



Lippo China Resources Limited
力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 156)

2020
Interim Report

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The Directors of Lippo China Resources Limited (the “Company”) present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2020.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 September 2020

	Note	Unaudited Six months ended 30 September	
		2020 HK\$'000	2019 HK\$'000
Revenue	4	325,190	493,583
Cost of sales		(145,003)	(143,761)
Gross profit		180,187	349,822
Other income	5	30,336	19,194
Administrative expenses		(185,362)	(299,351)
Other operating expenses	7	(68,937)	(79,019)
Fair value losses on investment properties		(48,791)	(71,859)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	7	47,778	(2,878)
Other gains/(losses) — net	6	(13,218)	15,805
Finance costs		(17,748)	(28,481)
Share of results of associates		25,774	(1,486)
Share of results of joint ventures		(394)	(469)
Loss before tax	7	(50,375)	(98,722)
Income tax	8	(4,995)	(6,704)
Loss for the period		(55,370)	(105,426)
Attributable to:			
Equity holders of the Company		(37,603)	(109,075)
Non-controlling interests		(17,767)	3,649
		(55,370)	(105,426)
		HK cents	HK cents
Loss per share attributable to equity holders of the Company	9		
Basic and diluted		(0.41)	(1.19)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2020

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Loss for the period	(55,370)	(105,426)
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	24,664	(30,732)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	–	(19,752)
Share of other comprehensive income/(loss) of associates	26,451	(14,500)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	51,115	(64,984)
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	163	(20,790)
Other comprehensive income/(loss) for the period, net of tax	51,278	(85,774)
Total comprehensive loss for the period	(4,092)	(191,200)
Attributable to:		
Equity holders of the Company	(2,490)	(183,846)
Non-controlling interests	(1,602)	(7,354)
	(4,092)	(191,200)

Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Note	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current assets			
Intangible assets		21,909	21,034
Exploration and evaluation assets		1,152	882
Fixed assets		1,086,061	1,065,288
Investment properties		674,549	713,445
Right-of-use assets		125,597	133,715
Interests in associates		711,902	664,425
Interests in joint ventures	11	74,893	32,163
Financial assets at fair value through other comprehensive income		105,985	105,620
Financial assets at fair value through profit or loss		444,260	385,762
Debtors, prepayments and other assets	12	12,152	11,872
Other financial asset		1,732	–
Deferred tax assets		2,861	2,807
		3,263,053	3,137,013
Current assets			
Inventories		15,144	10,389
Debtors, prepayments and other assets	12	168,001	263,253
Financial assets at fair value through profit or loss		505,320	442,186
Tax recoverable		2	320
Restricted cash		54,069	51,854
Time deposits with original maturity of more than three months		69,379	66,176
Cash and cash equivalents		1,031,706	981,788
		1,843,621	1,815,966
Current liabilities			
Bank and other borrowings	13	417,502	691,967
Lease liabilities		40,960	45,680
Creditors, accruals and other liabilities	14	206,188	260,145
Other financial liabilities		16,762	21,606
Tax payable		129,153	125,584
		810,565	1,144,982
Net current assets		1,033,056	670,984
Total assets less current liabilities		4,296,109	3,807,997

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 September 2020

	Note	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	13	719,863	152,726
Lease liabilities		91,790	94,560
Creditors, accruals and other liabilities	14	8,531	6,453
Other financial liability		1,538	1,303
Deferred tax liabilities		27,665	28,645
		849,387	283,687
Net assets			
		3,446,722	3,524,310
Equity			
Equity attributable to equity holders of the Company			
Share capital	15	1,705,907	1,705,907
Reserves		1,382,608	1,458,594
		3,088,515	3,164,501
Non-controlling interests		358,207	359,809
		3,446,722	3,524,310

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital HK\$'000	Fair value reserve of financial assets at FVOCI* HK\$'000	Other assets revaluation reserve HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2020	1,705,907	(133,018)	2,790	23,181	1,565,641	3,164,501	359,809	3,524,310
Loss for the period	-	-	-	-	(37,603)	(37,603)	(17,767)	(55,370)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	8,568	-	8,568	16,096	24,664
Changes in fair value of equity instruments at fair value through other comprehensive income	-	94	-	-	-	94	69	163
Share of other comprehensive income of associates	-	-	-	26,451	-	26,451	-	26,451
Total comprehensive income/(loss) for the period	-	94	-	35,019	(37,603)	(2,490)	(1,602)	(4,092)
2019/2020 final dividend declared and paid to shareholders of the Company	-	-	-	-	(45,935)	(45,935)	-	(45,935)
2019/2020 special final dividend declared and paid to shareholders of the Company	-	-	-	-	(27,561)	(27,561)	-	(27,561)
At 30 September 2020	1,705,907	(132,924)	2,790	58,200	1,454,542	3,088,515	358,207	3,446,722
At 1 April 2019	1,705,907	(108,292)	2,790	110,376	2,188,054	3,898,835	1,048,729	4,947,564
Profit/(Loss) for the period	-	-	-	-	(109,075)	(109,075)	3,649	(105,426)
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	-	-	-	(18,280)	-	(18,280)	(12,452)	(30,732)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	-	-	-	(22,557)	-	(22,557)	2,805	(19,752)
Changes in fair value of equity instruments at fair value through other comprehensive income	-	(19,434)	-	-	-	(19,434)	(1,356)	(20,790)
Share of other comprehensive loss of associates	-	-	-	(14,500)	-	(14,500)	-	(14,500)
Total comprehensive loss for the period	-	(19,434)	-	(55,337)	(109,075)	(183,846)	(7,354)	(191,200)
Transfer of fair value reserve upon disposal of equity instruments at fair value through other comprehensive income	-	(262)	-	-	262	-	-	-
Change in non-controlling interests without change in control	-	-	-	-	5	5	(124)	(119)
2018/2019 final dividend declared and paid to shareholders of the Company	-	-	-	-	(45,935)	(45,935)	-	(45,935)
2018/2019 special final dividend declared and paid to shareholders of the Company	-	-	-	-	(183,738)	(183,738)	-	(183,738)
Dividends declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	(634,712)	(634,712)
Advance from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	2,923	2,923
At 30 September 2019	1,705,907	(127,988)	2,790	55,039	1,849,573	3,485,321	409,462	3,894,783

