# LIPPO CHINA RESOURCES LIMITED
# 力寶華潤有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 156)**

## FINAL RESULTS
## FOR THE YEAR ENDED 31ST MARCH, 2015

The Directors of Lippo China Resources Limited (the "Company") announce the consolidated final results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st March, 2015 together with the comparative figures for the corresponding period in 2014 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS
*For the year ended 31st March, 2015*

| | *Note* | **2015** *HK$'000* | 2014 *HK$'000* |
|---|---|---|---|
| **Revenue** | *2* | **2,749,696** | 2,771,409 |
| Cost of sales | | **(1,520,860)** | (1,448,635) |
| **Gross profit** | | **1,228,836** | 1,322,774 |
| Administrative expenses | | **(919,243)** | (885,668) |
| Other operating expenses | | **(414,053)** | (436,381) |
| Gain on disposal of subsidiaries | | **707,002** | 216,695 |
| Gain/(loss) on disposal of available-for-sale financial assets | | **(7)** | 131,599 |
| Net fair value gain on investment properties | | **49,084** | 64,264 |
| Net fair value gain/(loss) on financial instruments at fair value through profit or loss | | **4,914** | (66,378) |
| Provisions for impairment losses on: | | | |
| Intangible assets | | **(2,792)** | (61,667) |
| Exploration and evaluation assets | | **(95,410)** | (3,879) |
| Fixed assets | | **–** | (27,288) |
| Associates | | **(7,988)** | (27,811) |
| Available-for-sale financial assets | | **(28,460)** | (14,290) |
| Properties under development | | **(59,968)** | – |
| Finance costs | | **(20,651)** | (108,437) |
| Share of results of associates | | **377** | (3,259) |
| Share of results of joint ventures | | **5,489** | 4,868 |
| **Profit before tax** | *4* | **447,130** | 105,142 |
| Income tax | *5* | **(111,641)** | (71,455) |
| **Profit for the year** | | **335,489** | 33,687 |

| | Note | **2015** | 2014 |
|---|---|---|---|
| | *Note* | ***HK$'000*** | *HK$'000* |
| **Attributable to:** | | | |
| Equity holders of the Company | | **399,176** | 124,389 |
| Non-controlling interests | | **(63,687)** | (90,702) |
| | | **335,489** | 33,687 |
| | | ***HK cents*** | *HK cents* |
| **Earnings per share attributable to equity holders of the Company** | *6* | | |
| Basic | | **4.35** | 1.35 |
| Diluted | | **N/A** | N/A |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31st March, 2015*

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Profit for the year** | **335,489** | 33,687 |
| **Other comprehensive income/(loss)** | | |
| Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods: | | |
| Available-for-sale financial assets: | | |
| Changes in fair value | **1,447** | (639) |
| Adjustments for disposal | **–** | (118,914) |
| | **1,447** | (119,553) |
| Share of exchange differences on translation of a foreign associate | **224** | – |
| Exchange differences on translation of foreign operations | **(118,004)** | 15,798 |
| Adjustments relating to disposal of foreign subsidiaries | **(78,620)** | (259,158) |
| Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the year, net of tax | **(194,953)** | (362,913) |
| **Total comprehensive income/(loss) for the year** | **140,536** | (329,226) |
| **Attributable to:** | | |
| Equity holders of the Company | **285,320** | (213,693) |
| Non-controlling interests | **(144,784)** | (115,533) |
| | **140,536** | (329,226) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31st March, 2015*

