



Lippo Limited
力寶有限公司

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

2020
Interim Report



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The Directors of Lippo Limited (the “Company”) present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 September 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 (Restated)
Continuing operations			
Revenue	4	387,428	528,964
Cost of sales	7	(161,457)	(144,416)
Gross profit		225,971	384,548
Other income	5	31,726	19,194
Administrative expenses		(204,323)	(322,782)
Other operating expenses	7	(84,525)	(102,455)
Fair value losses on investment properties		(45,214)	(65,859)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	7	47,556	(2,270)
Loss on disposal of subsidiaries	20	(35,818)	–
Other gains/(losses) — net	6	(6,929)	15,249
Finance costs		(34,381)	(52,636)
Share of results of associates		32,040	11,791
Share of results of joint ventures	8	(733,983)	262,332
Profit/(Loss) before tax from continuing operations	7	(807,880)	147,112
Income tax	9	(12,822)	(7,547)
Profit/(Loss) for the period from continuing operations		(820,702)	139,565
Discontinued operation			
Profit/(Loss) for the period from discontinued operation	10	134,599	(3,374)
Profit/(Loss) for the period		(686,103)	136,191
Attributable to:			
Equity holders of the Company		(508,589)	88,753
Non-controlling interests		(177,514)	47,438
		(686,103)	136,191
		HK cents	HK cents (Restated)
Earnings/(Loss) per share attributable to equity holders of the Company	11		
Basic and diluted			
— For profit/(loss) for the period		(103)	18
— For profit/(loss) from continuing operations		(123)	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
Profit/(Loss) for the period	(686,103)	136,191
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	50,396	(47,366)
Exchange differences reclassified to profit or loss upon:		
Disposal of foreign subsidiaries	35,562	–
Liquidation of foreign operations	(5,720)	(19,752)
Share of other comprehensive income/(loss) of associates	26,451	(14,500)
Share of other comprehensive income/(loss) of joint ventures:		
Exchange differences on translation of foreign operations	325,953	(181,920)
Other reserves	(17,127)	(14,639)
Adjustment for disposal of interests in a joint venture	282	–
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax	415,797	(278,177)
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	173	(20,789)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures	(7,525)	88,080
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax	(7,352)	67,291
Other comprehensive income/(loss) for the period, net of tax	408,445	(210,886)
Total comprehensive loss for the period	(277,658)	(74,695)
Attributable to:		
Equity holders of the Company	(209,410)	(59,105)
Non-controlling interests	(68,248)	(15,590)
	(277,658)	(74,695)
Total comprehensive income/(loss) for the period attributable to equity holders of the Company:		
— From continuing operations	(309,538)	(56,761)
— From discontinued operation	100,128	(2,344)
	(209,410)	(59,105)

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		1,176,348	1,158,151
Investment properties		732,471	763,652
Right-of-use assets		125,597	133,715
Interests in associates		1,111,902	1,042,358
Interests in joint ventures	13	9,857,480	10,338,320
Financial assets at fair value through other comprehensive income		106,068	105,689
Financial assets at fair value through profit or loss		447,140	388,662
Debtors, prepayments and other assets	14	12,152	11,872
Other financial asset		1,732	46,780
Deferred tax assets		2,861	2,807
		13,596,812	14,013,922
Current assets			
Properties held for sale		68,498	81,512
Properties under development		30,983	30,179
Inventories		15,144	10,389
Loans and advances		25,669	74,695
Debtors, prepayments and other assets	14	154,344	199,869
Financial assets at fair value through profit or loss		516,015	453,307
Tax recoverable		179	474
Restricted cash		54,069	51,854
Time deposits with original maturity of more than three months		69,379	66,176
Cash and cash equivalents		1,530,326	1,175,208
		2,464,606	2,143,663
Current liabilities			
Bank and other borrowings	15	481,603	916,817
Lease liabilities		40,960	45,680
Creditors, accruals and other liabilities	16	231,583	301,354
Other financial liabilities		16,762	21,606
Tax payable		187,216	174,359
		958,124	1,459,816
Net current assets		1,506,482	683,847
Total assets less current liabilities		15,103,294	14,697,769

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	15	1,751,973	1,022,806
Lease liabilities		91,790	94,560
Creditors, accruals and other liabilities	16	8,531	6,453
Other financial liability		1,538	1,303
Deferred tax liabilities		43,416	44,128
		1,897,248	1,169,250
Net assets		13,206,046	13,528,519
Equity			
Equity attributable to equity holders of the Company			
Share capital	17	986,598	986,598
Reserves	19	8,293,899	8,521,586
		9,280,497	9,508,184
Non-controlling interests		3,925,549	4,020,335
		13,206,046	13,528,519

