LIPPO CHINA RESOURCES LIMITED
力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 156)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2016

The Directors of Lippo China Resources Limited (the "Company") announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30th September, 2016

		Unaudited six months ended 30th September, 2016	2015
	Note	*HK$'000*	*HK$'000*
Revenue	*3*	**1,278,534**	1,301,550
Cost of sales		**(686,455)**	(701,292)
Gross profit		**592,079**	600,258
Administrative expenses		**(361,790)**	(394,466)
Other operating expenses		**(196,701)**	(238,964)
Gain on disposal of subsidiaries	*14*	**333,966**	–
Net fair value gain on investment properties		**13,600**	4,250
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	*5*	**60,905**	(164,585)
Provision for impairment losses on properties under development	*6*	**(100,000)**	(60,428)
Provision for impairment losses on intangible assets	*7*	**–**	(113,434)
Finance costs		**(6,940)**	(10,598)
Share of results of associates		**(508)**	(1,075)
Share of results of joint ventures		**1,628**	2,629
Profit/(Loss) before tax	*5*	**336,239**	(376,413)
Income tax	*8*	**(16,758)**	(12,954)
Profit/(Loss) for the period		**319,481**	(389,367)
Attributable to:			
Equity holders of the Company		**285,521**	(313,668)
Non-controlling interests		**33,960**	(75,699)
		319,481	(389,367)
		HK cents	*HK cents*
Earnings/(Loss) per share attributable to equity holders of the Company	*9*		
Basic and diluted		**3.11**	(3.41)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2016

	Unaudited six months ended 30th September, 2016	2015
	HK$'000	*HK$'000*
Profit/(Loss) for the period	**319,481**	(389,367)
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	**11,108**	(1,209)
Share of exchange differences on translation of a foreign associate	**(295)**	2,567
Exchange differences on translation of foreign operations	**(35,852)**	(96,791)
Adjustments relating to disposal of a foreign subsidiary	**(1,568)**	–
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax	**(26,607)**	(95,433)
Total comprehensive income/(loss) for the period	**292,874**	(484,800)
Attributable to:		
Equity holders of the Company	**271,834**	(364,777)
Non-controlling interests	**21,040**	(120,023)
	292,874	(484,800)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2016

	Note	**30th September, 2016 *HK$'000* (Unaudited)**	31st March, 2016 *HK$'000* (Audited)
Non-current assets			
Intangible assets		**202,215**	208,721
Exploration and evaluation assets		**1,350**	1,017
Fixed assets		**212,063**	246,061
Investment properties		**1,260,922**	1,253,292
Interests in associates		**16,898**	17,839
Interests in joint ventures		**12,564**	17,204
Available-for-sale financial assets		**181,408**	173,252
Loans and advances		**3,787**	3,679
Debtors, prepayments and deposits	*11*	**40,507**	46,582
Deferred tax assets		**7,538**	8,028
		1,939,252	1,975,675
Current assets			
Properties held for sale		**4,426**	4,426
Properties under development		**124,745**	231,450
Inventories		**210,895**	248,774
Loans and advances		**68,255**	68,350
Debtors, prepayments and deposits	*11*	**440,882**	477,941
Financial assets at fair value through profit or loss		**716,175**	713,528
Other financial assets		**2,147**	18
Tax recoverable		**2,953**	5,127
Restricted cash		**15,649**	18,576
Cash and bank balances		**2,255,043**	1,921,905
		3,841,170	3,690,095
Assets classified as held for sale	*12*	**–**	39,543
		3,841,170	3,729,638
Current liabilities			
Bank and other borrowings		**130,477**	57,095
Creditors, accruals and deposits received	*13*	**605,070**	561,303
Other financial liabilities		**1,566**	4,168
Tax payable		**212,850**	211,533
		949,963	834,099
Liabilities directly associated with assets classified as held for sale	*12*	**–**	1,414
		949,963	835,513
Net current assets		**2,891,207**	2,894,125
Total assets less current liabilities		**4,830,459**	4,869,800

	Note	30th September, 2016 HK$'000 (Unaudited)	31st March, 2016 HK$'000 (Audited)
Non-current liabilities			
Bank and other borrowings		**256,529**	511,826
Creditors, accruals and deposits received	*13*	**23,619**	25,711
Deferred tax liabilities		**38,335**	44,259
		318,483	581,796
Net assets		**4,511,976**	4,288,004
Equity			
Equity attributable to equity holders of the Company			
Share capital		**1,705,907**	1,705,907
Reserves		**2,318,640**	2,115,708
		4,024,547	3,821,615
Non-controlling interests		**487,429**	466,389
		4,511,976	4,288,004

Note:

1. BASIS OF PREPARATION

The interim results 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 results 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 31st March, 2016. The interim results have been reviewed by the audit committee of the Company.