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | | **427,303** | 488,225 |
| Exploration and evaluation assets | | **1,040** | 95,295 |
| Fixed assets | | **343,368** | 324,636 |
| Investment properties | | **1,238,691** | 2,248,541 |
| Interests in associates | | **56,954** | 53,645 |
| Interests in joint ventures | | **16,833** | 17,955 |
| Available-for-sale financial assets | | **115,544** | 117,082 |
| Loans and advances | | **1,582** | – |
| Debtors, prepayments and deposits | *8* | **67,487** | 65,006 |
| Deferred tax assets | | **6,812** | 6,708 |
| | | **2,275,614** | 3,417,093 |
| **Current assets** | | | |
| Properties held for sale | | **5,639** | 12,503 |
| Properties under development | | **598,352** | 552,919 |
| Inventories | | **274,628** | 280,884 |
| Loans and advances | | **8,082** | – |
| Debtors, prepayments and deposits | *8* | **451,616** | 494,302 |
| Financial assets at fair value through profit or loss | | **314,467** | 224,414 |
| Other financial assets | | **169** | – |
| Tax recoverable | | **12,395** | 8,853 |
| Restricted cash | | **22,700** | 23,809 |
| Cash and bank balances | | **2,548,139** | 1,474,165 |
| | | **4,236,187** | 3,071,849 |
| **Current liabilities** | | | |
| Bank and other borrowings | | **302,280** | 693,910 |
| Creditors, accruals and deposits received | *9* | **575,157** | 564,664 |
| Other financial liabilities | | **4,522** | 15,998 |
| Tax payable | | **265,751** | 169,241 |
| | | **1,147,710** | 1,443,813 |
| **Net current assets** | | **3,088,477** | 1,628,036 |
| **Total assets less current liabilities** | | **5,364,091** | 5,045,129 |

| | Note | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank and other borrowings | | **372,220** | 3,237 |
| Creditors, accruals and deposits received | *9* | **30,724** | 29,068 |
| Deferred tax liabilities | | **53,854** | 114,484 |
| | | **456,798** | 146,789 |
| **Net assets** | | **4,907,293** | 4,898,340 |
| **Equity** | | | |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | **1,705,907** | 1,705,907 |
| Reserves | | **2,597,578** | 2,435,773 |
| | | **4,303,485** | 4,141,680 |
| Non-controlling interests | | **603,808** | 756,660 |
| | | **4,907,293** | 4,898,340 |

*Note:*

## 1. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of these final results are consistent with those used in the Group's audited financial statements for the year ended 31st March, 2014, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations, that are adopted for the first time for the current year's final results:

| | |
|---|---|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) | *Investment Entities* |
| Amendments to HKAS 32 | *Offsetting Financial Assets and Financial Liabilities* |
| Amendments to HKAS 39 | *Novation of Derivatives and Continuation of Hedge Accounting* |
| HK(IFRIC)-Int 21 | *Levies* |
| Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle* | *Definition of Vesting Condition*[1] |
| Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle* | *Accounting for Contingent Consideration in a Business Combination*[1] |
| Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle* | *Short-term Receivables and Payables* |
| Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle* | *Meaning of Effective HKFRSs* |

1 Effective from 1st July, 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on these final results.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time, during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

## 2. REVENUE

Revenue represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from sales of goods and food and beverage, fees charged to food court tenants, gross income from property management, and interest and other income from money lending and other businesses.

An analysis of the revenue of the Group by principal activity is as follows:

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Property investment | **53,446** | 185,385 |
| Property development | **7,379** | – |
| Treasury investment | **34,875** | 18,669 |
| Securities investment | **9,095** | 40,107 |
| Sales of goods | **1,754,966** | 1,651,713 |
| Sales of food and beverage | **708,795** | 706,414 |
| Fees charged to food court tenants | **137,080** | 130,198 |
| Other | **44,060** | 38,923 |
| | **2,749,696** | 2,771,409 |

## 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 letting and resale of properties;

(b) the property development segment includes development and sale of properties;

(c) the treasury investment segment includes investments in money markets;

(d) the securities investment segment includes dealings in securities and financial assets available-for-sale;

(e) the food businesses segment mainly includes distribution of customer food and non-food products, food manufacturing and retailing, the management of restaurants and food court operations;

(f) the mineral exploration and extraction segment includes mineral exploration, extraction and processing; and

(g) the "other" segment comprises principally money lending and the provision of property management services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that unallocated corporate expenses and finance costs are excluded from such measurement.

Segment assets exclude 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.

The mineral exploration and extraction segment is identified as a reportable segment in the current year. Segment data for the prior year presented is restated to conform with current year's presentation.

