HK$12,000,000	–	30.17	Selling of food and beverages, the operation of cafés and kiosk and the provision of catering services
Cuisine Continental (HK) Limited**	Hong Kong	HK$3,000,000	–	30.17	Selling of food and beverages, the operation of restaurants and the wholesale business

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Cuisine Creations Pte. Ltd.**	Republic of Singapore	S$2	–	30.17	Manufacture of food products
Maxx Coffee Singapore Pte. Ltd.** (formerly known as Delifrance Singapore Pte Ltd)	Republic of Singapore	S$4,000,002	–	30.17	Manufacture and sale of French bakery and pastry products, and the operation of café-bakeries, bakery corners, restaurants and coffee shops
LCR Catering Services Limited**	Hong Kong	HK$9,000,000	–	27.15	Owns and operates a restaurant in Hong Kong
Hongkong Chinese Limited *(listed on The Stock Exchange of Hong Kong Limited)*	Bermuda/ Hong Kong	HK$1,998,280,097	–	73.95	Investment holding
Allyield Limited	British Virgin Islands	US$1	–	73.95	Investment holding
Beaming Empire Limited	British Virgin Islands	US$1	–	73.95	Investment holding
Capital Place International Limited**	British Virgin Islands/ Republic of the Philippines	US$50,000	–	73.95	Property investment
成都力寶置業有限公司 (Chengdu Lippo Realty Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$3,000,000*	–	73.95	Property investment and management
Conrich Inc.	British Virgin Islands	US$1	–	73.95	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Cyberspot Limited	British Virgin Islands	US$1	–	73.95	Investment holding
Everwin Pacific Ltd.	British Virgin Islands	US$1	–	73.95	Property investment
Fairseas 1 Pte. Ltd**	Republic of Singapore	S$1	–	73.95	Owner of a motor yacht
Fiatsco Limited	British Virgin Islands	US$1	–	73.95	Investment holding
Firstclass Real Estate Development Limited	Macau	MOP25,000	–	73.95	Property development
Golden Stellar Limited	British Virgin Islands	US$1	–	73.95	Investment holding
HCL Management Limited	Hong Kong	HK$1	–	73.95	Management services
HKC Property Investment Holdings Limited	British Virgin Islands/ Hong Kong	US$1	–	73.95	Investment holding
HKC Realty LLC	United States of America	US$2,250,000*	–	73.95	Property investment
Hong Kong Housing Loan Limited	Hong Kong	HK$40,000,000	–	73.95	Money lending
Lippo Asia Limited	Hong Kong	HK$120,000,000	–	73.95	Investment holding
Lippo Cybergroup Limited	Hong Kong	HK$2	–	73.95	Investment holding
Lippo Securities, Inc.**	Republic of the Philippines	Pesos 69,500,000	–	73.95	Investment holding
Mass Empire Limited	Hong Kong	HK$1	–	73.95	Investment
MGS Ltd.	British Virgin Islands	US$1	–	73.95	Investment holding
Norfyork International Limited	Hong Kong	HK$25,000,000	–	73.95	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
One Realty Pte. Limited**	Republic of Singapore	S$2	–	73.95	Investment holding and provision of project and management services
Pacific Bond Limited	British Virgin Islands	US$1	–	73.95	Investment holding
Peakmillion Asia Limited	British Virgin Islands	US$1	–	73.95	Investment
Polar Step Limited	British Virgin Islands/ Hong Kong	US$1	–	73.95	Investment
Sinogain Asia Limited	British Virgin Islands	US$1	–	73.95	Property investment
Sinorite Limited	British Virgin Islands/ Hong Kong	US$1	–	73.95	Investment
Stargala Limited	British Virgin Islands	US$1	–	73.95	Property investment
Topbest Asia Inc.	British Virgin Islands/ Hong Kong	US$1	–	73.95	Investment
Uchida Limited	British Virgin Islands/ Hong Kong	US$1	–	73.95	Investment holding
Wealtop Limited	British Virgin Islands/ Hong Kong	US$1	–	73.95	Investment holding
Winluck Asia Limited	British Virgin Islands	US$1	–	73.95	Property investment
Winluck Pacific Limited	British Virgin Islands	US$1	–	73.95	Property investment
Winrider Limited	British Virgin Islands	US$1	–	73.95	Investment holding
Yield Point Limited	British Virgin Islands	US$1	–	73.95	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.)** — Chinese-foreign cooperative joint venture enterprise##	People's Republic of China	US$14,000,000*	–	59.16^	Property development