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	Special capital reserve	Fair value reserve of financial assets at FVOCI*	Other assets revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000 (Note 19(a))	HK\$'000	HK\$'000	HK\$'000 (Note 19(b))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	986,598	1,709,202	(215,050)	2,092	(41,003)	(164,018)	7,230,363	9,508,184	4,020,335	13,528,519
Loss for the period	-	-	-	-	-	-	(508,589)	(508,589)	(177,514)	(686,103)
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	24,913	-	24,913	25,483	50,396
Exchange differences reclassified to profit or loss upon:										
Disposal of foreign subsidiaries	-	-	-	-	-	35,562	-	35,562	-	35,562
Liquidation of foreign operations	-	-	-	-	-	(4,230)	-	(4,230)	(1,490)	(5,720)
Changes in fair value of equity instruments										
at fair value through other comprehensive income	-	-	77	-	-	-	-	77	96	173
Share of other comprehensive income of associates	-	-	-	-	-	19,836	-	19,836	6,615	26,451
Share of other comprehensive income/(loss) of joint ventures	-	-	(5,181)	-	(13,049)	241,042	-	222,812	78,489	301,301
Adjustment for disposal of interests in a joint venture	-	-	209	-	-	-	-	209	73	282
Total comprehensive income/(loss) for the period	-	-	(4,895)	-	(13,049)	317,123	(508,589)	(209,410)	(68,248)	(277,658)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	6,381	6,381	2,247	8,628
2019/2020 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(24,658)	(24,658)	-	(24,658)
Dividends declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(28,785)	(28,785)
At 30 September 2020	986,598	1,709,202	(219,945)	2,092	(54,052)	153,105	6,703,497	9,280,497	3,925,549	13,206,046
At 1 April 2019	986,598	1,709,202	110,287	2,092	(3,644)	298,396	7,099,802	10,202,733	4,985,168	15,187,901
Profit for the period	-	-	-	-	-	-	88,753	88,753	47,438	136,191
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(25,275)	-	(25,275)	(22,091)	(47,366)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	-	-	-	-	-	(16,915)	-	(16,915)	(2,837)	(19,752)
Changes in fair value of equity instruments										
at fair value through other comprehensive income	-	-	(14,573)	-	-	-	-	(14,573)	(6,216)	(20,789)
Share of other comprehensive loss of associates	-	-	-	-	-	(10,874)	-	(10,874)	(3,626)	(14,500)
Share of other comprehensive income/(loss) of joint ventures	-	-	65,286	-	(10,976)	(134,531)	-	(80,221)	(28,258)	(108,479)
Total comprehensive income/(loss) for the period	-	-	50,713	-	(10,976)	(187,595)	88,753	(59,105)	(15,590)	(74,695)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	(157,958)	(157,958)	(55,643)	(213,601)
Transfer of reserve of a joint venture	-	-	(377,043)	-	-	-	377,043	-	-	-
Transfer of fair value reserve upon disposal of equity instruments at fair value through other comprehensive income	-	-	(196)	-	-	-	196	-	-	-
Change in non-controlling interests without change in control	-	-	-	-	-	-	4	4	(123)	(119)
2018/2019 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	-	(24,658)	(24,658)	-	(24,658)
Dividends declared and paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(697,336)	(697,336)
Advance from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	2,923	2,923
At 30 September 2019	986,598	1,709,202	(216,239)	2,092	(14,620)	110,801	7,383,182	9,961,016	4,219,399	14,180,415

* 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	(22,507)	(210,667)
Cash flows from investing activities		
Payments to acquire fixed assets	(41,447)	(70,560)
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
Proceed from disposal of interests in a joint venture	311,473	–
Advances to joint ventures	(267,447)	(491)
Repayment from a joint venture	225,040	2,943
Other net cash flows arising from investing activities	456	10,505
Net cash flows from/(used in) investing activities	200,788	(50,426)
Cash flows from financing activities		
Drawdown of bank and other borrowings	842,421	149,240
Repayment of bank and other borrowings	(565,000)	(896,637)
Principal portion of lease payments	(27,713)	(84,424)
Dividend paid to shareholders of the Company	(24,658)	(24,658)
Dividends paid to non-controlling shareholders of subsidiaries	(28,785)	(697,336)
Other net cash flows arising from financing activities	(32,059)	(44,828)
Net cash flows from/(used in) financing activities	164,206	(1,598,643)
Net increase/(decrease) in cash and cash equivalents	342,487	(1,859,736)
Cash and cash equivalents at beginning of period	1,175,208	2,830,780
Cash and cash equivalents included in assets classified as held for sale	–	(35,777)
Exchange realignments	12,631	(42,170)
Cash and cash equivalents at end of period	1,530,326	893,097

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

The banking business segment which engages in the provision of commercial and retail banking services was classified as discontinued operation during the current period (Note 10).

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

	Continuing operations								Discontinued operation		
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000	Banking business HK\$'000	Consolidated HK\$'000
Revenue											
External	42,929	28,224	2,617	14,625	289,742	-	9,291	-	387,428	-	387,428
Inter-segment	1,305	-	-	-	-	-	1,959	(3,264)	-	-	-
Total	44,234	28,224	2,617	14,625	289,742	-	11,250	(3,264)	387,428	-	387,428
Segment results	(37,543)	(22,668)	2,617	52,242	(3,516)	(1,344)	(3,036)	(456)	(13,704)	134,883	121,179
Unallocated corporate expenses									(73,465)	-	(73,465)
Finance costs									(18,768)	-	(18,768)
Share of results of associates	-	6,266	-	-	-	(213)	25,987	-	32,040	-	32,040
Share of results of joint ventures	(733,576)	(17)	-	-	(390)	-	-	-	(733,983)	(284)	(734,267)
Profit/(Loss) before tax									(807,880)	134,599	(673,281)
Other segment information:											
Capital expenditure (Note)	5	-	-	-	46,385	-	286	-	46,676	-	46,676
Depreciation	(9,673)	-	-	-	(40,738)	-	(439)	1,432	(49,418)	-	(49,418)
Interest income	30,573	-	2,617	-	1,367	-	1,504	-	36,061	-	36,061
Finance costs	(6,988)	-	-	-	(6,099)	-	(3,099)	573	(15,613)	-	(15,613)
Gain/(Loss) on disposal of:											
Fixed assets	-	-	-	-	(28)	-	-	-	(28)	-	(28)
Subsidiaries	-	(35,818)	-	-	-	-	-	-	(35,818)	-	(35,818)
Interests in a joint venture	-	-	-	-	-	-	-	-	-	181,663	181,663
Provisions for impairment losses on:											
Fixed assets	(11,325)	-	-	-	-	-	-	-	(11,325)	-	(11,325)
Inventories	-	-	-	-	(1,725)	-	-	-	(1,725)	-	(1,725)
Loans and receivables	-	-	-	-	(334)	-	-	-	(334)	-	(334)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	5,714	-	-	-	-	6	-	5,720	-	5,720
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	-	-	-	41,780	5,776	-	-	-	47,556	(46,780)	776
Fair value losses on investment properties	(45,214)	-	-	-	-	-	-	-	(45,214)	-	(45,214)
Unallocated:											
Capital expenditure (Note)									356	-	356
Depreciation									(8,524)	-	(8,524)
Finance costs									(18,768)	-	(18,768)
Loss on disposal of fixed assets									(487)	-	(487)

Notes to the Interim Financial Statements (Continued)

3. SEGMENT INFORMATION (Continued)

Six months ended 30 September 2019 (restated)