**Year ended 31st March, 2015**

| | Property investment *HK$'000* | Property development *HK$'000* | Treasury investment *HK$'000* | Securities investment *HK$'000* | Food businesses *HK$'000* | Mineral exploration and extraction *HK$'000* | Other *HK$'000* | Inter-segment elimination *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| External | 53,446 | 7,379 | 34,736 | 7,479 | 2,627,085 | – | 19,571 | – | 2,749,696 |
| Inter-segment | 5,869 | – | – | – | – | – | – | (5,869) | – |
| Total | 59,315 | 7,379 | 34,736 | 7,479 | 2,627,085 | – | 19,571 | (5,869) | 2,749,696 |
| **Segment results** | 780,860 *(Note)* | (63,771) | 34,736 | 8,044 | (7,699) | (134,283) | 15,731 | – | 633,618 |
| Unallocated corporate expenses | | | | | | | | | (173,934) |
| Finance costs | | | | | | | | | (18,420) |
| Share of results of associates | – | – | – | – | (24) | (1,028) | 1,429 | – | 377 |
| Share of results of joint ventures | – | 1 | – | – | 5,488 | – | – | – | 5,489 |
| Profit before tax | | | | | | | | | 447,130 |
| **Segment assets** | 1,370,576 | 628,712 | 2,307,229 | 348,199 | 1,699,970 | 37,728 | 11,429 | – | 6,403,843 |
| Interests in associates | – | – | – | – | 1,538 | 38,552 | 16,864 | – | 56,954 |
| Interests in joint ventures | – | 4,421 | – | – | 12,412 | – | – | – | 16,833 |
| Unallocated assets | | | | | | | | | 34,171 |
| Total assets | | | | | | | | | 6,511,801 |
| **Segment liabilities** | 607,580 | 699,245 | – | 326,980 | 532,257 | 395,782 | 426,921 | (1,991,016) | 997,749 |
| Unallocated liabilities | | | | | | | | | 606,759 |
| Total liabilities | | | | | | | | | 1,604,508 |

Year ended 31st March, 2014

| | Property investment HK$'000 | Property development HK$'000 | Treasury investment HK$'000 | Securities investment HK$'000 | Food businesses HK$'000 | Mineral exploration and extraction HK$'000 | Other HK$'000 | Inter-segment elimination HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | | | |
| External | 185,385 | – | 17,207 | 34,754 | 2,511,649 | – | 22,414 | – | 2,771,409 |
| Inter-segment | 9,831 | – | – | – | – | – | – | (9,831) | – |
| Total | 195,216 | – | 17,207 | 34,754 | 2,511,649 | – | 22,414 | (9,831) | 2,771,409 |
| **Segment results** | 429,326 *(Note)* | (8,818) | 17,207 | 102,772 | (136,826) | (33,360) | (15,197) | – | 355,104 |
| Unallocated corporate expenses | | | | | | | | | (145,551) |
| Finance costs | | | | | | | | | (106,020) |
| Share of results of associates | – | – | – | – | (31) | (99) | (3,129) | – | (3,259) |
| Share of results of joint ventures | – | 3 | – | – | 4,865 | – | – | – | 4,868 |
| Profit before tax | | | | | | | | | 105,142 |
| **Segment assets** | 2,410,777 | 624,169 | 1,101,790 | 244,974 | 1,858,428 | 153,106 | 1,081 | – | 6,394,325 |
| Interests in associates | – | – | – | – | 1,708 | 36,235 | 15,702 | – | 53,645 |
| Interests in joint ventures | – | 4,836 | – | – | 13,119 | – | – | – | 17,955 |
| Unallocated assets | | | | | | | | | 23,017 |
| Total assets | | | | | | | | | 6,488,942 |
| **Segment liabilities** | 624,344 | 628,534 | – | 245,440 | 543,747 | 283,571 | 306,557 | (2,005,692) | 626,501 |
| Unallocated liabilities | | | | | | | | | 964,101 |
| Total liabilities | | | | | | | | | 1,590,602 |

*Note:* The amount included net fair value gain on investment properties of HK$49,084,000 (2014 — HK$64,264,000) and gain on disposal of subsidiaries of HK$694,550,000 (2014 — HK$216,672,000).