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

Note:

MOP — Macau patacas
NIS — New Israeli shekels
PLN — Poland zlotys
Pesos — Philippines pesos
RM — Malaysian ringgits
RMB — People's Republic of China renminbi
S$ — Singapore dollars
US$ — United States dollars

As at 31 March 2020, all the subsidiaries of the Company had no loan capital or convertible loan capital.

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

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31 MARCH 2020 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group (unless otherwise stated)#	Principal activities
Standard Pacific Limited	Corporate	Hong Kong	HK$4,290,000	50	Investment holding
MIDAN City Development Co., Ltd.	Corporate	Republic of Korea	KRW89,266,285,000	38.54	Property development
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK$2	37.50	Property management services
Greenix Limited	Corporate	British Virgin Islands	US$100,000	36.98	Investment holding
Lippo Marina Collection Pte. Ltd.	Corporate	Republic of Singapore	S$1,000,000	36.98	Property development
Healthway Medical Corporation Limited	Corporate	Republic of Singapore	S$277,433,000	30.68	Healthcare services
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,250,000*	30.00	Water supply
TIH Limited	Corporate	Republic of Singapore	S$56,650,000	29.94	Private equity investment
Goldfix Pacific Ltd.	Corporate	British Virgin Islands	US$16,286.6	27.24	Investment holding
Catalyst Enterprises Limited	Corporate	British Virgin Islands	US$50,000	26.25	Investment holding
Rebound Power Limited	Corporate	British Virgin Islands	US$300	*Note (b)*	Investment holding
Proton Power Asia Limited	Corporate	Hong Kong	HK$90	*Note (c)*	Investment holding
Proton Power Pte. Ltd.	Corporate	Republic of Singapore	S$1	*Note (c)*	Green energy development

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

* *paid up registered capital*

Particulars of Principal Associates *(continued)*

Note:

(a)	*KRW*	*—*	*Korean wons*
	RMB	*—*	*People's Republic of China renminbi*
	S$	*—*	*Singapore dollars*
	US$	*—*	*United States dollars*

(b) *Its issued share capital comprised of (i) 100 voting, non-participating class "A" shares of US$1.00 each; (ii) 100 non-voting, participating class "B" shares of US$1.00 each; (iii) 50 non-voting, participating class "C" shares of US$1.00 each; and (iv) 50 non-voting, participating class "D" shares of US$1.00 each. The Group, through its non-wholly owned subsidiaries, was interested in 50% of all the class "A" shares in issue, 100% of all the class "B" shares in issue and approximately 36.32% of all the class "C" shares in issue which entitled the Group, through its non-wholly owned subsidiaries, to 50% of the voting rights and approximately 75.45% of the profit sharing of this company.*

(c) *This company is a wholly-owned subsidiary of Rebound Power Limited.*

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

Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31 MARCH 2020 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group (unless otherwise stated)#	Principal activities
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S$2	37.50	Property investment and property development
Vasily Asia Limited	Corporate	British Virgin Islands	US$100	37.50	Investment
Bell Eastern Limited	Corporate	British Virgin Islands/ Hong Kong	S$2,000,000	36.98	Property investment
Lippo Real Estate Pte. Limited	Corporate	Republic of Singapore	S$2	36.98	Property development
Sunning Asia Limited	Corporate	British Virgin Islands	US$50,000	36.98	Investment holding
Yamoo Bay Project Limited	Corporate	British Virgin Islands	US$2	36.98	Investment holding
The Macau Chinese Bank Limited	Corporate	Macau	MOP390,000,000	14.79	Banking
Collyer Quay Limited	Corporate	Cayman Islands	*Note (b)*	*Note (b)*	Investment holding
Lippo ASM Asia Property Limited	Corporate	Cayman Islands	US$1,200	*Note (c)*	Investment holding