* FVOCI stands for fair value through other comprehensive income.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Unaudited	
	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Net cash flows used in operating activities	(9,259)	(155,756)
Cash flows from investing activities		
Payments to acquire fixed assets	(41,118)	(70,434)
Payments to acquire financial assets at fair value through profit or loss	(27,287)	(16,103)
Proceeds from disposal of financial assets at fair value through profit or loss	–	23,280
Advances to a joint venture	(42,335)	(491)
Other net cash flows arising from investing activities	740	13,147
Net cash flows used in investing activities	(110,000)	(50,601)
Cash flows from financing activities		
Drawdown of bank and other borrowings	617,421	149,240
Repayment of bank and other borrowings	(340,000)	(566,637)
Principal portion of lease payments	(27,713)	(84,100)
Dividends paid to shareholders of the Company	(73,496)	(229,673)
Dividends paid to non-controlling shareholders of subsidiaries	–	(634,712)
Other net cash flows arising from financing activities	(17,030)	(23,570)
Net cash flows from/(used in) financing activities	159,182	(1,389,452)
Net increase/(decrease) in cash and cash equivalents	39,923	(1,595,809)
Cash and cash equivalents at beginning of period	981,788	2,260,905
Cash and cash equivalents included in assets classified as held for sale	–	(35,777)
Exchange realignments	9,995	(38,783)
Cash and cash equivalents at end of period	1,031,706	590,536

Notes to the Interim Financial Statements

1. BASIS OF PREPARATION

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 March 2020.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31 March 2020, except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “revised HKFRSs”) as disclosed in Note 2.1 to the interim financial statements.

The financial information relating to the year ended 31 March 2020 that is included in the interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

Other than as explained below regarding the impact of Amendment to HKFRS 16, the application of the above revised standards has had no significant financial effect on these 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 on 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.

Notes to the Interim Financial Statements (Continued)

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

During the six months ended 30 September 2020, certain monthly lease payments for the leases of the Group's leased properties have been reduced by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the six months ended 30 September 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of HK\$5,119,000 has been accounted for as variable lease payments by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended 30 September 2020.

2.2 ISSUED BUT NOT YET EFFECTIVE NEW AND REVISED HKFRSS

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment</i> <i>— Proceeds before Intended Use¹</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract¹</i>
<i>Annual Improvements to HKFRSSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, HKAS 41 and Illustrative Examples accompanying HKFRS 16 ¹
HKFRS 17	<i>Insurance Contracts²</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

The Directors of the Company anticipate that the adoption of above new and revised HKFRSSs will have no significant impact on the financial performance and the financial position of the Group.

3. SEGMENT INFORMATION

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

- (a) the property investment segment includes investments relating to the letting and resale of properties;
- (b) the treasury investment segment includes investments in money markets;
- (c) the securities investment segment includes investments in securities held-for-trading and for long-term strategic purposes;
- (d) the food businesses segment mainly includes food manufacturing and retailing, the management of restaurants and food court operations;
- (e) the healthcare services segment includes the provision of healthcare management services; and
- (f) the “other” segment comprises principally development and sale of properties, mineral exploration and extraction, money lending, the provision of property, fund management and investment advisory services and investment in a closed-end fund.

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 Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30 September 2020

	Property investment	Treasury investment	Securities investment	Food businesses	Healthcare services	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue								
External	10,491	2,482	14,399	289,742	-	8,076	-	325,190
Inter-segment	1,305	-	-	-	-	1,959	(3,264)	-
Total	11,796	2,482	14,399	289,742	-	10,035	(3,264)	325,190
Segment results	(60,561)	2,482	52,309	(3,516)	(1,344)	(5,595)	(456)	(16,681)
Unallocated corporate expenses								(49,951)
Finance costs								(9,123)
Share of results of associates	-	-	-	-	(213)	25,987	-	25,774
Share of results of joint ventures	-	-	-	(390)	-	(4)	-	(394)
Loss before tax								(50,375)
Other segment information:								
Capital expenditure (Note)	-	-	-	46,385	-	286	-	46,671
Depreciation	(8,819)	-	-	(40,738)	-	(439)	1,432	(48,564)
Interest income	-	2,482	-	1,367	-	1,390	-	5,239
Finance costs	-	-	-	(6,099)	-	(3,099)	573	(8,625)
Loss on disposal of fixed assets	-	-	-	(28)	-	-	-	(28)
Provisions for impairment losses on:								
Fixed assets	(11,325)	-	-	-	-	-	-	(11,325)
Inventories	-	-	-	(1,725)	-	-	-	(1,725)
Loans and receivables	-	-	-	(334)	-	-	-	(334)
Net fair value gain on financial instruments								
at fair value through profit or loss	-	-	42,002	5,776	-	-	-	47,778
Fair value losses on investment properties	(48,791)	-	-	-	-	-	-	(48,791)
Unallocated:								
Capital expenditure (Note)								32
Depreciation								(5,592)
Finance costs								(9,123)
Loss on disposal of fixed assets								(487)

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30 September 2019

	Property investment HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
Revenue								
External	13,001	8,233	13,068	451,987	-	7,294	-	493,583
Inter-segment	2,625	-	-	-	-	-	(2,625)	-
Total	15,626	8,233	13,068	451,987	-	7,294	(2,625)	493,583
Segment results	(65,467)	8,233	9,667	(3,393)	-	(3,195)	75	(54,080)
Unallocated corporate expenses								(31,204)
Finance costs								(11,483)
Share of results of associates	-	-	-	-	(2,800)	1,314	-	(1,486)
Share of results of joint ventures	-	-	-	11	(475)	(5)	-	(469)
Loss before tax								(98,722)
Other segment information:								
Capital expenditure (Note)	28	-	-	69,552	-	197	-	69,777
Depreciation	(11,478)	-	-	(113,744)	-	(35)	2,407	(122,850)
Interest income	-	8,233	-	1,642	-	409	-	10,284
Finance costs	-	-	-	(14,092)	-	(3,199)	293	(16,998)
Loss on disposal of fixed assets	-	-	-	(46)	-	-	-	(46)
Provisions for impairment losses on:								
Inventories	-	-	-	(280)	-	-	-	(280)
Loans and receivables	-	-	-	(275)	-	-	-	(275)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	-	-	(4,692)	-	-	-	(4,692)
Net fair value loss on financial instruments at fair value through profit or loss	-	-	(1,390)	(1,488)	-	-	-	(2,878)
Fair value losses on investment properties	(71,859)	-	-	-	-	-	-	(71,859)
Unallocated:								
Capital expenditure (Note)								879
Depreciation								(5,798)
Finance costs								(11,483)
Gain on disposal of fixed assets								133
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of a foreign operation								24,444