## Geographical information

### (a) Revenue from external customers

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **395,062** | 346,802 |
| Mainland China | **39,962** | 183,089 |
| Republic of Singapore | **1,673,002** | 1,666,725 |
| Malaysia | **631,658** | 565,735 |
| Other | **10,012** | 9,058 |
| | **2,749,696** | 2,771,409 |

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

### (b) Non-current assets

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong | **1,178,089** | 1,701,153 |
| Mainland China | **199,166** | 789,862 |
| Republic of Singapore | **604,844** | 657,808 |
| Malaysia | **47,119** | 22,754 |
| Other | **76,438** | 77,171 |
| | **2,105,656** | 3,248,748 |

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

## Information about a major customer

No revenue from a single customer accounted for 10 per cent. or more of the total revenue for the years ended 31st March, 2015 and 2014.

## 4. PROFIT BEFORE TAX

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest income: | | |
| Financial assets at fair value through profit or loss designated as such upon initial recognition | **–** | 2,165 |
| Loans and advances | **358** | 2,883 |
| Other | **34,875** | 18,669 |
| Dividend income | **5,656** | 7,009 |
| Gain/(Loss) on disposal of: | | |
| Financial assets at fair value through profit or loss | **3,439** | 30,745 |
| Derivative financial instruments | **(5,150)** | 188 |
| Fixed assets | **233** | (139) |
| Net fair value gain/(loss) on: | | |
| Financial assets at fair value through profit or loss | **6,604** | (58,495) |
| Financial liabilities at fair value through profit or loss designated as such upon initial recognition | **(1,345)** | 691 |
| Derivative financial instruments | **(345)** | (8,574) |
| Provisions for impairment losses on: | | |
| A property held for sale | **(1,354)** | – |
| Inventories | **(12,845)** | (13,826) |
| Bad and doubtful debts | **(4,904)** | (5,254) |
| Write-down of fixed assets | **(332)** | (2,695) |
| Depreciation | **(86,655)** | (94,965) |
| Amortisation of intangible assets | **(16,885)** | (17,267) |
| Foreign exchange gains/(losses) — net | **(3,483)** | 5,577 |
| Cost of inventories sold: | | |
| Properties | **(5,219)** | – |
| Others | **(1,364,365)** | (1,309,236) |

## 5. INCOME TAX

| | 2015 | 2014 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Hong Kong: | | |
| Charge for the year | **7,821** | 4,419 |
| Overprovision in prior years | **(10)** | (6,204) |
| Deferred | **(512)** | 253 |
| | **7,299** | (1,532) |
| Overseas: | | |
| Charge for the year | **107,363** | 164,082 |
| Overprovision in prior years | **(7,268)** | (12,580) |
| Deferred | **4,247** | (78,515) |
| | **104,342** | 72,987 |
| Total charge for the year | **111,641** | 71,455 |

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2014 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

## 6. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

### (a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 9,186,913,000 ordinary shares (2014 — approximately 9,186,913,000 ordinary shares) in issue during the year.

### (b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31st March, 2015 and 2014.

## 7. DIVIDENDS

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interim dividend, declared, of HK0.2 cent (2014 — HK0.2 cent) per ordinary share | **18,374** | 18,374 |
| Special interim dividend, declared, of HK0.4 cent (2014 — Nil) per ordinary share | **36,748** | – |
| 2014 special dividend, declared, of HK3.5 cents per ordinary share | **–** | 321,542 |
| Final dividend, proposed, of HK0.75 cent (2014 — HK0.75 cent) per ordinary share | **68,902** | 68,902 |
| Special final dividend, proposed of HK0.3 cent (2014 — Nil) per ordinary share | **27,561** | – |
| | **151,585** | 408,818 |

The proposed final and special final dividends for the year are subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 8. DEBTORS, PREPAYMENTS AND DEPOSITS

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Outstanding balances with ages: | | |
| Within 30 days | **130,949** | 232,245 |
| Between 31 and 60 days | **111,662** | 78,187 |
| Between 61 and 90 days | **92,569** | 39,464 |
| Between 91 and 180 days | **26,312** | 13,661 |
| Over 180 days | **715** | 117 |
| | **362,207** | 363,674 |

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

### 9. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

| | **2015** | 2014 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Outstanding balances with ages: | | |
| Within 30 days | **174,597** | 168,807 |
| Between 31 and 60 days | **22,739** | 21,309 |
| Between 61 and 90 days | **1,741** | 16,769 |
| Between 91 and 180 days | **11,838** | 19,669 |
| Over 180 days | **3,307** | 2,811 |
| | **214,222** | 229,365 |