	Continuing operations								Discontinued operation		
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000	Banking business HK\$'000	Consolidated HK\$'000
Revenue											
External	46,360	-	9,083	13,519	451,987	-	8,015	-	528,964	-	528,964
Inter-segment	2,625	-	-	-	-	-	479	(3,104)	-	-	-
Total	48,985	-	9,083	13,519	451,987	-	8,494	(3,104)	528,964	-	528,964
Segment results	(39,214)	(5,917)	9,083	10,663	(3,393)	-	(6,201)	75	(34,904)	(4,984)	(39,888)
Unallocated corporate expenses									(66,058)	-	(66,058)
Finance costs									(26,049)	-	(26,049)
Share of results of associates	-	13,287	-	-	-	(2,800)	1,304	-	11,791	-	11,791
Share of results of joint ventures	262,813	(17)	-	-	11	(475)	-	-	262,332	1,610	263,942
Profit/(Loss) before tax									147,112	(3,374)	143,738
Other segment information:											
Capital expenditure (Note)	28	-	-	-	69,552	-	321	-	69,901	-	69,901
Depreciation	(12,341)	(2)	-	-	(113,744)	-	(426)	2,407	(124,106)	-	(124,106)
Interest income	30,768	-	9,083	-	1,642	-	537	-	42,030	-	42,030
Finance costs	(9,589)	-	-	-	(14,092)	-	(3,199)	293	(26,587)	-	(26,587)
Loss on disposal of fixed assets	-	-	-	-	(46)	-	(1)	-	(47)	-	(47)
Provisions for impairment losses on:											
Inventories	-	-	-	-	(280)	-	-	-	(280)	-	(280)
Loans and receivables	-	-	-	-	(275)	-	-	-	(275)	-	(275)
Realised translation losses reclassified to the statement of profit or loss relating to liquidation of foreign operations	-	-	-	-	(4,692)	-	-	-	(4,692)	-	(4,692)
Net fair value loss on financial instruments at fair value through profit or loss	-	-	-	(782)	(1,488)	-	-	-	(2,270)	(4,984)	(7,254)
Fair value losses on investment properties	(65,859)	-	-	-	-	-	-	-	(65,859)	-	(65,859)
Unallocated:											
Capital expenditure (Note)									881		881
Depreciation									(8,706)		(8,706)
Finance costs									(26,049)		(26,049)
Gain on disposal of fixed assets									133		133
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of a foreign operation									24,444		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)

	Continuing operations								Discontinued operation		
	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Healthcare services HK\$'000	Other HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000	Banking business HK\$'000	Consolidated HK\$'000
At 30 September 2020 (unaudited)											
Segment assets	1,472,107	89,133	880,664	1,583,839	893,969	-	108,342	(12,707)	5,015,347	-	5,015,347
Interests in associates	6,679	391,309	-	-	-	410,133	303,781	-	1,111,902	-	1,111,902
Interests in joint ventures	9,782,402	535	-	41,495	31,628	580	840	-	9,857,480	-	9,857,480
Unallocated assets									76,689	-	76,689
Total assets									16,061,418	-	16,061,418
Segment liabilities	742,439	10,108	-	54,322	519,191	412,195	434,454	(827,912)	1,344,797	-	1,344,797
Unallocated liabilities									1,510,575	-	1,510,575
Total liabilities									2,855,372	-	2,855,372
At 31 March 2020 (audited)											
Segment assets	1,536,382	100,732	474,036	1,545,627	851,332	-	156,539	(16,504)	4,648,144	46,780	4,694,924
Interests in associates	6,290	369,646	-	-	-	394,071	272,351	-	1,042,358	-	1,042,358
Interests in joint ventures	10,176,674	530	-	-	31,243	580	-	-	10,209,027	129,293	10,338,320
Unallocated assets									81,983	-	81,983
Total assets									15,981,512	176,073	16,157,585
Segment liabilities	717,678	9,919	-	12,102	478,582	398,902	427,256	(391,529)	1,652,910	-	1,652,910
Unallocated liabilities									976,156	-	976,156
Total liabilities									2,629,066	-	2,629,066

4. REVENUE

An analysis of revenue from continuing operations is as follows:

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers:		
Sale of properties	28,224	-
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	6,512	7,680
Revenue from other sources:		
Fees charged to food court tenants	-	76,938
Property rental income from operating leases	12,356	15,592
Interest income	35,662	41,621
Dividend income	14,625	13,519
Other	4,045	9,602
	387,428	528,964

Notes to the Interim Financial Statements (Continued)

4. REVENUE (Continued)

Disaggregated revenue information for revenue from contracts with customers

Segments	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 September 2020				
Types of goods or services:				
Sale of properties	28,224	–	–	28,224
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	–	–	6,512	6,512
Total revenue from contracts with customers	28,224	286,004	6,512	320,740
Geographical markets:				
Hong Kong	–	82,559	5,138	87,697
Mainland China	28,224	–	1,040	29,264
Republic of Singapore	–	203,445	334	203,779
Total revenue from contracts with customers	28,224	286,004	6,512	320,740
Timing of revenue recognition:				
Goods transferred at a point in time	28,224	286,004	–	314,228
Services transferred over time	–	–	6,512	6,512
Total revenue from contracts with customers	28,224	286,004	6,512	320,740
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	–	–	7,680	7,680
Total revenue from contracts with customers	–	364,012	7,680	371,692
Geographical markets:				
Hong Kong	–	113,922	5,775	119,697
Mainland China	–	–	1,390	1,390
Republic of Singapore	–	247,765	515	248,280
Malaysia	–	2,325	–	2,325
Total revenue from contracts with customers	–	364,012	7,680	371,692
Timing of revenue recognition:				
Goods transferred at a point in time	–	364,012	–	364,012
Services transferred over time	–	–	7,680	7,680
Total revenue from contracts with customers	–	364,012	7,680	371,692

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	Property development HK\$'000	Food businesses HK\$'000	Other HK\$'000	Total HK\$'000
Six months ended 30 September 2020				
Revenue from contracts with customers				
External customers	28,224	286,004	6,512	320,740
Inter-segment	–	–	1,959	1,959
Total revenue from contracts with customers	28,224	286,004	8,471	322,699
Revenue from other sources — external	–	3,738	2,779	6,517
Total segment revenue	28,224	289,742	11,250	329,216
Six months ended 30 September 2019				
Revenue from contracts with customers				
External customers	–	364,012	7,680	371,692
Inter-segment	–	–	479	479
Total revenue from contracts with customers	–	364,012	8,159	372,171
Revenue from other sources — external	–	87,975	335	88,310
Total segment revenue	–	451,987	8,494	460,481

Notes to the Interim Financial Statements (Continued)

5. OTHER INCOME

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Government grant	31,327	–
Interest income from promissory note	399	409
Recovery of costs from food court tenants	–	18,785
	31,726	19,194