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

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

	Property investment HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
At 30 September 2020 (unaudited)								
Segment assets	1,326,477	389,339	1,570,181	893,969	-	100,148	(12,707)	4,267,407
Interests in associates	-	-	-	-	410,133	301,769	-	711,902
Interests in joint ventures	-	-	41,495	31,628	580	1,190	-	74,893
Unallocated assets								52,472
Total assets								5,106,674
Segment liabilities	220,906	-	54,322	519,191	412,195	433,785	(827,912)	812,487
Unallocated liabilities								847,465
Total liabilities								1,659,952
At 31 March 2020 (audited)								
Segment assets	1,382,825	302,834	1,531,537	851,332	-	149,529	(16,504)	4,201,553
Interests in associates	-	-	-	-	394,071	270,354	-	664,425
Interests in joint ventures	-	-	-	31,243	580	340	-	32,163
Unallocated assets								54,838
Total assets								4,952,979
Segment liabilities	223,417	-	12,102	478,582	398,902	427,419	(391,529)	1,148,893
Unallocated liabilities								279,776
Total liabilities								1,428,669

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Revenue from contracts with customers:		
Sale of goods and fast-moving consumer products	166,298	151,180
Sale of food and beverage	119,706	212,832
Provision of management services	6,178	7,165
Revenue from other sources:		
Fees charged to food court tenants	-	76,938
Property rental income from operating leases	10,491	13,001
Interest income	4,840	9,875
Dividend income	14,399	13,068
Other	3,278	9,524
	325,190	493,583

Notes to the Interim Financial Statements (Continued)

4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers

Segments	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 September 2020			
Types of goods or services:			
Sale of goods and fast-moving consumer products	166,298	–	166,298
Sale of food and beverage	119,706	–	119,706
Provision of management services	–	6,178	6,178
Total revenue from contracts with customers	286,004	6,178	292,182
Geographical markets:			
Hong Kong	82,559	5,138	87,697
Mainland China	–	1,040	1,040
Republic of Singapore	203,445	–	203,445
Total revenue from contracts with customers	286,004	6,178	292,182
Timing of revenue recognition:			
Goods transferred at a point in time	286,004	–	286,004
Services transferred over time	–	6,178	6,178
Total revenue from contracts with customers	286,004	6,178	292,182
Six months ended 30 September 2019			
Types of goods or services:			
Sale of goods and fast-moving consumer products	151,180	–	151,180
Sale of food and beverage	212,832	–	212,832
Provision of management services	–	7,165	7,165
Total revenue from contracts with customers	364,012	7,165	371,177
Geographical markets:			
Hong Kong	113,922	5,775	119,697
Mainland China	–	1,390	1,390
Republic of Singapore	247,765	–	247,765
Malaysia	2,325	–	2,325
Total revenue from contracts with customers	364,012	7,165	371,177
Timing of revenue recognition:			
Goods transferred at a point in time	364,012	–	364,012
Services transferred over time	–	7,165	7,165
Total revenue from contracts with customers	364,012	7,165	371,177

Notes to the Interim Financial Statements (Continued)

4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers (Continued)

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

Segments	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 September 2020			
Revenue from contracts with customers			
External customers	286,004	6,178	292,182
Inter-segment	–	1,959	1,959
Total revenue from contracts with customers	286,004	8,137	294,141
Revenue from other sources — external	3,738	1,898	5,636
Total segment revenue	289,742	10,035	299,777
Six months ended 30 September 2019			
Revenue from contracts with external customers	364,012	7,165	371,177
Revenue from other sources — external	87,975	129	88,104
Total segment revenue	451,987	7,294	459,281

5. OTHER INCOME

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Government grant	29,937	–
Interest income from promissory note	399	409
Recovery of costs from food court tenants	–	18,785
	30,336	19,194

6. OTHER GAINS/(LOSSES) — NET

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Gain/(Loss) on disposal of fixed assets	(515)	87
Provisions for impairment losses on:		
Fixed assets	(11,325)	–
Inventories	(1,725)	(280)
Loans and receivables	(334)	(275)
Fixed assets written off	–	(6)
Foreign exchange gains/(losses) — net	681	(3,473)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	–	19,752
	(13,218)	15,805

Notes to the Interim Financial Statements (Continued)

7. LOSS BEFORE TAX

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

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
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	9,563	(30,755)
Investment funds	(17)	309
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	(250)	(786)
Investment funds	34,688	28,334
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	(815)	1,508
Derivative financial instruments	4,609	(1,488)
	47,778	(2,878)
Interest income:		
Loans and advances	3,170	–
Promissory note	399	409
Other	1,670	9,875
Depreciation of fixed assets	(25,012)	(36,363)
Depreciation of right-of-use assets	(29,144)	(92,285)
Cost of inventories sold	(144,223)	(142,684)
Selling and distribution expenses (Note)	(12,722)	(10,591)
Legal and professional fees (Note)	(12,347)	(14,707)
Consultancy and service fees (Note)	(12,935)	(8,207)
Utilities charges (Note)	(5,051)	(18,754)
Repairs and maintenance expenses (Note)	(4,071)	(12,161)

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

Notes to the Interim Financial Statements (Continued)

8. INCOME TAX

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Hong Kong:		
Charge for the period	1,635	587
Underprovision in prior periods	–	432
Deferred	(464)	(280)
	1,171	739
Mainland China and overseas:		
Charge for the period	6,050	6,408
Underprovision/(Overprovision) in prior periods	(16)	1,068
Deferred	(2,210)	(1,511)
	3,824	5,965
Total charge for the period	4,995	6,704

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 mainland China and the Republic of Singapore, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 25% and 17% (2019 — 25% and 17%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

(a) Basic loss per share

Basic loss per share is calculated based on (i) the consolidated loss for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 9,186,913,000 ordinary shares (2019 — approximately 9,186,913,000 ordinary shares) in issue during the period.

(b) Diluted loss per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2020 and 2019.

10. INTERIM DIVIDEND

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Interim dividend, declared, of HK0.2 cent (2019 — HK0.2 cent) per ordinary share	18,374	18,374

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

11. INTERESTS IN JOINT VENTURES

Reference was made to the Group's 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. Subsequently, CS Mining sold its assets through a court-supervised sale process under its bankruptcy proceedings and a joint venture of the Company participated and won the bid to acquire the assets 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 (collectively, the "Parties"). 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 Parties on CS Mining. The Parties filed a motion to dismiss the Complaint in 2019. Earlier this year, the Delaware State Court issued a decision on the motion to dismiss, partially granting the motion and dismissing several of the causes of action alleged by the Majority Investors. 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 Parties filed its answer earlier this year and the Majority Investors will now have to provide evidence to establish the claims that were not dismissed. The Group, individually and derivatively on behalf of Skye, also filed a counterclaim (the "Counterclaim") against the Majority Investors and their related persons (the "Counterparties"), in which the Group has claimed that the Counterparties, at all relevant times, controlled both Skye and CS Mining and 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 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.