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

### 10. EVENTS AFTER THE REPORTING PERIOD

In April 2015, the Group entered into an arrangement agreement with Asia Now Resources Corp. ("Asia Now"), a subsidiary of the Company, to acquire all of the issued and outstanding common shares of Asia Now not already owned by the Group at the price of $0.02 Canadian dollar ("C$") per share. In connection with the above proposed acquisition, the Group provided a secured credit facility to Asia Now in the amount of up to approximately C$1,076,000 (equivalent to approximately HK$6,811,000) to fund working capital and the related expenses for the above acquisition. The plan of arrangement under the above arrangement agreement was not approved by the requisite shareholder approval at a special shareholders' meeting of Asia Now held in June 2015.

## DIVIDENDS

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting (the "2015 AGM") the payment of a final dividend of HK0.75 cent per share (For the year ended 31st March, 2014 — HK0.75 cent per share) amounting to approximately HK$68.9 million for the year ended 31st March, 2015 (For the year ended 31st March, 2014 — approximately HK$68.9 million) and a special final dividend of HK0.3 cent per share (For the year ended 31st March, 2014 — Nil) amounting to approximately HK$27.6 million for the year ended 31st March, 2015 (For the year ended 31st March, 2014 — Nil). Together with the interim dividend of HK0.2 cent per share (For the six months ended 30th September, 2013 — HK0.2 cent per share) and a special interim dividend of HK0.4 cent per share (For the six months ended 30th September, 2013 — Nil) paid on 26th January, 2015, total dividends for the year ended 31st March, 2015 will be HK1.65 cent per share (For the year ended 31st March, 2014 — HK4.45 cents per share (including a special dividend of HK3.5 cents per share)) amounting to approximately HK$151.6 million (For the year ended 31st March, 2014 — approximately HK$408.8 million). Subject to the approval of shareholders at the 2015 AGM, the final dividend and special final dividend will be paid on or about Tuesday, 6th October, 2015 to shareholders whose names appear on the Register of Members on Thursday, 24th September, 2015.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed during the following periods:

(i) from Monday, 7th September, 2015 to Thursday, 10th September, 2015 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2015 AGM. In order to be entitled to attend and vote at the 2015 AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4th September, 2015; and

(ii) from Monday, 21st September, 2015 to Thursday, 24th September, 2015 (both dates inclusive) during which period no transfer of share will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend and special final dividend. In order to qualify for the proposed final dividend and special final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 18th September, 2015.

## BUSINESS REVIEW

### Overview

The U.S. economy performed better with stronger private consumption, business investments and exports during 2014. With the global economy recovering gradually, the major stock markets in U.S. and Europe continued to perform well in the first quarter of 2015. However, it was overall a steady but modest economic recovery. The economic growth of mainland China slowed down during the year under review, with a GDP growth rate of approximately 7 per cent. in the first quarter of 2015, the lowest since the financial crisis. It is expected to continue to decelerate modestly, with the slowdown buffered by scaled-up monetary and fiscal policies.

### Results for the Year

For the year ended 31st March, 2015 (the "Year"), the Group recorded a consolidated profit attributable to shareholders of approximately HK$399.2 million when compared to a consolidated profit of HK$124.4 million for the year ended 31st March, 2014 (the "Last Year" or "2014"). The profit for the Year was mainly attributable to the gain on disposal of subsidiaries.

Revenue for the Year totalled HK$2,750 million (2014 — HK$2,771 million). Food businesses and property investment and development businesses were the principal sources of revenue of the Group, representing respectively 96 per cent. (2014 — 91 per cent.) and 2 per cent. (2014 — 7 per cent.) of total revenue.

*Food businesses*

The Group's food businesses are mainly operated by Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group"). The shares of Auric are listed on the Main Board of the Singapore Exchange Securities Trading Limited and the Group is interested in approximately 49.3 per cent. of its issued share capital.

The performance of the APG Group improved during the Year. The segment recorded a revenue of HK$2,627 million (2014 — HK$2,512 million), mainly from wholesale and distribution of fast-moving consumer goods and the food retail operation in chains of bakeries, cafes and bistros. The improved performance was attributable to new products launched and better customer awareness created by increased sales and marketing promotions during the Year.