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

Particulars of Principal Joint Ventures *(continued)*

Note:

(a) *MOP — Macau patacas*
S$ — Singapore dollars
US$ — United States dollars

(b) *Its issued share capital comprised of (i) 99 management shares of US$1.00 each; and (ii) 100 participating shares of US$1.00 each, of which the Group, through its non-wholly owned subsidiaries, was interested in 33 management shares and 60 participating shares which entitled the Group, through its non-wholly owned subsidiaries, to one-third of the voting rights and approximately 60% of the dividend and distribution of this company.*

(c) *Its issued share capital comprised of (i) 800 voting, non-participating class "A" shares of US$1.00 each; (ii) 200 non-voting, participating class "B" shares of US$1.00 each; and (iii) 200 non-voting, participating class "C" shares of US$1.00 each. The Group, through its non-wholly owned subsidiaries, was interested in 50% of all the class "A" shares in issue and 100 per cent. of all the class "B" shares in issue which entitled the Group, through its non-wholly owned subsidiaries, to 50% of the voting rights and approximately 94.26% of the profit sharing of this company.*

Particulars of Joint Operation

PARTICULARS OF JOINT OPERATION AS AT 31 MARCH 2020 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operation	Registered capital	Approximate percentage of interest attributable to the Group#	Principal activity
雲南東鑫礦產勘查有限公司 (Yunnan Dong Xin Mineral Exploration Company Limited)	Chinese-foreign cooperative joint venture enterprise	People's Republic of China	US$14,900,000*	54.00	Exploration of mineral resources

represents the effective interest of the Group after non-controlling interests therein
* *of which approximately US$14,360,000 has been injected*

Note:

US$ — United States dollars

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31 MARCH 2020

Description	Use	Approximate gross floor area	Status	Approximate percentage of the Group's interest
		(square metres)		
Hong Kong				
Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	1,095 (net floor area)	Rental	74.99
The above property is held under long term lease.				
People's Republic of China				
19th Floor to 29th Floor and 13 car parking spaces of Lippo Tianma Plaza 1 Wuyibei Road Fuzhou, Fujian	Commercial	11,955	Rental	74.99
5 floors of Unit 1 Building 1, Lippo Tower 62 North Kehua Road Wuhou District Chengdu	Commercial	5,421	Rental	73.95
The above properties are held under medium term leases.				

Schedule of Major Properties *(continued)*

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31 MARCH 2020 *(continued)*

Description	Use	Approximate gross floor area	Status	Approximate percentage of the Group's interest
		(square metres)		
Overseas				
353 Pasir Panjang Road #05-02, #05-03 and #05-05 Jubilee Residence Singapore 118695	Residential	711	Rental	74.99
10 Harav Agan Street Jerusalem Block 30050 Parcel 101 Israel	Commercial	940	Rental	74.99
31st Floor Rufino Pacific Tower Ayala Avenue Corner Herrera Street, Makati Metropolitan Manila Republic of the Philippines	Commercial	885	Rental	73.95
522 S. Sepulveda Boulevard Los Angeles, CA 90049 United States of America	Commercial	925	Rental	73.95
The above properties are freehold.				
21 Marina Way #26-16 Marina One Residences Singapore 018978	Residential	104	Rental	73.95
The above property is held under long term lease.				

Schedule of Major Properties *(continued)*

(2) PROPERTIES HELD FOR SALE AS AT 31 MARCH 2020

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of the Group's interest
		(square metres)	*(square metres)*	
People's Republic of China				
Certain units and car parking spaces at No. 8 Ronghua Middle Road Yizhuang Beijing Economic-Technological Development Area (北京經濟技術開發區) Beijing	Commercial/ Residential	N/A	16,406	59.16
Overseas				
854 West Adams Boulevard Los Angeles CA 90007 United States of America	Residential	1,142	723	73.95