12. DEBTORS, PREPAYMENTS AND OTHER ASSETS

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Outstanding balances with ages:		
Within 30 days	34,298	30,696
Between 31 and 60 days	20,799	20,456
Between 61 and 90 days	12,930	13,577
Between 91 and 180 days	3,179	3,363
	71,206	68,092

Notes to the Interim Financial Statements (Continued)

13. BANK AND OTHER BORROWINGS

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Current portion:		
Secured bank loans (Note (a))	137,811	423,373
Other borrowings:		
Unsecured notes (Note (b))	279,691	268,594
	417,502	691,967
Non-current portion:		
Secured bank loans (Note (a))	719,863	152,726
	1,137,365	844,693
Bank and other borrowings by currency:		
Hong Kong dollar	635,283	388,188
Singapore dollar	473,980	429,363
Malaysian Ringgit	28,102	27,142
	1,137,365	844,693
Bank loans repayable:		
Within one year	137,811	423,373
In the second year	135,708	28,134
In the third to fifth years, inclusive	584,155	124,592
	857,674	576,099
Other borrowings repayable:		
Within one year	279,691	268,594

The Group's bank loans bear interest at floating rates ranging from 2.2% to 4.8% per annum (31 March 2020 — 3.2% to 5.0% per annum).

Notes to the Interim Financial Statements (Continued)

13. BANK AND OTHER BORROWINGS (Continued)

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK\$343,600,000 (31 March 2020 — HK\$382,400,000) and HK\$817,159,000 (31 March 2020 — HK\$824,111,000), respectively; and
 - (ii) fixed and floating charge over all the assets of certain subsidiaries of the Group.
- (b) The unsecured notes were issued in connection to the acquisition of TIH Limited, an associate of the Company, through a share offer (the "Offer"). The unsecured notes carried interest at a rate of 2.25% per annum and are redeemable at par on their respective maturity dates in January and February 2021. As at 30 September 2020, restricted cash balances with a carrying amount of HK\$52,054,000 (31 March 2020 — HK\$49,826,000) were placed in a bank account of a subsidiary of the Company which is solely earmarked to satisfy the principal and interest repayment for the unsecured notes (other than those held by the joint offeror and other concert parties of the Offer).

14. CREDITORS, ACCRUALS AND OTHER LIABILITIES

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Outstanding balances with ages:		
Within 30 days	23,663	22,722
Between 31 and 60 days	9,280	6,307
Between 61 and 90 days	1,845	409
Between 91 and 180 days	2,089	1,286
Over 180 days	3,400	2,382
	40,277	33,106

15. SHARE CAPITAL

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Issued and fully paid:		
9,186,912,716 (31 March 2020 — 9,186,912,716) ordinary shares	1,705,907	1,705,907

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

Notes to the Interim Financial Statements (Continued)

16. 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, the Company and Lippo Limited (“Lippo”), an intermediate holding company of the Company, was adopted on 11 September 2014.

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

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

17. CONTINGENT LIABILITIES

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Secured bankers’ guarantee	2,162	2,697
Unsecured bankers’ guarantee	2,280	17,352
	4,442	20,049

The bankers’ guarantees were mainly issued in lieu of rental and utility deposits for the premises used in the food businesses segment. As at 30 September 2020, the secured bankers’ guarantees were secured by fixed deposits of approximately HK\$2,015,000 (31 March 2020 — HK\$2,028,000) pledged to banks as security for secured bankers’ guarantees issued and corporate guarantees from the shareholders of a subsidiary of approximately HK\$389,000 (31 March 2020 — HK\$373,000).

18. COMMITMENTS

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

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Commitments in respect of properties, plant and equipment:		
Contracted, but not provided for (Note (a))	26,342	53,024
Other commitments:		
Contracted, but not provided for (Note (b))	43,048	51,256
	69,390	104,280

Note:

- (a) The balance included the Group’s commitments in relation to the construction of a new food factory in Malaysia of HK\$21,765,000 (31 March 2020 — HK\$53,024,000).
- (b) The balance included the Group’s commitments for financial assets at fair value through profit or loss of approximately HK\$36,673,000 (31 March 2020 — HK\$44,880,000).

19. RELATED PARTY TRANSACTIONS

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

- (a) During the period, the Group received rental income (including service charges) of HK\$301,000 (2019 — HK\$323,000) and HK\$746,000 (2019 — HK\$795,000) from Lippo and Hongkong Chinese Limited (“HKC”), a fellow subsidiary of the Company, respectively. The rentals were determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group paid consultancy and service fees of HK\$1,344,000 (2019 — Nil) to an associate of the Group. The fee was charged pursuant to the terms in the agreement signed between the parties.
- (c) As at 30 September 2020, the Group had amounts due from associates of HK\$30,527,000 (31 March 2020 — HK\$30,527,000). The balances with the associates are unsecured, interest-free and repayable on demand.
- (d) As at 30 September 2020, the Group had amounts due from joint ventures of HK\$208,348,000 (31 March 2020 — HK\$165,256,000). The amounts due from joint ventures included balances of HK\$32,242,000 (31 March 2020 — HK\$31,469,000), which are unsecured, bear interest at rates ranging from nil to 5% per annum (31 March 2020 — nil to 5% per annum) and are repayable when the resources of the joint venture permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand.

20. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	30 September 2020 HK\$’000	31 March 2020 HK\$’000	30 September 2020 HK\$’000	31 March 2020 HK\$’000
Financial assets				
Financial assets at fair value through other comprehensive income	105,985	105,620	105,985	105,620
Financial assets at fair value through profit or loss	949,580	827,948	949,580	827,948
Other financial asset	1,732	–	1,732	–
	1,057,297	933,568	1,057,297	933,568
Financial liabilities				
Bank and other borrowings	279,691	268,594	282,685	267,495
Other financial liabilities	18,300	22,909	18,300	22,909
	297,991	291,503	300,985	290,404

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

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, restricted cash, financial assets included in debtors, prepayments and other assets, amounts due from associates and joint ventures 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 warrants are based on broker quotes.

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 30 September 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% (31 March 2020 — 3%), the fair value will be increased/decreased by HK\$12,682,000 (31 March 2020 — HK\$11,005,000).