6. OTHER GAINS/(LOSSES) — NET

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Gain/(Loss) on disposal of fixed assets	(515)	86
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	1,250	(4,028)
Realised translation gains reclassified to the statement of profit or loss relating to liquidation of foreign operations	5,720	19,752
	(6,929)	15,249

Notes to the Interim Financial Statements (Continued)

7. PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

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

	Six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
Cost of sales:		
Cost of properties sold	(15,344)	–
Cost of inventories sold	(144,223)	(142,684)
Other	(1,890)	(1,732)
	(161,457)	(144,416)
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	9,901	(30,111)
Investment funds	(557)	292
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	(270)	(806)
Investment funds	34,688	28,335
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)
	47,556	(2,270)
Interest income:		
Loans and advances	33,857	30,893
Promissory note	399	409
Other	1,805	10,728
Depreciation of fixed assets	(28,798)	(40,188)
Depreciation of right-of-use assets	(29,144)	(92,624)
Selling and distribution expenses (Note)	(12,722)	(10,591)
Legal and professional fees (Note)	(15,796)	(24,061)
Consultancy and service fees (Note)	(16,734)	(13,848)
Utilities charges (Note)	(5,363)	(19,190)
Repairs and maintenance expenses (Note)	(4,354)	(12,564)

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. SHARE OF RESULTS OF JOINT VENTURES

The amount mainly included the Group's share of results of Lippo ASM Asia Property Limited ("LAAPL"). LAAPL is a joint venture set up to hold the controlling stake in OUE Limited ("OUE"). OUE is listed on the Mainboard of Singapore Exchange Securities Trading Limited. OUE is principally engaged in developing and managing assets across commercial, hospitality, retail, residential and healthcare sectors. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

For the six months ended 30 September 2020, the Group's share of loss of LAAPL amounted to HK\$731,195,000 (2019 — share of profit of HK\$265,571,000). Such loss was mainly resulted from the loss arising from the disposal of an investment property and partial offset by profit contribution from its equity-accounted investees during the period.

9. INCOME TAX

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Hong Kong:		
Charge for the period	2,968	1,487
Underprovision in prior periods	–	432
Deferred	(490)	(280)
	2,478	1,639
Mainland China and overseas:		
Charge for the period	12,758	6,516
Underprovision/(Overprovision) in prior periods	(16)	1,127
Deferred	(2,398)	(1,735)
	10,344	5,908
Total charge for the period from continuing operations	12,822	7,547

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.

Notes to the Interim Financial Statements (Continued)

10. DISCONTINUED OPERATION

In September 2020, the Group disposed of its remaining 20% interest in The Macau Chinese Bank Limited (“MCB”, a joint venture of the Company). After the disposal, the Group has ceased the banking business. Accordingly, the banking business was classified as a discontinued operation. The put option to sell its 20% interest to the majority shareholder of MCB (the “Put Option”) ceased to have effect upon the completion of the disposal.

The results of the banking business for the period are presented below:

	Note	Six months ended 30 September	
		2020 HK\$'000	2019 HK\$'000
Fair value loss on financial instrument at fair value through profit or loss		(46,780)	(4,984)
Share of results of a joint venture		(284)	1,610
Loss before tax		(47,064)	(3,374)
Income tax		–	–
Loss after tax from discontinued operation		(47,064)	(3,374)
Gain on disposal of discontinued operation		181,663	–
Profit/(Loss) for the period from discontinued operation		134,599	(3,374)
Other comprehensive income			
Share of fair value reserve of financial assets at fair value through other comprehensive income of a joint venture		519	204
Release of cumulative fair value reserve of financial assets at fair value through other comprehensive income from discontinued operation upon disposal		282	–
Other comprehensive income from discontinued operation		801	204
Total comprehensive income/(loss) for the period from discontinued operation		135,400	(3,170)
Profit/(Loss) for the period attributable to:			
Equity holders of the Company		99,536	(2,495)
Non-controlling interests		35,063	(879)
		134,599	(3,374)
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		100,128	(2,344)
Non-controlling interests		35,272	(826)
		135,400	(3,170)
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	11		
Basic and diluted			
— For profit/(loss) from discontinued operation		20	(1)

Notes to the Interim Financial Statements (Continued)

11. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 493,154,000 ordinary shares (2019 — approximately 493,154,000 ordinary shares) in issue during the period.

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000 (Restated)
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	(608,125)	91,248
From discontinued operation	99,536	(2,495)
	(508,589)	88,753

(b) Diluted earnings/(loss) per share

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

12. INTERIM DIVIDEND

	Six months ended 30 September	
	2020 HK\$'000	2019 HK\$'000
Interim dividend, declared, of HK4 cents (2019 — HK4 cents) per ordinary share	19,726	19,726

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

Notes to the Interim Financial Statements (Continued)

13. INTERESTS IN JOINT VENTURES

Interests in joint ventures mainly included the Group's interests in LAAPL. As at 30 September 2020, the Group's interests in LAAPL was approximately HK\$9,641,237,000 (31 March 2020 — HK\$10,045,970,000). The decrease in interests in LAAPL for the six months ended 30 September 2020 was mainly due to the share of loss and offset by the increase in share of exchange reserve on translation of LAAPL's investment during the period.

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.

14. 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	34,362	30,732
Between 31 and 60 days	20,822	20,456
Between 61 and 90 days	12,930	13,577
Between 91 and 180 days	3,179	3,363
	71,293	68,128

Notes to the Interim Financial Statements (Continued)

15. BANK AND OTHER BORROWINGS

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Current portion:		
Bank loans:		
Secured (Note (a))	177,058	648,223
Unsecured	24,854	–
Other borrowings:		
Unsecured notes (Note (b))	279,691	268,594
	481,603	916,817
Non-current portion:		
Bank loans:		
Secured (Note (a))	1,157,660	431,139
Unsecured	494,313	491,667
Other borrowings:		
Unsecured other loan (Note (c))	100,000	100,000
	1,751,973	1,022,806
	2,233,576	1,939,623
Bank and other borrowings by currency:		
Hong Kong dollar	1,731,494	1,483,118
Singapore dollar	473,980	429,363
Malaysian Ringgit	28,102	27,142
	2,233,576	1,939,623
Bank loans repayable:		
Within one year	201,912	648,223
In the second year	719,559	559,574
In the third to fifth years, inclusive	932,414	363,232
	1,853,885	1,571,029
Other borrowings repayable:		
Within one year	279,691	268,594
In the second year	100,000	100,000
	379,691	368,594

The Group's bank loans bear interest at floating rates ranging from 1.3% to 4.8% per annum (31 March 2020 — 3.1% to 5.0% per annum).