(3) PROPERTIES HELD FOR DEVELOPMENT AS AT 31 MARCH 2020

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of the Group's interest	Estimated completion date	Stage of development as at 31 March 2020
		(square metres)	*(square metres)*			
People's Republic of China						
Meizhou Island Putian Fujian	Tourism/ Commercial	1,207,700	26,848	100	N/A	Phase I substantially completed
Overseas						
3 pieces of land at Minakami Heights Golf Residence Gumma Japan	Residential	12,484	N/A	73.95	N/A	Vacant land

Schedule of Major Properties *(continued)*

(4) PROPERTIES HELD AS FIXED ASSETS AS AT 31 MARCH 2020

Description	Use	Approximate gross floor area	Approximate percentage of the Group's interest
		(square metres)	
Hong Kong			
Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	2,780 (net floor area)	74.99
2nd Floor of Sun Court 3 Belcher's Street Kennedy Town Subsection 1 of Section C of Marine Lot No. 262, the remaining portion of Section C of Marine Lot No. 262 and the remaining portion of Marine Lot No. 262	Commercial	743	74.99
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	74.99
The above properties are held under long term leases.			
Overseas			
2 Senoko Avenue Singapore 758298 Lot No. MK13-2293K	Commercial	7,387	30.17
The above property is held under short term lease.			
PT1161 and PT1162 Bandar Baru Enstek Daerah Seremban Negeri Sembilan Malaysia	Industrial	31,910	30.17
The above property is freehold.			

Summary of Financial Information

	Year ended 31 March 2020 HK$'000	Year ended 31 March 2019 HK$'000	Year ended 31 March 2018 HK$'000 (Restated)[1]	Year ended 31 March 2017 HK$'000	Year ended 31 March 2016 HK$'000 (Restated)[2]
Profit/(Loss) attributable to equity holders of the Company	**(10,315)**	(112,191)	92,290	255,963	(169,760)
Total assets	**16,157,585**	18,697,628	19,561,748	18,484,016	17,499,019
Total liabilities	**(2,629,066)**	(3,486,170)	(4,383,529)	(4,269,279)	(2,998,704)
Net assets	**13,528,519**	15,211,458	15,178,219	14,214,737	14,500,315
Non-controlling interests	**(4,020,335)**	(5,001,511)	(4,845,218)	(5,171,412)	(5,340,080)
Equity attributable to equity holders of the Company	**9,508,184**	10,209,947	10,333,001	9,043,325	9,160,235

(1) The Group had made certain retrospective adjustments to the financial information for the year ended 31 March 2018 following the completion of the purchase price allocation review in respect of the acquisition of equity interest of the Group's associate. Details regarding the adjustments made were provided in Note 49(b) to the financial statements for the year ended 31 March 2019.

(2) The Group had made certain retrospective adjustments to the financial information for the year ended 31 March 2016 following the completion of the purchase price allocation review in respect of the acquisition of equity interest under the Group's joint venture. Details regarding the adjustments made were provided in Note 2.2 to the financial statements for the year ended 31 March 2017. The financial information for the year ended 31 March 2016 is also restated following the change in accounting policy of recognising the deferred tax on indefinite life intangible assets.

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 31 March 2020 (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	**1,423,314**
Fixed assets	**4,213,643**
Right-of-use assets	**398,778**
Investment properties	**36,248,358**
Interests in equity-accounted investees	**5,855,427**
Properties held for sale	**5,261,736**
Financial assets at fair value through other comprehensive income	**602,198**
Financial assets at fair value through profit or loss	**1,200,896**
Loans and advances	**5,414,410**
Debtors, prepayments and other assets	**2,304,182**
Treasury bills	**727,491**
Cash and cash equivalents	**8,081,561**
Other assets	**497,179**
Bank and other borrowings	**(23,987,291)**
Lease liabilities	**(272,557)**
Creditors, accruals and other liabilities	**(6,454,507)**
Current, fixed, savings and other deposits of customers	**(10,087,113)**
Tax payable	**(461,695)**
Shareholders' advance	**(3,424,378)**
Deferred tax liabilities	**(1,219,487)**
Other financial liabilities	**(207,212)**
Non-controlling interests	**(16,212,388)**
	9,902,545
Group's attributable interest *(Note)*	**11,380,678**

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

Lippo Limited
力寶有限公司

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