The accounting policies and basis of preparation adopted in the preparation of the interim results are consistent with those used in the Group's audited financial statements for the year ended 31st March, 2016, 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 to the interim results.

The financial information relating to the year ended 31st March, 2016 that is included in the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31st March, 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following revised HKFRSs for the first time for the current period's interim results:

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

The adoption of the above revised HKFRSs has had no significant financial effect on the interim results.

The Group has not adopted any new and revised HKFRSs that have been issued but are not yet effective for the year ending 31st March, 2017.

3. 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 is as follows:

	Six months ended 30th September,	
	2016	2015
	HK\$'000	*HK\$'000*
Property rental income	**19,942**	22,420
Interest income	**6,676**	12,890
Dividend income	**7,166**	11,607
Sales of goods	**884,910**	837,909
Sales of food and beverage	**271,694**	325,970
Fees charged to food court tenants	**70,499**	69,927
Other	**17,647**	20,827
	1,278,534	1,301,550

4. SEGMENT INFORMATION

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

(a) the property investment segment includes investments relating to 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 consumer 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 the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) and comprises segment results of the Company and its subsidiaries, the Group's share of results of associates and joint ventures.

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

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

Six months ended 30th September, 2016

	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	19,942	–	2,762	9,023	1,238,625	–	8,182	–	1,278,534
Inter-segment	2,988	–	–	–	–	–	–	(2,988)	–
Total	22,930	–	2,762	9,023	1,238,625	–	8,182	(2,988)	1,278,534
Segment results	359,561	(102,831)	2,762	62,004	63,593	(10,957)	5,813	–	379,945
	(Note (a))	*(Note (b))*							
Unallocated corporate expenses									(38,052)
Finance costs									(6,774)
Share of results of associates	–	–	–	–	–	(801)	293	–	(508)
Share of results of joint ventures	–	(4)	–	–	1,632	–	–	–	1,628
Profit before tax									336,239
Other segment information:									
Capital expenditure *(Note (d))*	309	–	–	–	12,696	346	4	–	13,355
Depreciation	(2,988)	(37)	–	–	(30,781)	(50)	(208)	–	(34,064)
Amortisation of intangible assets	–	–	–	–	(3,940)	–	–	–	(3,940)
Interest income	–	–	2,762	2,241	1,271	–	402	–	6,676
Finance costs	–	–	–	–	(166)	–	–	–	(166)
Gain on disposal of subsidiaries	332,398	–	–	–	–	1,568	–	–	333,966
Provisions for impairment losses on:									
Fixed assets	–	–	–	–	(10,153)	–	–	–	(10,153)
Available-for-sale financial assets	–	–	–	–	(5,354)	–	–	–	(5,354)
Properties under development	–	(100,000)	–	–	–	–	–	–	(100,000)
Inventories	–	–	–	–	(18,182)	–	–	–	(18,182)
Loans and receivables	–	–	–	–	(2,823)	–	–	–	(2,823)
Fixed assets written off	–	–	–	–	(727)	–	–	–	(727)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	61,253	(348)	–	–	–	60,905
Net fair value gain on investment properties	13,600	–	–	–	–	–	–	–	13,600
Unallocated:									
Capital expenditure *(Note (d))*									2,522
Depreciation									(292)
Finance costs									(6,774)