The APG Group completed the sale of a subsidiary which had interests in rights to use a leasehold land in Foshan, mainland China and a gain on disposal of approximately HK$10.5 million was recognised during the Year. Such disposal is in line with APG Group's objective to focus on its core businesses.

The loss of the food businesses segment lowered to HK$8 million during the Year (2014 — HK$137 million). The improvement of the segment results was mainly attributable to non-recurring costs incurred in Last Year with the closures of certain loss-making business, provisions for impairment loss on intangible assets and fixed assets, as part of the APG Group's strategy to streamline the non-performing businesses and to re-align the focus on building sustainable business growth and profit generation.

The APG Group expects the operating environment in the food retail and distribution sectors to remain challenging. Besides stiff competition, the inflationary pressure on wages, cost of raw materials and rental could negatively impact on the APG Group's operational cost and profitability. Therefore, the APG Group is moving forward with cautious optimism through further consolidation, streamlining its operation and continuing to improve its profitability through more active marketing efforts and promotions, expanding sales channels and product offerings as well as controlling operating cost. The APG Group will also continue to explore new business opportunities and new F&B concepts that would be compatible with its growth strategy.

*Property investment*

The Group's investment properties are located mainly in Hong Kong and mainland China and provide recurring income to the Group.

The Group undertakes strategic review of its assets from time to time for maximising return to its shareholders, which may include possible sale of certain properties held for investment purposes. In April 2014 and March 2015, the Group completed the disposal of its interest in the entire office on 42nd Floor and 43rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for an aggregate consideration of approximately HK$282.6 million and HK$252.9 million, respectively. In October 2014, the Group completed the disposal of its entire interest in Chung Po Investment and Development Company Limited which, through its wholly-owned subsidiary, owned the property at 4 Shuiwan Road, Gongbei, Zhuhai City, Guangdong Province, mainland China for an aggregate consideration of HK$1,278.3 million. The above disposals allowed the Group to realise its investments and free up capital for operation and any potential new investment opportunities that might arise in the future.

The disposal of these properties gave rise to a non-recurring gain of approximately HK$695 million (2014 — HK$217 million, mainly from the disposal of the properties at Lippo Plaza in Shanghai). Accordingly, the Group's investment properties decreased to approximately HK$1.2 billion as at 31st March, 2015 (31st March, 2014 — HK$2.2 billion).

As a result of the series of disposals completed during the Year and the absence of contribution from the properties at Lippo Plaza in Shanghai which were disposed of by the Group in January 2014, total segment revenue from the property investment business for the Year decreased to HK$59 million (2014 — HK$195 million). On the other hand, coupled with the gain on disposals and the net fair value gain on investment properties for the Year, the segment profit increased to HK$781 million for the Year (2014 — HK$429 million).

*Property development*

The Group primarily focuses on property development projects in mainland China and participated in development projects in Huai An City and Taizhou City, both in Jiangsu Province. Construction work planning for the above two development projects has been completed. The project situated in Huai An City (the "Huai An Project") will be developed into an integrated residential, commercial and retail complex with a total gross floor area of approximately 250,000 square metres on a site of approximately 41,000 square metres. The other project is located in China Medical City (中國醫藥城), Taizhou City (the "Taizhou Project") with a site of approximately 81,000 square metres and a total gross floor area of approximately 220,000 square metres. The Taizhou Project is a residential development comprising townhouses and residential apartments. In view of the poor market conditions in the region, the Group intends to reschedule the development of the above projects. Provision for impairment of properties under development for the Huai An Project of approximately HK$60 million was made for the Year (2014 — Nil).

The Group disposed of two residential units in Australia at HK$7 million for the Year and recorded a gain of HK$2 million. Together with the provision for impairment of properties under development and pre-operating costs incurred during the Year, the segment reported a loss of HK$64 million for the Year (2014 — HK$9 million).

*Treasury and securities investments*

Treasury and securities investments businesses recorded a revenue of HK$42 million during the Year (2014 — HK$52 million), mainly attributable to the dividend income received from the investment portfolio and the disposal of the Group's financial assets held for trading.