Notes to the Interim Financial Statements (Continued)

15. BANK AND OTHER BORROWINGS (Continued)

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) shares in certain listed subsidiaries of the Group with market value of HK\$1,793,761,000 (31 March 2020 — HK\$1,944,758,000);
 - (ii) first legal mortgages over certain investment properties and land and buildings of the Group with carrying amounts of HK\$262,500,000 (31 March 2020 — HK\$294,400,000) and HK\$882,377,000 (31 March 2020 — HK\$890,179,000), respectively; and
 - (iii) 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).
- (c) The Group's other loan represents unsecured loan advanced from Lippo Capital Limited, a holding company of the Company, which bears interest at a rate of 4% per annum (31 March 2020 — 4% per annum).

16. 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

Notes to the Interim Financial Statements (Continued)

17. SHARE CAPITAL

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
Issued and fully paid:		
493,154,032 (31 March 2020 — 493,154,032) ordinary shares	986,598	986,598

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

18. SHARE OPTION SCHEME

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

As at the beginning and end of the period, there were no outstanding options granted under the ANR Share Option Scheme to subscribe for shares in Asia Now (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.

19. RESERVES

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

Note:

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

Notes to the Interim Financial Statements (Continued)

20. DISPOSAL OF SUBSIDIARIES

	Six months ended 30 September 2020 HK\$'000
Net assets disposed of:	
Cash and cash equivalents	271
Creditors, accruals and other liabilities	(14)
	257
Release of cumulative exchange differences on translation of foreign operations	35,562
	35,819
Loss on disposal of subsidiaries	(35,818)
	1
Satisfied by:	
Cash	1

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

	Six months ended 30 September 2020 HK\$'000
Cash consideration	1
Cash and cash equivalents disposed of	(271)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(270)

21. 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).

Notes to the Interim Financial Statements (Continued)

22. 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))	43,622	51,830
	69,964	104,854

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\$37,247,000 (31 March 2020 — HK\$45,454,000).

23. RELATED PARTY TRANSACTIONS

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

- (a) During the period, the Group paid interest expense of HK\$2,005,000 (2019 — HK\$2,905,000) to a holding company of the Company.
- (b) During the period, the Group received interest income of HK\$31,350,000 (2019 — HK\$30,768,000) from joint ventures of the Group.
- (c) 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.
- (d) During the period, the Group provided a loan of HK\$225,040,000 to a joint venture of the Group. The loan is unsecured, bears interest at 2.2% over 1 week US\$ London Inter-Bank Offered Rate and is repayable on demand. The loan was fully repaid by the joint venture during the period.
- (e) As at 30 September 2020, the Group had amounts due from associates of HK\$60,765,000 (31 March 2020 — HK\$60,361,000) which are unsecured, interest-free and repayable on demand. As at 31 March 2020, the amounts due from associates included a loan of HK\$36,477,000, which bore interest at 8.5% per annum and was repayable on demand.
- (f) As at 30 September 2020, the Group had amounts due from joint ventures of HK\$2,842,050,000 (31 March 2020 — HK\$2,665,751,000) and amount due to a joint venture of HK\$4,381,000 (31 March 2020 — HK\$4,278,000). The amounts due from joint ventures included balances of HK\$2,469,161,000 (31 March 2020 — HK\$2,346,523,000), which are unsecured, bear interest at rates ranging from nil to 2.25% per annum (31 March 2020 — nil to 2.25% per annum) and are repayable on demand. The amounts due from joint ventures also included balances of HK\$182,938,000 (31 March 2020 — HK\$171,596,000), which are unsecured, bear interest at rates ranging from nil to 7% per annum (31 March 2020 — nil to 7% per annum) and are repayable when the resources of the joint ventures permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand.

Notes to the Interim Financial Statements (Continued)

24. 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	106,068	105,689	106,068	105,689
Financial assets at fair value through profit or loss	963,155	841,969	963,155	841,969
Other financial asset	1,732	46,780	1,732	46,780
	1,070,955	994,438	1,070,955	994,438
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

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, loans and advances, amounts due from associates and joint ventures, unsecured other loan and financial liabilities included in creditors, accruals and other liabilities approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank loans approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near the end of the reporting period and the changes in fair value as a result of the Group's non-performance risk were considered to be minimal.

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

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

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

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

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

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

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\$12,760,000 (31 March 2020 — HK\$11,106,000).

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.

The fair value of the Put Option as at 31 March 2020 was determined by Monte-Carlo simulation, which was the capitalisation of discounted cash flows generated by possible share price paths simulated by the model. The Put Option was derecognised upon the completion of the disposal of 20% interest in MCB during the period (Note 10).

Notes to the Interim Financial Statements (Continued)

24. 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 and the Put Option 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).
Put Option	Monte-Carlo simulation method	Volatility of underlying shares	N/A (31 March 2020 — 20.9%)	N/A (31 March 2020 — When the volatility of the underlying shares increases/decreases by 5%, the fair value will be increased/decreased by HK\$343,000 and HK\$75,000, respectively.)

N/A: Not applicable

Notes to the Interim Financial Statements (Continued)

24. 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	381	–	105,687	106,068
Held for trading financial assets at fair value through profit or loss:				
Equity securities	508,913	–	–	508,913
Investment funds	4,098	403	2,544	7,045
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	24,394	–	24,394
Investment funds	–	–	422,803	422,803
Other financial asset:				
Warrants	–	1,732	–	1,732
	513,392	26,529	531,034	1,070,955
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	360	–	105,329	105,689
Held for trading financial assets at fair value through profit or loss:				
Equity securities	431,202	–	–	431,202
Investment funds	18,338	403	3,305	22,046
Other financial assets mandatorily classified at fair value through profit or loss:				
Debt securities	–	21,826	–	21,826
Investment funds	–	–	366,895	366,895
Other financial asset:				
Put Option	–	–	46,780	46,780
	449,900	22,229	522,309	994,438
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	11,718	–	11,718
Foreign currency contracts	–	9,888	–	9,888
Interest rate swap	–	1,303	–	1,303
	–	22,909	–	22,909

Notes to the Interim Financial Statements (Continued)

24. 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	Held for trading investment funds at fair value through profit or loss HK\$'000	Investment funds mandatorily classified at fair value through profit or loss HK\$'000	Put Option HK\$'000
At 1 April 2020	105,329	3,305	366,895	46,780
Total gains/(losses) recognised in the statement of profit or loss	-	(540)	34,686	(46,780)
Total gains recognised in other comprehensive income	156	-	-	-
Additions	-	-	24,449	-
Distributions	-	(221)	(6,577)	-
Exchange adjustments	202	-	3,350	-
At 30 September 2020	105,687	2,544	422,803	-

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

25. COMPARATIVE AMOUNTS

- The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period (Note 10).
- 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 and joint ventures have operations. The performance of the Group and its associates and joint ventures were adversely affected. However, the Group and its joint ventures managed to dispose of certain assets during the period under review resulting in the strengthening of their financial position.