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 Interim Financial Statements (Continued)

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

Set out below is a summary of significant unobservable inputs to the valuation of the unlisted equity securities used in Level 3 fair value measurements as at 30 September 2020:

	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 (31 March 2020 — 11.5 to 12.2)	When PE multiple increases/decreases by 0.5 (31 March 2020 — 0.5), the fair value will be increased/decreased by HK\$3,700,000 and HK\$3,716,000 (31 March 2020 — HK\$3,701,000 and HK\$3,716,000), respectively.
		Discount for lack of marketability ("DLOM")	15.8% (31 March 2020 — 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 (31 March 2020 — not significant).
	Income approach	Discount rate	20.3% to 26.7% (31 March 2020 — 20.3% to 26.7%)	When discount rate increases/decreases by 3% (31 March 2020 — 3%), the fair value will be decreased/increased by HK\$1,092,000 and HK\$1,391,000 (31 March 2020 — HK\$1,074,000 and HK\$1,364,000), respectively.
		DLOM	15.8% to 20.6% (31 March 2020 — 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 (31 March 2020 — not significant).

Notes to the Interim Financial Statements (Continued)

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

Fair value hierarchy

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

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30 September 2020				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	298	–	105,687	105,985
Held for trading financial assets at fair value through profit or loss:				
Equity securities	500,819	–	–	500,819
Investment funds	4,098	403	–	4,501
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	21,514	–	21,514
Investment funds	–	–	422,746	422,746
Other financial asset:				
Warrants	–	1,732	–	1,732
	505,215	23,649	528,433	1,057,297
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	12,533	–	12,533
Foreign currency contracts	–	4,229	–	4,229
Interest rate swap	–	1,538	–	1,538
	–	18,300	–	18,300
At 31 March 2020				
Assets measured at fair value				
Financial assets at fair value through other comprehensive income:				
Equity securities	291	–	105,329	105,620
Held for trading financial assets at fair value through profit or loss:				
Equity securities	423,445	–	–	423,445
Investment funds	18,338	403	–	18,741
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	18,926	–	18,926
Investment funds	–	–	366,836	366,836
	442,074	19,329	472,165	933,568
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

Notes to the Interim Financial Statements (Continued)

20. 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 six months ended 30 September 2020 are as follows:

	Equity securities at fair value through other comprehensive income HK\$'000	Investment funds mandatorily classified at fair value through profit or loss HK\$'000
At 1 April 2020	105,329	366,836
Total gains recognised in the statement of profit or loss	–	34,688
Total gains recognised in other comprehensive income	156	–
Additions	–	24,449
Distributions	–	(6,577)
Exchange adjustments	202	3,350
At 30 September 2020	105,687	422,746

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

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 30 September 2020				
Liabilities for which fair values are disclosed				
Bank and other borrowings:				
Unsecured notes	–	–	282,685	282,685
At 31 March 2020				
Liabilities for which fair values are disclosed				
Bank and other borrowings:				
Unsecured notes	–	–	267,495	267,495

21. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

Business Review and Prospects

BUSINESS REVIEW

Overview

The novel coronavirus (COVID-19) pandemic has severely disrupted the global economy. Various COVID-19 containment measures such as travel restrictions and social distancing measures are still implemented in different parts of the world including the places at which the Group and its associates have operations. The performance of the Group and its associates were adversely affected during the period under review.

Results for the Period

The Group recorded a consolidated loss attributable to shareholders of approximately HK\$38 million for the six months ended 30 September 2020 (the "Period"), as compared to a consolidated loss of approximately HK\$109 million for the six months ended 30 September 2019 ("2019"). Such loss was mainly attributable to fair value losses on investment properties and operating loss due to the COVID-19 pandemic.

Due to the outbreak of COVID-19 pandemic, the operating environment of the Group's food businesses and property investment business is challenging. Coupled with the absence of contribution from the food court business which was disposed of in October 2019, revenue for the Period dropped to HK\$325 million (2019 — HK\$494 million). Food businesses remain the principal sources of revenue of the Group, contributing to 89% (2019 — 92%) of total revenue for the Period.

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\$69 million for the Period (2019 — HK\$79 million). The decrease in other operating expenses was mainly due to the disposal of food court business.

Food businesses

The Group's food businesses segment recorded a revenue of HK\$290 million (2019 — HK\$452 million), mainly from food manufacturing and food retail operations in chains of cafés and bistros. The substantial decrease in revenue was mainly due to the completion of the disposal of the food court business in October 2019 and the adverse impact of the COVID-19 pandemic on the Group's food retail operations for the Period. The food businesses segment reported a loss of HK\$4 million for the Period (2019 — HK\$3 million).

The Group will continue to focus on its food manufacturing business and food retail business. The performance of the Group's food retail business in Hong Kong and Singapore were adversely affected by the restrictions on gatherings. Due to the various movement control orders in Malaysia during the outbreak of the COVID-19, the food manufacturing factory is still in limited commercial operation. The Group has been expanding its food retail business, including the opening of second line of Chatterbox in Hong Kong under the trade name "Chatterbox Express", the first outlet of which was opened in October 2020 in Taikoo Shing and was well received. The performance of Chatterbox Café was satisfactory during the Period amid the difficult operating environment for food and beverage sector.

Property investment

Segment revenue was mainly attributable to recurrent rental income from the Group's investment properties. The Group's property investment portfolio is located mainly in Hong Kong and mainland China. Following the downturn in the economy, the occupancy rate of the property investment portfolio dropped. To cope with the downturn of business due to COVID-19 pandemic, the Group, like other landlords in Hong Kong, offered rent concessions to its tenants to allow them to cope with such worsening economic conditions. Accordingly, the total segment revenue for the Period dropped to HK\$12 million (2019 — HK\$16 million).

The Group recorded fair value losses on investment properties of HK\$49 million (2019 — HK\$72 million), which was mainly due to the downturn in the property market in Hong Kong. Besides, a provision of HK\$11 million (2019 — Nil) for impairment of certain properties located in Hong Kong was recorded during the Period. As a result, segment loss for the Period amounted to HK\$61 million (2019 — HK\$65 million).

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\$17 million during the Period (2019 — HK\$21 million), mainly attributable to the dividend income received from the investment portfolio. The Group recorded net fair value gain in the statement of profit or loss from its securities investments of HK\$42 million for the Period (2019 — loss of HK\$1 million) under this segment. As a result, the treasury and securities investments businesses recorded a net profit of HK\$55 million in the statement of profit or loss for the Period (2019 — HK\$18 million).