The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. In Last Year, the Group sold certain available-for-sale financial assets and realised a gain of HK$132 million. Although market sentiment has improved when compared with Last Year, the investment market continues to be challenging and full of uncertainties, resulting in unrealised fair value gain of HK$7 million (2014 — loss of HK$62 million). Hence the profit from treasury and securities investments businesses decreased to HK$43 million for the Year (2014 — HK$120 million).

*Mineral exploration and extraction*

Asia Now Resources Corp. ("Asia Now"), in which the Group is interested in approximately 52.2 per cent. of its issued share capital, is primarily engaged in the business of exploration of mineral deposits in Yunnan Province, mainland China. It is currently focusing on the exploration of the site at Ma Touwan and Habo in Beiya. Due to the downturn in the junior mining exploration sector and the significant decrease in the current or expected future prices of mineral resources, additional impairment of HK$95 million (2014 — HK$4 million) has been made to the exploration sites in Ma Touwan and Habo. The impairment also accounted for the decrease in the segment assets to HK$38 million as at 31st March, 2015 (31st March, 2014 — HK$153 million).

In April 2015, the Group entered into an arrangement agreement with Asia Now (the "Arrangement Agreement") pursuant to which the Group conditionally agreed to, among other things, acquire all of the issued and outstanding common shares of Asia Now not already owned by the Group for a consideration of $0.02 Canadian dollar ("C$") per share in accordance with and subject to the terms and conditions of the Arrangement Agreement and the plan of arrangement attached thereto (the "Arrangement"). In connection with the above proposed acquisition, the Group provided a secured credit facility to Asia Now in the amount of up to approximately C$1.1 million to fund current working capital and the related expenses for the above acquisition. The above credit facility was secured by general security agreements of Asia Now and its subsidiary Asia Now Resources Limited ("ANRL"), as well as a guarantee by ANRL. The special resolution for approving the Arrangement was not approved by the requisite shareholder approval at a special meeting of shareholders of Asia Now held in June 2015. The Group is now considering action to be taken in relation to the above facility and the Arrangement Agreement.

The Group completed a private placement of 19,850,000 new shares at $0.018 Australian dollar ("A$") per share in Haranga Resources Limited ("Haranga") for a total consideration of A$357,300 in December 2014. It also took up 62,478,963 shares in Haranga for an aggregate consideration of approximately A$1.1 million under the rights issue of Haranga at the same price in January 2015. As a consequence, Haranga becomes an associate of the Group. The Group is now interested in 114,798,963 shares, representing approximately 33.6 per cent. of the issued share capital of Haranga. Haranga is a Mongolian focused iron ore exploration and development company listed on the Australian Securities Exchange. Haranga owns 80 per cent. interest in the Selenge project, a large tenement holding in the heart of Mongolia's premier iorn ore province. The Selenge project is strategically located close to rail infrastructure and next to the Eruu Gol mine, the largest iron ore export mine in Mongolia. In June 2015, a subsidiary of Haranga which holds the mineral exploration licenses and pre-mining operations agreement for its Selenge project has been granted a mining license for approximately 3,480 hectares by the Mineral Resources Authority of Mongolia. The mining license is valid for 30 years until 19th June, 2045.

**Finance Cost**

The Group has significantly reduced the Group's finance costs during the Year to HK$21 million (2014 — HK$108 million) as a result of reduction of the borrowings after the disposal of the subsidiaries.

**Financial Position**

The Group's financial position remained healthy. As at 31st March, 2015, its total assets amounted to HK$6.5 billion (31st March, 2014 — HK$6.5 billion). Due to a series of disposal of subsidiaries during the Year, property-related assets decreased to HK$2.0 billion as at 31st March, 2015 (31st March, 2014 — HK$3.0 billion), representing 31 per cent. (31st March, 2014 — 47 per cent.) of the total assets. Total cash and bank balances as at 31st March, 2015 increased to HK$2.5 billion (31st March, 2014 — HK$1.5 billion). Total liabilities amounted to HK$1.6 billion (31st March, 2014 — HK$1.6 billion). The Group maintained a strong cash position. Current ratio as at the end of the reporting period increased to 3.7 (31st March, 2014 — 2.1).