Six months ended 30th September, 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	22,420	–	10,260	12,595	1,247,116	–	9,159	–	1,301,550
Inter-segment	2,987	–	–	–	–	–	–	(2,987)	–
Total	25,407	–	10,260	12,595	1,247,116	–	9,159	(2,987)	1,301,550
Segment results	26,150	(61,722)	10,260	(158,557)	(111,574)	(7,445)	1,540	–	(301,348)
	(Note (a))	*(Note (b))*			*(Note (c))*				
Unallocated corporate expenses									(66,906)
Finance costs									(9,713)
Share of results of associates	–	–	–	–	–	(1,570)	495	–	(1,075)
Share of results of joint ventures	–	14	–	–	2,615	–	–	–	2,629
Loss before tax									(376,413)
Other segment information:									
Capital expenditure *(Note (d))*	8	–	–	–	28,608	423	–	–	29,039
Depreciation	(2,957)	(216)	–	–	(39,577)	(59)	(301)	–	(43,110)
Amortisation of intangible assets	–	–	–	–	(7,940)	–	–	–	(7,940)
Interest income	–	–	10,260	2,185	108	–	337	–	12,890
Finance costs	–	–	–	–	(885)	–	–	–	(885)
Provisions for impairment losses on:									
Intangible assets	–	–	–	–	(113,434)	–	–	–	(113,434)
An associate	–	–	–	–	(1,548)	–	–	–	(1,548)
Properties under development	–	(60,428)	–	–	–	–	–	–	(60,428)
Inventories	–	–	–	–	(9,772)	–	–	–	(9,772)
Loans and receivables	–	–	–	–	(664)	–	–	–	(664)
Fixed assets written off	–	–	–	–	(11,117)	–	–	–	(11,117)
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(162,276)	(2,309)	–	–	–	(164,585)
Net fair value gain on investment properties	4,250	–	–	–	–	–	–	–	4,250
Unallocated:									
Capital expenditure *(Note (d))*									4
Depreciation									(851)
Finance costs									(9,713)

Note:

(a) The amount included gain on disposal of a subsidiary of HK$332,398,000 (2015 — Nil).

(b) The amount included provision for impairment losses on properties under development of HK$100,000,000 (2015 — HK$60,428,000).

(c) The amount for the six months ended 30th September, 2015 included provision for impairment losses on intangible assets of HK$113,434,000.

(d) Capital expenditure includes additions to fixed assets, investment properties and exploration and evaluation assets.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30th September, 2016 *HK$'000*	2015 *HK$'000*
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	**50,709**	(77,279)
Debt securities	**195**	(107)
Investment funds	**10,895**	(89,471)
	61,799	(166,857)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**(321)**	536
Derivative financial instruments	**(573)**	1,736
	60,905	(164,585)
Interest income:		
Financial assets at fair value through profit or loss	**1,363**	2,185
Available-for-sale financial assets	**878**	–
Loans and advances	**402**	337
Other	**4,033**	10,368
Provisions for impairment losses on:		
Fixed assets	**(10,153)**	–
An associate	**–**	(1,548)
Available-for-sale financial assets	**(5,354)**	–
Inventories	**(18,182)**	(9,772)
Loans and receivables	**(2,823)**	(664)
Fixed assets written off	**(727)**	(11,117)
Depreciation	**(34,356)**	(43,961)
Amortisation of intangible assets	**(3,940)**	(7,940)
Foreign exchange losses — net	**(439)**	(35,172)
Cost of inventories sold	**(619,770)**	(629,179)

6. PROVISION FOR IMPAIRMENT LOSSES ON PROPERTIES UNDER DEVELOPMENT

The Group has interests in a property development project in Taizhou City, Jiangsu Province, mainland China (the "Taizhou Project"). In view of the poor market conditions in the region, the Group intends to slow down the development of the Taizhou Project and a provision for impairment loss on properties under development of HK$100,000,000 was charged to the consolidated statement of profit or loss for the six months ended 30th September, 2016 with reference to the recoverable amount of such properties under development.

Provision for impairment loss of HK$60,428,000 for the six months ended 30th September, 2015 was related to a property development project in Huai'an City, mainland China, which was sold in the second half of the last financial year.

7. PROVISION FOR IMPAIRMENT LOSSES ON INTANGIBLE ASSETS

The provision for the six months ended 30th September, 2015 mainly represented the provision for impairment losses on goodwill and trademark licence agreement relating to the food businesses segment as a result from the businesses and operations review exercise to rationalise and streamline its non-performing business and investments.