Business Review and Prospects (Continued)

As at 30 September 2020, the treasury and securities investments portfolio of HK\$1,960 million (31 March 2020 — HK\$1,834 million) comprised mainly cash and bank balances of HK\$898 million (31 March 2020 — HK\$899 million), financial assets at fair value through profit or loss (“FVPL”) of HK\$950 million (31 March 2020 — HK\$828 million) and financial assets at fair value through other comprehensive income (“FVOCI”) of HK\$106 million (31 March 2020 — HK\$106 million). Further details of securities investments under different categories are as follows:

Financial assets at fair value through profit or loss

As of 30 September 2020, the Group’s financial assets at FVPL amounted to HK\$950 million (31 March 2020 — HK\$828 million), comprising equity securities of HK\$501 million (31 March 2020 — HK\$423 million), debt securities of HK\$22 million (31 March 2020 — HK\$19 million) and investment funds of HK\$427 million (31 March 2020 — HK\$386 million).

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

	As at 30 September 2020			As at	For the
	Fair value HK\$'000	Approximate percentage of financial assets at FVPL	Approximate percentage to the total assets	31 March 2020 Fair value HK\$'000	six months ended 30 September 2020 Net fair value gain/(loss) HK\$'000
GSH Corporation Limited (“GSH”)	80,330	9%	2%	93,250	(12,920)
Quantedge Global Fund (“Quantedge”)	60,724	6%	1%	45,373	14,772
SherpaEverest Fund, LP (“SherpaEverest”)	48,277	5%	1%	33,793	14,483
Amasia CIV T, L.P. (“Amasia”)	43,953	5%	1%	21,819	22,133
Nineteen77 Capital Solutions Feeder LP (“Nineteen77”)	39,607	4%	1%	32,542	129
Others (Note)	676,689	71%	13%	601,171	5,387
Total	949,580	100%	19%	827,948	43,984

Note: Others comprised of various securities, none of which accounted for more than 4% of financial assets at FVPL as at 30 September 2020.

GSH

As at 30 September 2020, the fair value of the Group's equity securities in GSH amounted to HK\$80 million, representing approximately 9% and 2% of the Group's total financial assets at FVPL and total assets, respectively. GSH, having its shares listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), is a property developer in Southeast Asia with certain properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. During the Period, GSH's revenue boosted by the continued progressive sales recognition from its two residential development projects in Malaysia. 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 and the first phase of the project has been commenced during the Period. GSH also owns and operates two hotels in Sabah but a temporary closure was implemented from mid-March 2020 in compliance with the Movement Control Order in Malaysia. Accordingly, the financial performance of the hotels has been negatively impacted. The Group received dividend income from GSH of HK\$1 million for the Period. The share price performance of GSH was not satisfactory, resulting in an unrealised fair value loss of HK\$13 million recognised for the Period. 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.

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. Quantedge has gradually recovered from the initial COVID-19 related drawdown, driven by gains from equities. This was further enhanced by gains in all the major asset classes in the portfolio such as fixed income, commodities and currencies. As at 30 September 2020, the fair value of the Group's investment in Quantedge amounted to HK\$61 million, representing approximately 6% and 1% of the Group's total financial assets at FVPL and total assets, respectively. The Group reported a fair value gain of HK\$15 million for the Period.

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 30 September 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 at 30 September 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 is satisfactory. As at 30 September 2020, the fair value of the Group’s investment in SherpaEverest amounted to HK\$48 million, representing approximately 5% and 1% of the Group’s total financial assets at FVPL and total assets, respectively. The Group reported a fair value gain of HK\$14 million for the Period. Together with distribution of HK\$3 million received subsequently in October 2020, the cumulated distribution amounted to approximately HK\$11 million.

Amasia

The Group committed to invest a capital amount of US\$2 million in Amasia in early 2015. It is a closed-end single-portfolio fund with 10-year term, which may be extended for up to three successive one-year periods. The purpose of the fund is to invest into a U.S. based company namely Dialpad (formerly known as Switch Communications, Inc.) for long-term capital gain. Dialpad originally started as Firespotter Labs in January 2011 to incubate various voice and telephony related ideas, and then developed its lightweight conference calling product “UberConference”. In January 2015, Dialpad released “Switch”, a “Private-Branch-Exchange in the Cloud” solution for small to large enterprise clients. Despite the COVID-19 pandemic, Dialpad’s performance is satisfactory. As at 30 September 2020, the fair value of the Group’s investment in Amasia amounted to HK\$44 million, representing approximately 5% and 1% of the Group’s total financial assets at FVPL and total assets, respectively. The Group reported a fair value gain of HK\$22 million for the Period, which is mainly attributable to the increase in valuation of Dialpad by reference to the latest round financing in October 2020.

Nineteen77

Nineteen77 is a hedge fund that specialised in extracting value from scarcity premium in the credit market. The Group invested in Nineteen77 since 2017. As at 30 September 2020, the fair value of the Group's investment in Nineteen77 amounted to HK\$40 million, representing approximately 4% and 1% of the Group's total financial assets at FVPL and total assets, respectively. The Group received distribution of HK\$2 million and reported a fair value gain of HK\$0.1 million for the Period. Looking ahead, the increased volatility in the market due to COVID-19 pandemic has created opportunities for investment strategy of Nineteen77. As advised by the fund manager of Nineteen77, it is expected that as volatility persists, the demand for loans will remain high while the supply of lenders diminishes due to banks retrenching further and other loan funds need to address problems in their portfolios. That kind of supply/demand dynamic will create more situations where the fund can be paid a premium for providing a capital solution.

Financial assets at fair value through other comprehensive income

In addition to the above investments under financial assets at FVPL, the Group also invested 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 30 September 2020, the fair value of such investments amounted to approximately HK\$106 million (31 March 2020 — HK\$106 million). During the Period, unrealised fair value gain of HK\$0.2 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 30 September 2020.

The Group invested approximately HK\$7.6 million in eBroker in its three rounds of financing held in 2017 and 2018. The carrying amount of total investments in eBroker amounted to HK\$85 million as at 30 September 2020, representing 81% and 2% 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. In June 2020, the Securities and Futures Commission has approved eBroker to become a substantial shareholder of a brokerage firm in Hong Kong. Through this acquisition, eBroker is able to utilise their platform to provide online equity trading to eBroker's clients and build up a prestigious account system. 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.

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 30 September 2020, the Group was interested in approximately 40.91% of the issued shares in Healthway. Healthway is a company listed on the sponsor-supervised listing platform 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.