Results for the Period

The Group recorded a consolidated loss attributable to shareholders of approximately HK\$509 million for the six months ended 30 September 2020 (the “Period”), as compared to a consolidated profit of approximately HK\$89 million for the six months ended 30 September 2019 (“2019”). Such loss was mainly attributable to fair value losses on investment properties, operating loss due to the COVID-19 pandemic and share of loss of joint ventures (primarily resulting from the loss arising from the disposal of an investment property by a joint venture and partial offset by profit contribution from equity-accounted investees of the joint venture) and partial offset by the profit arising from the disposal by the Group of a joint venture during the Period.

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 from continuing operations for the Period dropped to HK\$387 million (2019 — HK\$529 million). Food businesses remain the principal sources of revenue of the Group, contributing to 75% (2019 — 85%) of total revenue from continuing operations for the Period.

In September 2020, a subsidiary of Hongkong Chinese Limited (“HKC”, together with its subsidiaries, the “HKC Group”) which in turn is a 73.95% listed subsidiary of the Company, disposed of its remaining 20% equity interest in The Macau Chinese Bank Limited (“MCB”) for an aggregate consideration of approximately MOP322 million (equivalent to approximately HK\$312 million) (the “Disposal”). After the Disposal, the HKC Group ceased to carry on the banking business. Accordingly, the results of the banking business were classified as discontinued operation. Besides, the put option to sell its 20% interest to the majority shareholder of MCB (the “Put Option”) ceased to have effect upon the completion of the Disposal. The HKC Group recognised a gain on disposal of joint venture of HK\$182 million for the Period. After accounting for the fair value loss on derecognition of the Put Option of HK\$47 million, profit arising from the disposal of the joint venture amounted to HK\$135 million, of which the Group’s attributable share amounted to HK\$100 million. Together with the share of loss of MCB of HK\$0.3 million for the Period (2019 — share of profit of HK\$2 million), the net profit of the banking business amounted to HK\$135 million for the Period (2019 — loss of HK\$3 million).

Business Review and Prospects (Continued)

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\$85 million for the Period (2019 — HK\$102 million). The decrease in other operating expenses was mainly due to the disposal of food court business.

Property investment

The total segment revenue for the Period amounted to HK\$44 million (2019 — HK\$49 million). Segment revenue was mainly attributable to recurrent rental income from the Group's investment properties of HK\$13 million (2019 — HK\$18 million) and interest income from loans to joint ventures of the Company of HK\$31 million (2019 — HK\$31 million). 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 rental income for the Period dropped.

The Group recorded fair value losses on investment properties of HK\$45 million (2019 — HK\$66 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 before accounting for the share of results from the Group's joint ventures amounted to HK\$38 million (2019 — HK\$39 million).

Lippo ASM Asia Property Limited ("LAAPL", together with its subsidiaries, the "LAAPL Group") is a principal joint venture of HKC. LAAPL is the vehicle holding a controlling stake in OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and which is principally engaged in developing and managing assets across the commercial, hospitality, retail, residential and healthcare sectors. As at 30 September 2020, the LAAPL Group had an equity interest of approximately 68.72% in OUE.

Business Review and Prospects (Continued)

In June 2020, the OUE Group completed the acquisition of plots of land with a total area of approximately 8,000 square metres located in the central business district in South Jakarta, Indonesia for a consideration of IDR1,316 billion (equivalent to approximately HK\$684 million). In September 2020, the OUE Group completed the disposal of U.S. Bank Tower in Los Angeles, California, the United States of America (“U.S.A.”) for a consideration of US\$430 million.

Following the completion of the merger of OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) with OUE Hospitality Trust in September 2019, OUE C-REIT has become one of the largest diversified REITs listed on the SGX-ST. The property portfolio of the enlarged OUE C-REIT includes OUE Bayfront, One Raffles Place, OUE Downtown Office, Mandarin Orchard Singapore, the adjoining Mandarin Gallery and Crowne Plaza Changi Airport in Singapore as well as Lippo Plaza in Shanghai. OUE C-REIT’s office portfolio remained resilient while its retail and hospitality portfolio were affected by the COVID-19 pandemic during the Period. The committed occupancy of the office portfolio of OUE C-REIT in Singapore was approximately 94.5% as at 30 September 2020. As the “circuit breaker” announced by the Singapore Government ordering all non-essential businesses and services to close temporarily during the Period had impacted retail tenants’ operations, rental rebates and flexible payment schemes have been extended to eligible retail tenants. The performance of the hospitality segment of OUE C-REIT was also adversely affected mainly due to an overall decline in room occupancy and food and beverage sales arising from travel restrictions and various containment measures imposed by the Singapore Government since March 2020 in response to the COVID-19 pandemic. The Grade A office demand in Shanghai remained weak due to persistent business uncertainty, exacerbated by the COVID-19 pandemic. Notwithstanding the above, the committed office occupancy of Lippo Plaza in Shanghai slightly improved to 82.8%. In view of the challenging environment, various cost containment measures have been implemented across OUE C-REIT’s portfolio to manage operating expenditure. OUE C-REIT will continue to prioritise its efforts on tenant retention and seek alternative demand sources for its hospitality segment. The LAAPL Group held approximately 48.85% of the total number of OUE C-REIT units in issue as at 30 September 2020.