8. INCOME TAX

	Six months ended 30th September,	
	2016	2015
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**3,320**	2,123
Underprovision in prior periods	**75**	–
Deferred	**(2,194)**	(583)
	1,201	1,540
Overseas:		
Charge for the period	**16,414**	12,263
Underprovision in prior periods	**1,044**	1,164
Deferred	**(1,901)**	(2,013)
	15,557	11,414
Total charge for the period	**16,758**	12,954

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2015 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 9,186,913,000 ordinary shares (2015 — approximately 9,186,913,000 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2016 and 2015.

10. INTERIM DIVIDEND

	Six months ended 30th September,	
	2016	2015
	HK$'000	*HK$'000*
Interim dividend, declared, of HK0.2 cent (2015 — HK0.2 cent) per ordinary share	**18,374**	18,374

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

11. 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:

	30th September, 2016	31st March, 2016
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days	**220,911**	174,518
Between 31 and 60 days	**85,071**	111,178
Between 61 and 90 days	**50,638**	61,514
Between 91 and 180 days	**16,866**	24,363
Over 180 days	**63**	1,812
	373,549	373,385

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.

12. ASSETS/(LIABILITIES) CLASSIFIED AS HELD FOR SALE

During the year ended 31st March, 2016, the Group entered into a sale and purchase agreement with an independent third party to dispose of Superform Investment Limited ("Superform"), a wholly-owned subsidiary of the Company which owns an office floor in Hong Kong (the "Superform Disposal"). The cash consideration of the Superform Disposal was approximately HK$371,704,000 and the disposal was completed in May 2016. The assets and liabilities attributable to Superform, included in the Group's property investment business for segment reporting purposes, had been classified as assets and liabilities held for sale and are presented separately in the consolidated statement of financial position as at 31st March, 2016.

The major classes of assets and liabilities classified as held for sale were as follows:

	31st March, 2016 *HK$'000*
Fixed assets	39,304
Deposits paid	239
Total assets classified as held for sale	39,543
Accrual	65
Deferred tax liabilities	1,349
Total liabilities classified as held for sale	1,414
Net assets	38,129

There are no cumulative income or expenses included in other comprehensive income relating to the disposal assets classified as held for sale.

13. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	30th September, 2016 ***HK$'000***	31st March, 2016 *HK$'000*
Outstanding balances with ages:		
Within 30 days	**168,702**	173,772
Between 31 and 60 days	**31,634**	17,548
Between 61 and 90 days	**11,716**	5,111
Between 91 and 180 days	**8,294**	5,754
Over 180 days	**1,870**	2,342
	222,216	204,527

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

14. DISPOSAL OF SUBSIDIARIES

The gain on disposal of subsidiaries for the six months ended 30th September, 2016 mainly included gain on disposal of Superform of HK$332,398,000. The following table summarises the consideration received and the amounts of net assets disposed of:

	Six months ended 30th September, 2016 *HK$'000*
Net assets disposed of:	
Fixed assets	**39,304**
Debtors, prepayments and deposits	**240**
Creditors, accruals and deposits received	**(889)**
Deferred tax liabilities	**(1,349)**
	37,306
Release of cumulative exchange differences on translation of a foreign operation	**(1,568)**
	35,738
Gain on disposal	**333,966**
	369,704
Satisfied by:	
Cash consideration received	**369,704**

15. EVENTS AFTER THE REPORTING PERIOD

The Group is directly and indirectly interested in approximately 28 per cent. of all issued and outstanding class A units in Skye Mineral Partners, LLC ("Skye") and approximately 27 per cent. of the total issued and outstanding units in Skye. Skye is the holding company of CS Mining, LLC ("CS Mining"). The existing carrying value of the Group's investments in CS Mining mainly comprised of the value of the secured loans advanced to CS Mining. Subsequent to the end of the reporting period, a final order for a debtor-in-possession loan facility of approximately US$7,700,000 provided to CS Mining (the "DIP Loan") was approved by the United States Bankruptcy Court for the District of Utah. The DIP Loan is secured by a lien on all assets of CS Mining, which ranks senior to the lien previously granted to Waterloo Street Limited, a wholly-owned subsidiary of the Company, as well as other pre-bankruptcy credit facilities. Pursuant to the terms of the DIP Loan, CS Mining has to commence and conclude a process to sell its business pursuant to certain milestones. CS Mining has filed a motion to extend its exclusive period to file a plan of reorganisation in relation to its bankruptcy petition to March 2017. In August 2016, the Group advanced an interim loan of approximately HK$7,800,000 to CS Mining which was then fully repaid from the proceeds of the DIP Loan subsequent to the end of the reporting period.