The introduction of circuit breaker measures by the Singapore Government during the Period to curb the community transmission had resulted in drop in mobility. With more people staying home, the patient volume for both the Primary Healthcare segment and Specialist Healthcare segment reduced accordingly. In addition, there was a mandatory deferment of elective surgeries imposed by the Singapore Government as part of the circuit breaker measures, which further affected revenue for the Specialist Healthcare segment. Accordingly, the revenue of the HMC Group dropped during the Period but the HMC Group had received government grants comprising job support scheme, wage credit and property tax rebates as part of the COVID-19 Stimulus Packages announced by the Singapore Government.

The Group's share of loss from the HMC Group amounted to HK\$0.2 million for the Period (2019 — HK\$3 million). Including the effect of appreciation of Singapore dollar during the Period, the Group's interest in Healthway increased to HK\$410 million (31 March 2020 — HK\$394 million).

With the gradual resumption of business travel in Singapore, 26 General Practitioner ("GP") clinics of HMC currently offers pre-business travel swab tests. With the convergence of the COVID-19 situation and the traditional peak flu season, the GP clinics of HMC continue to work closely with the Ministry of Health to offer subsidised flu vaccines to Singaporeans through the Community Health Assist Scheme programme. Following the enhanced National Adult Immunisation Schedule launched in November 2020 and a greater awareness of general health and wellbeing brought about by the pandemic, HMC's clinics have seen an increase in patients seeking the flu vaccine when compared to the same period last year. To complement the services of its network of clinics, in August 2020, the HMC Group had officially launched its teleconsultation app which is a next step in HMC's digitisation journey. To provide patients with a full spectrum of holistic services, from primary to specialist and preventive care, HMC will consolidate its vast network of primary and specialist clinics, with over than 100 doctors under the Healthway Medical app over a series of phases.

Other businesses

TIH

The Group recorded a share of profit of HK\$25 million from its investment in TIH Limited (“TIH”), an associate of the Company and listed on the Mainboard of the SGX-ST for the Period (2019 — HK\$1 million), mainly attributable to net gain in fair value on its investments at FVPL. The interests in TIH as at 30 September 2020 increased to HK\$267 million (31 March 2020 — HK\$237 million).

TIH’s core strategy remains in sourcing for attractive long-term investment opportunities in special situations, corporates deleveraging and non-core secondary assets. TIH launched a new Asian active engagement fund, namely, Vasanta Fund, via a joint venture in May 2020 to invest opportunistically in deep-value listed companies with an aim to maximise and unlock value through active engagement with the management and stakeholders.

Mineral exploration and extraction

Reference was made to the Group’s 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. Subsequently, CS Mining sold its assets through a court-supervised sale process under its bankruptcy proceedings and a joint venture of the Company participated and won the bid to acquire the assets 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 (collectively, the “Parties”). 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 Parties on CS Mining. The Parties filed a motion to dismiss the Complaint in 2019. Earlier this year, the Delaware State Court issued a decision on the motion to dismiss, partially granting the motion and dismissing several of the causes of action alleged by the Majority Investors. 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 Parties filed its answer earlier this year and the Majority Investors will now have to provide evidence to establish the claims that were not dismissed. The Group, individually and derivatively on behalf of Skye, also filed a counterclaim (the “Counterclaim”) against the Majority Investors and their related persons (the “Counterparties”), in which the Group has claimed that the Counterparties, at all relevant times, controlled both Skye and CS Mining and 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 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.

Financial Position

The Group's financial position remained healthy. As at 30 September 2020, its total assets amounted to HK\$5.1 billion (31 March 2020 — HK\$5.0 billion). As at 30 September 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) increased to HK\$1.2 billion (31 March 2020 — HK\$1.1 billion). Total liabilities increased to HK\$1.7 billion (31 March 2020 — HK\$1.4 billion), mainly attributable to increasing bank and other borrowings following the re-financing of bank loans during the Period. Current ratio as at 30 September 2020 increased to 2.3 (31 March 2020 — 1.6) after the completion of refinancing of certain bank loans during the Period.

As at 30 September 2020, bank and other borrowings of the Group increased to HK\$1,137 million (31 March 2020 — HK\$845 million), which included bank loans of HK\$857 million (31 March 2020 — HK\$576 million) and unsecured notes of HK\$280 million (31 March 2020 — HK\$269 million).

As at 30 September 2020, the bank loans comprised secured bank loans of HK\$857 million (31 March 2020 — HK\$576 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 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 30 September 2020, 7% (31 March 2020 — 9%) of the Group's bank loans effectively carried fixed rate of interest and the remaining were at floating rates. 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. As at 30 September 2020, hire purchase commitment amounted to HK\$0.1 million (31 March 2020 — HK\$0.2 million) and was included in lease liabilities on the statement of financial position.

As at 30 September 2020, approximately 37% (31 March 2020 — 82%) of the bank and other borrowings were repayable within one year after the re-financing of bank loans during the Period. As at 30 September 2020, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 32.5% (31 March 2020 — 23.1%). The Group maintained a net cash position and does not expect any liquidity pressures under the current COVID-19 pandemic.

Business Review and Prospects (Continued)

The net asset value attributable to equity holders of the Company amounted to HK\$3.1 billion as at 30 September 2020 (31 March 2020 — HK\$3.2 billion), mainly attributable to the loss for the Period and dividends declared and paid during the Period and offset by the translation gain on foreign operations from the appreciation of Singapore dollar and Renminbi. This was equivalent to HK34 cents per share as at 30 September 2020 (31 March 2020 — HK34 cents per share).

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swap and currency loans would be used to manage the foreign exchange exposure.

The Group had bankers' guarantees of approximately HK\$4 million as at 30 September 2020 (31 March 2020 — HK\$20 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 49% (31 March 2020 — 13%) 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 Period (31 March 2020 — 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 30 September 2020 decreased to HK\$69 million (31 March 2020 — HK\$104 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 964 full-time employees as at 30 September 2020 (30 September 2019 — 933 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK\$150 million (2019 — HK\$160 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

Prospects

The global economy has recovered at a faster-than-expected pace so far, but the unknown trajectory of COVID-19 and the macro-geopolitical issues such as evolving relations between the PRC and the U.S.A., heightened geopolitical tensions and the Brexit negotiations remain major factors in determining the recovery of the global economy. It is expected that COVID-19 containment measures will continue in 2021 but will subsequently fade over time as vaccine coverage expands and therapies improve. The Group and its associates will continue their efforts to mitigate the adverse operating environment while fostering financial resilience strategies for long-term sustainable growth of their businesses. They will seek suitable business opportunities cautiously with a view to enhancing shareholders' value.