Business Review and Prospects (Continued)

OUE Lippo Healthcare Limited (“OUELH”), listed on the sponsor-supervised listing platform (the “Catalist Board”) of the SGX-ST, provides high-quality and sustainable healthcare solutions through the acquisition, development, management and operations of healthcare facilities. As at 30 September 2020, the OUE Group owned approximately 64.36% equity interest in OUELH. ITOCHU Corporation, a Tokyo Stock Exchange-listed trading company, also owned approximately 25.32% equity interest in OUELH as at 30 September 2020. OUELH currently owns 12 quality nursing homes in Japan, which it derives stable source of revenue therefrom. Its facilities have not reported any COVID-19 infections thus far and continue to see a consistently positive performance. After acquiring a 70% stake in Wuxi Lippo Xi Nan Hospital in late 2019, OUELH has been focused on improving the hospital’s operations and services, as well as refurbishing the hospital and enhancing its marketing efforts. While the situation is improving as the PRC re-opens, the outlook remains challenging. Due to COVID-19 restriction measures, some delays are expected in the development of the Prince Bay Hospital in Shenzhen. The development is currently ongoing and when completed the international healthcare facility will play an important role in serving the healthcare needs of the vast population within the Greater Bay Area. The pandemic continues to have significant impact on the Myanmar economy and the current operating environment remains challenging for OUELH’s joint ventures in Myanmar in the short term. Amid the ongoing COVID-19 that has affected many businesses globally, First Real Estate Investment Trust (“First REIT”), the investee of OUELH, has granted rental reliefs to all its tenants in Singapore, Indonesia and South Korea, to alleviate the economic distress in such unprecedented times. First REIT will continue to work closely with its tenants throughout the pandemic and to build sustainable relationships for the long term.

The Group recorded a share of loss of joint ventures of HK\$731 million from its investment in LAAPL for the Period (2019 — share of profit of HK\$266 million). The loss was mainly resulted from the loss arising from the disposal of U.S. Bank Tower by the OUE Group and partial offset by profit contribution from its equity-accounted investees during the Period. Due to the appreciation of the Singapore dollar during the Period, the Group shared an increase in exchange reserve on translation of LAAPL’s investment of HK\$318 million during the Period. As a result, the Group’s total interests in LAAPL as at 30 September 2020 decreased to HK\$9.6 billion (31 March 2020 — HK\$10.0 billion).

Property development

The Group managed to sell part of the remaining properties at Lippo Plaza in Beijing, the PRC during the Period at a profit. The segment revenue was HK\$28 million (2019 — Nil). A foreign subgroup of the property development was disposed of during the Period and loss on disposal of subsidiaries of HK\$36 million were recorded. Such loss was largely due to the release of the cumulative translation loss from reserves to the statement of profit or loss. As a result, before accounting for the share of results from the Group’s associates and joint ventures, the segment recorded a loss of HK\$23 million for the Period (2019 — HK\$6 million).

Business Review and Prospects (Continued)

Sale of some of the remaining units of luxurious Marina Collection in Sentosa, Singapore (in which the Group has a 50% interest) was completed during the Period. A portion of the remaining units is leased out. The Group shared a profit of associate of HK\$6 million (2019 — HK\$13 million) from the investment.

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.

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\$23 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\$20 million).

As at 30 September 2020, the treasury and securities investments portfolio of HK\$2,465 million (31 March 2020 — HK\$2,020 million) comprised mainly cash and bank balances of HK\$1,390 million (31 March 2020 — HK\$1,070 million), financial assets at fair value through profit or loss ("FVPL") of HK\$963 million (31 March 2020 — HK\$842 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:

Business Review and Prospects (Continued)

Financial assets at fair value through profit or loss

As of 30 September 2020, the Group's financial assets at FVPL amounted to HK\$963 million (31 March 2020 — HK\$842 million), comprising equity securities of HK\$509 million (31 March 2020 — HK\$431 million), debt securities of HK\$24 million (31 March 2020 — HK\$22 million) and investment funds of HK\$430 million (31 March 2020 — HK\$389 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	8%	0.5%	93,250	(12,920)
Quantedge Global Fund ("Quantedge")	60,724	6%	0.4%	45,373	14,772
SherpaEverest Fund, LP ("SherpaEverest")	48,277	5%	0.3%	33,793	14,483
Amasia CIV T, L.P. ("Amasia")	43,953	5%	0.3%	21,819	22,133
Nineteen77 Capital Solutions Feeder LP ("Nineteen77")	39,607	4%	0.2%	32,542	129
Others (Note)	690,264	72%	4.3%	615,192	5,165
Total	963,155	100%	6.0%	841,969	43,762

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 8% and 0.5% of the Group's total financial assets at FVPL and total assets, respectively. GSH, having its shares listed on the SGX-ST, is a property developer in Southeast Asia with certain properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. 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.

Business Review and Prospects (Continued)

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 0.4% 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 0.3% 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 0.3% 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.

Business Review and Prospects (Continued)

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 0.2% 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 0.5% of the Group's total financial assets at FVOCI and total assets, respectively. Established in September 2015 in Shanghai, the PRC, eBroker's core business is the facilitation of financial and insurance services between wealthy individuals in mainland China and financial institutions as well as insurance issuers in overseas via its online wealth management platform. It has a very strong growth in business, in terms of customers, products and services coverage, revenues and profits, since its establishment. 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 Catalist Board of the SGX-ST and a well-established private healthcare provider in Singapore. The HMC Group owns, operates and manages around 90 medical centres and clinics in Singapore.

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\$16.1 billion (31 March 2020 — HK\$16.2 billion). Property-related assets amounted to HK\$11.7 billion as at 30 September 2020 (31 March 2020 — HK\$12.2 billion), representing 73% (31 March 2020 — 75%) of the total assets. 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\$1.7 billion (31 March 2020 — HK\$1.3 billion). Total liabilities increased to HK\$2.9 billion (31 March 2020 — HK\$2.6 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 2.6 (31 March 2020 — 1.5) 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\$2,234 million (31 March 2020 — HK\$1,940 million), which included bank loans of HK\$1,854 million (31 March 2020 — HK\$1,571 million), other loan of HK\$100 million (31 March 2020 — HK\$100 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\$1,335 million (31 March 2020 — HK\$1,079 million) and unsecured bank loans of HK\$519 million (31 March 2020 — HK\$492 million) and were denominated in Hong Kong dollars, Singapore dollars and Malaysian Ringgit. The bank loans were secured by fixed and floating charges on certain properties and assets of certain subsidiaries and shares in certain subsidiaries of the Group. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 30 September 2020, 3% (31 March 2020 — 3%) of the Group's bank loans effectively carried fixed rate of interest and the remaining were at floating rates. Other loan, denominated in Hong Kong dollars, was unsecured fixed rate loan from a holding company of the Company. The unsecured notes were unsecured, denominated in Singapore dollars, and carried interest at a rate of 2.25% per annum. The Group purchased certain motor vehicles under hire purchase which were secured by the rights to the leased fixed assets. 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 22% (31 March 2020 — 47%) 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 18.5% (31 March 2020 — 15.9%). The Group 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 decreased to HK\$9.3 billion as at 30 September 2020 (31 March 2020 — HK\$9.5 billion), mainly attributable to the loss for the Period and offset by the translation gain on foreign operations from the appreciation of Singapore dollar and Renminbi. This was equivalent to HK\$18.8 per share as at 30 September 2020 (31 March 2020 — HK\$19.3 per share).