As at 31st March, 2015, bank and other borrowings of the Group decreased to HK$675 million (31st March, 2014 — HK$697 million). Bank loans amounted to HK$672 million as at 31st March, 2015 (31st March, 2014 — HK$693 million), which comprised secured bank loans of HK$634 million and unsecured bank loans of HK$38 million (31st March, 2014 — secured bank loans of HK$652 million and unsecured bank loans of HK$41 million) and were denominated in Hong Kong dollars, Renminbi, Malaysian Ringgit and Singapore dollars. The bank loans were secured by certain properties and certain bank deposits of the Group. All of the bank borrowings carried interest at floating rates. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure.

The Group has obligations under finance leases for certain plant and equipment which amounted to HK$3 million as at 31st March, 2015 (31st March, 2014 — HK$4 million). These obligations are secured by the rights to the leased plant and equipment. As at 31st March, 2015, approximately 45 per cent. (31st March, 2014 — 99.5 per cent.) of the bank and other borrowings were repayable within one year. As at 31st March, 2015, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 15.1 per cent. (31st March, 2014 — 16.2 per cent.). The net cash position, measured as cash and bank balances less total bank and other borrowings of the Group as at 31st March, 2015 was HK$1,874 million (31st March, 2014 — HK$777 million).

The net asset value attributable to equity holders of the Group remained strong and increased to HK$4.3 billion as at 31st March, 2015 (31st March, 2014 — HK$4.1 billion). This was equivalent to HK47 cents per share (31st March, 2014 — HK45 cents per share). The increase was mainly attributable to the profit for the Year.

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$41 million as at 31st March, 2015 (31st March, 2014 — HK$40 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 86 per cent. (31st March, 2014 — 84 per cent.) of the bankers' guarantees were secured by certain bank deposits of the Group. Aside from the abovementioned, the Group had neither material contingent liabilities outstanding nor charges on the Group's assets at the end of the Year (31st March, 2014 — Nil).

As at 31st March, 2015, the Group's commitment amounted to HK$155 million (31st March, 2014 — HK$217 million), mainly related to the property development projects of the Group. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

**Other**

It was announced on 3rd October, 2014 that the Company was approached by an independent third party (the "Potential Purchaser") in respect of a possible transaction involving the majority of the shares in the Company beneficially owned by Lippo Limited (the "Possible Transaction"). On 19th November, 2014, it was announced that discussion with the Potential Purchaser in respect of the Possible Transaction had discontinued and no formal or legally binding agreement had been entered into between the Company and the Potential Purchaser in respect of the terms of the Possible Transaction. No further discussion with the Potential Purchaser of the Possible Transaction is planned for the time being.

**Staff and Remuneration**

The Group had 2,997 employees as at 31st March, 2015 (31st March, 2014 — 3,154 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Year amounted to HK$582 million (2014 — HK$549 million). Certain employees of Asia Now were granted options under the share option scheme of Asia Now. The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

## PROSPECTS

Looking ahead, world economic growth is likely to remain uneven and moderate. The outlook of the global economy is clouded with considerable uncertainties. The rise in U.S. interest rate remains contingent on its economic data. Setback to the fragile recovery of the Eurozone, the failing to resolve Greek debt problem and geopolitical tensions in various regions, if intensified, could worsen the international economy. Hopefully, the present low interest rate environment and the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China will provide a positive influence to help maintain investor confidence and create new business opportunities.

The Group will continue to streamline its existing businesses and operation to meet the challenges ahead. Management will continue to take a cautious and prudent approach in managing the Group's assets and assessing new investment opportunities to capture growth opportunities and enhance shareholders' value.

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

During the year ended 31st March, 2015, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

## 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 shareholders' value.

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31st March, 2015.

## 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 consolidated financial statements of the Company for the year ended 31st March, 2015.

## REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31st March, 2015 (the "Year") as set out in this preliminary announcement have been agreed by the Group's independent auditors, Messrs. Ernst & Young ("E&Y"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by E&Y in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by E&Y on this preliminary announcement.

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

Hong Kong, 29th June, 2015

*As at the date of this announcement, the Board of Directors of the Company comprises seven directors, of which Dr. Stephen Riady (Chairman) and Messrs. John Luen Wai Lee (Chief Executive Officer) and James Siu Lung Lee as executive Directors, Mr. Leon Nim Leung Chan as non-executive Director and Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung as independent non-executive Directors.*