Additional Information

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (For the six months ended 30 September 2019 — HK0.2 cent per share) amounting to approximately HK\$18.4 million for the six months ended 30 September 2020 (For the six months ended 30 September 2019 — approximately HK\$18.4 million), which will be paid on Friday, 22 January 2021 to shareholders whose names appear on the Register of Members on Friday, 8 January 2021.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 6 January 2021 to Friday, 8 January 2021 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend for the six months ended 30 September 2020, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 5 January 2021.

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

As at 30 September 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:

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

Interests in shares and underlying shares of the Company and Associated Corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares in the Company					
Stephen Riady	–	–	6,890,184,389 <i>Notes (i) and (ii)</i>	6,890,184,389	74.99
James Siu Lung Lee	2,000	–	–	2,000	0.00
Number of ordinary shares in Lippo Limited ("Lippo")					
Stephen Riady	–	–	369,800,219 <i>Note (i)</i>	369,800,219	74.98
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,477,715,492 <i>Notes (i) and (iii)</i>	1,477,715,492	73.95
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03
James Siu Lung Lee	2,000	–	–	2,000	0.00

Note:

- (i) As at 30 September 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, Lippo. Lippo Capital was a 60% owned subsidiary of Lippo Capital Holdings Company Limited ("Lippo Capital Holdings"), an Associated Corporation of the Company, which in turn was a wholly-owned subsidiary of Lippo Capital Group Limited ("Lippo Capital Group"), an Associated Corporation of the Company. Dr. Stephen Riady ("Dr. Riady") was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group.
- (ii) As at 30 September 2020, Lippo, 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, the Company.
- (iii) As at 30 September 2020, Lippo, 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.

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

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

As mentioned in Note (i) above, Dr. Riady was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group. Through his interest in Lippo Capital Group, Dr. Riady was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations of the Company as at 30 September 2020:

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

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

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

Note:

- (a) Such share(s) was/were 100% held directly or indirectly by Lippo Capital, a 60% owned indirect subsidiary of Lippo Capital Group.
- (b) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"), a 60% owned indirect subsidiary of the Company; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd ("Nine Heritage"), an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd ("Pantogon"), a 100% owned indirect subsidiary of the Company and 759,000 ordinary shares were held by Max Turbo Limited ("Max Turbo"), a 100% owned indirect subsidiary of the Company. Details of Dr. Riady's interest in the Company are disclosed in Notes (i) and (ii) above. In addition, as at 30 September 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.
- (c) Such share(s) was/were held directly by Lippo Capital Holdings which in turn was a direct wholly-owned subsidiary of Lippo Capital Group.
- (d) Such share(s) was/were 100% held directly or indirectly by Lippo. Details of Dr. Riady's interest in Lippo are disclosed in Note (i) above.
- (e) 50 ordinary shares were held by Oddish Ventures Pte. Ltd. ("Oddish"), a 100% owned indirect subsidiary of OUE Limited ("OUE"). OUE was indirectly owned as to approximately 68.72% by Fortune Crane Limited ("FCL"). HKC, through its 50% joint venture, Lippo ASM Asia Property Limited, held approximately 92.05% interest in FCL. 50 ordinary shares were held by Raising Fame Ventures Limited, a 100% owned indirect subsidiary of the Company. Details of Dr. Riady's interest in HKC and the Company are disclosed in Notes (i) to (iii) above.
- (f) Such share was 100% held directly by Lippo Capital Group.
- (g) Of these shares, 1,625 ordinary shares were held by Nine Heritage; 2,937 ordinary shares were held by Pantogon; 406 ordinary shares were held by Jeremiah; 62 ordinary shares were held by Max Turbo and 4,970 ordinary shares were held by Oddish. Accordingly, Dr. Riady was taken to be interested in an aggregate of 10,000 ordinary shares in, representing 100% of the issued shares of, Superfood.

As at 30 September 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.

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)

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

Updated Director's Information

The following is the updated information of a Director of the Company disclosed pursuant to rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

Dr. Stephen Riady ceased to be a member of the board of commissioners of PT Lippo Karawaci Tbk, a company listed on the Indonesia Stock Exchange, on 17 July 2020.

Share Option Scheme

Details of the share option scheme of a subsidiary of the Company are disclosed in Note 16 to the interim financial statements.

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

During the six months ended 30 September 2020, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

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

As at 30 September 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 and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance (Continued)

Interests of substantial shareholders in shares of the Company

Name of substantial shareholder	Number of ordinary shares	Approximate percentage of the issued shares
Skyscraper Realty Limited ("Skyscraper")	6,890,184,389	74.99
First Tower Corporation ("First Tower")	6,890,184,389	74.99
Lippo Limited ("Lippo")	6,890,184,389	74.99
Lippo Capital Limited ("Lippo Capital")	6,890,184,389	74.99
Lippo Capital Holdings Company Limited ("Lippo Capital Holdings")	6,890,184,389	74.99
Lippo Capital Group Limited ("Lippo Capital Group")	6,890,184,389	74.99
Madam Shincee Leonardi	6,890,184,389	74.99
PT Trijaya Utama Mandiri ("PT TUM")	6,890,184,389	74.99
Mr. James Tjahaja Riady	6,890,184,389	74.99
Madam Aileen Hambali	6,890,184,389	74.99

Note:

- 6,890,184,389 ordinary shares of the Company were held by Skyscraper directly as beneficial owner which in turn is a 100% owned subsidiary of First Tower. First Tower is a 100% owned subsidiary of Lippo. Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in 369,800,219 ordinary shares in, representing approximately 74.98% of the issued shares of, Lippo.
- 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.
- 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.
- Skyscraper's interests in the ordinary shares of the Company were recorded as the interests of First Tower, Lippo, Lippo Capital, Lippo Capital Holdings, Lippo Capital Group, Madam Shincee Leonardi, PT TUM, Mr. James Tjahaja Riady and Madam Aileen Hambali. The above 6,890,184,389 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 30 September 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.

Audit Committee

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2020.

Corporate Governance

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.

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30 September 2020.

Model Code for Securities Transactions by Directors

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

By Order of the Board
Lippo China Resources Limited
John Luen Wai Lee
Chief Executive Officer

Hong Kong, 27 November 2020

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

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

COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

SECRETARY

Ms. Millie Yuen Fun Luk

AUDITOR

Ernst & Young

PRINCIPAL BANKERS

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

SOLICITORS

Howse Williams

REGISTRAR

Tricor Tengis 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

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WEBSITE

www.lcr.com.hk