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

The Group had bankers' guarantees of approximately HK\$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\$70 million (31 March 2020 — HK\$105 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 1,006 full-time employees as at 30 September 2020 (30 September 2019 — 988 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK\$163 million (2019 — HK\$177 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 and joint ventures 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 HK4 cents per share (For the six months ended 30 September 2019 — HK4 cents per share) amounting to approximately HK\$19.7 million for the six months ended 30 September 2020 (For the six months ended 30 September 2019 — approximately HK\$19.7 million), which will be paid on Wednesday, 27 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 Progressive 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:

Additional Information (Continued)

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

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

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate Interests (interest of controlled corporations)	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares in the Company					
Stephen Riady	–	–	369,800,219 <i>Note (i)</i>	369,800,219	74.98
Jark Pui Lee	–	60	–	60	0.00
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,890,184,389 <i>Notes (i) and (ii)</i>	6,890,184,389	74.99
Number of ordinary shares of HK\$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,477,715,492 <i>Notes (i) and (iii)</i>	1,477,715,492	73.95
Jark Pui Lee	469	469	–	938	0.00
John Luen Wai Lee	2,000,270	270	–	2,000,540	0.10
King Fai Tsui	600,000	75,000	–	675,000	0.03

Note:

- (i) As at 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, the Company. Lippo Capital was a 60% owned subsidiary of Lippo Capital Holdings Company Limited ("Lippo Capital Holdings"), an Associated Corporation of the Company, which in turn was a wholly-owned subsidiary of Lippo Capital Group Limited ("Lippo Capital Group"), an Associated Corporation of the Company. Dr. Stephen Riady ("Dr. Riady") was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group.
- (ii) As at 30 September 2020, the Company, through its 100% owned subsidiaries, was indirectly interested in 6,890,184,389 ordinary shares in, representing approximately 74.99% of the issued shares of, LCR.
- (iii) As at 30 September 2020, the Company, through its 100% owned subsidiaries, was indirectly interested in 1,477,715,492 ordinary shares of HK\$1.00 each in, representing approximately 73.95% of the issued shares of, HKC.

Additional Information (Continued)

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

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

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
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	(d)	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
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

Additional Information (Continued)

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

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

Note:

- (a) Such share(s) was/were 100% held directly or indirectly by Lippo Capital, a 60% owned indirect subsidiary of Lippo Capital Group.
- (b) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"), a 60% owned indirect subsidiary of LCR; 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd, an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd, a 100% owned indirect subsidiary of LCR and 759,000 ordinary shares were held by Max Turbo Limited, a 100% owned indirect subsidiary of LCR. Details of Dr. Riady's interest in LCR are disclosed in Notes (i) and (ii) above. In addition, as at 30 September 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 was 100% held directly by Lippo Capital Group.

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.

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.

Additional Information (Continued)

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 18 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:

Additional Information (Continued)

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
Lippo Capital Limited ("Lippo Capital")	369,800,219	74.98
Lippo Capital Holdings Company Limited ("Lippo Capital Holdings")	369,800,219	74.98
Lippo Capital Group Limited ("Lippo Capital Group")	369,800,219	74.98
Madam Shincee Leonardi	369,800,219	74.98
PT Trijaya Utama Mandiri ("PT TUM")	369,800,219	74.98
Mr. James Tjahaja Riady	369,800,219	74.98
Madam Aileen Hambali	369,800,219	74.98

Note:

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

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

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

The Group has granted financial assistance to Fortune Crane Limited ("FCL"), a subsidiary of Lippo ASM Asia Property Limited which in turn is a principal joint venture of the Company. The relevant advances disclosed pursuant to rule 13.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and remained outstanding as at 30 September 2020 were granted under the following loan agreements:

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

Additional Information *(Continued)*

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

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

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

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

All the above advances to FCL are unsecured. As at 30 September 2020, the balance of the above advances amounted to approximately S\$380,420,000 (equivalent to approximately HK\$2,159,263,000).

Audit Committee

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

John Luen Wai Lee

Managing Director and Chief Executive Officer

Hong Kong, 27 November 2020

Supplementary Financial Information

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

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30 September 2020 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	HK\$'000
Pro forma combined statement of financial position	
Intangible assets	1,483,171
Fixed assets	4,838,831
Investment properties	32,635,938
Right-of-use assets	387,932
Interests in equity-accounted investees	6,156,404
Properties held for sale	680,541
Financial assets at fair value through other comprehensive income	633,393
Financial assets at fair value through profit or loss	871,322
Debtors, prepayments and other assets	1,690,249
Cash and cash equivalents	4,257,165
Other assets	452,242
Bank and other borrowings	(21,521,812)
Lease liabilities	(265,024)
Creditors, accruals and other liabilities	(2,171,684)
Tax payable	(265,720)
Shareholders' advance	(3,611,996)
Deferred tax liabilities	(955,120)
Other financial liabilities	(261,862)
Non-controlling interests	(16,067,802)
	8,966,168
Group's attributable interest (<i>Note</i>)	10,969,382

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

Corporate Information

Honorary Chairman*

Dr. Mochtar Riady

Board of Directors

Executive Directors

Dr. Stephen Riady (*Chairman*)

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

Non-executive Directors

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

Independent non-executive Directors

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

Committees

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Secretary

Mr. Davy Kwok Fai Lee

Auditor

Ernst & Young

Principal Bankers

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

Solicitors

Howse Williams

Registrar

Tricor Progressive Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

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

Stock Code

226

Website

www.lippoltd.com.hk

* *non-officer position*