BUSINESS REVIEW

Overview

Stepping into the second quarter of the year 2016, global financial markets continued to be volatile. Following the Brexit vote in the United Kingdom in a national referendum, there has been a period of volatility. It is expected that such uncertainty is likely to continue for some time. The devaluation of Renminbi continued to dampen investor confidence in the Asia region. The extent of and the timing on increase of U.S. interest rates have also added uncertainty in the global economy.

On the positive side, the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China, and the prevailing low interest rates and ample global liquidity environment have helped to maintain a more stable economic environment in the region. The performance of global stock markets improved in the third quarter of the year 2016.

Results for the Period

The performance of the Company (together with its subsidiaries, the "Group") was satisfactory for the six months ended 30th September, 2016 (the "Period"). The Company recorded a consolidated profit attributable to shareholders of approximately HK$286 million for the Period, as compared to a consolidated loss of approximately HK$314 million for the six months ended 30th September, 2015 (the "Last Period" or "2015"). The profit for the Period was mainly attributable to gain on disposal of subsidiaries of approximately HK$334 million and fair value gain of approximately HK$61 million on its investments following the recovery of the stock markets offset by the effect of provision of impairment loss on properties under development of HK$100 million.

Revenue for the Period totalled HK$1,279 million (2015 — HK$1,302 million). Food businesses were the principal sources of revenue of the Group, representing 97 per cent. (2015 — 96 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"), a subsidiary of the Company. 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 segment recorded a revenue of HK$1,239 million (2015 — HK$1,247 million), mainly from wholesale and distribution of fast moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros.

In last year, management of the APG Group performed a business and operations review to rationalise operations including closure of non-performing stores in Singapore, Malaysia, Hong Kong and mainland China which resulted in significant deterioration in operating results and recorded an impairment of intangible assets of HK$113 million during the Last Period. This year, arising from the continuing improvement made from rationalisation of product mix and better cost control including driving operations efficiency, the segment recorded a profit of HK$64 million for the Period as compared to a loss of HK$112 million for the Last Period. Reinforcing its capabilities, the APG Group will refocus its energies, time and resources on its core strengths to build up its brands and strengthen its performing businesses in manufacturing, wholesale and distribution.

Property investment

The Group's investment properties are located mainly in Hong Kong and mainland China and provide a recurring income. Total segment revenue from the property investment business for the Period amounted to HK$23 million (2015 — HK$25 million).

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 May 2016, the Group completed the disposal of its interest in a subsidiary which was holding an office floor in Hong Kong for an aggregate consideration of HK$372 million. Such disposal provided a good opportunity for the Group to realise its investments at a profit. Accordingly, the Group recognised a gain on disposal of subsidiary of HK$332 million and the segment profit increased to HK$360 million (2015 — HK$26 million) for the Period.

Property development

Construction work planning for the development project located in China Medical City (中國醫藥城), Taizhou City, Jiangsu Province, the PRC (the "Taizhou Project") was completed. The Taizhou Project, with a site area of approximately 81,000 square metres and a total gross floor area of approximately 220,000 square metres, is a residential development comprising townhouses and residential apartments. In view of the poor market conditions in the region, the Group intends to slow down the development of the Taizhou Project and a provision for impairment loss on properties under development of HK$100 million was recorded for the Period. The segment reported a loss of HK$103 million for the Period (2015 — HK$62 million, which included provision for impairment loss of HK$60 million for a property development project in Huai'an City, the PRC which was sold in year 2015).

Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK$12 million during the Period (2015 — HK$23 million), mainly attributable to the interest and dividend income received from the investment portfolio.

The Group managed its investment portfolio in accordance with the investment committee's terms of reference and looked for opportunities to enhance yields and seek gains. Following the improvement in the global stock market in the third quarter of the year 2016, the Group recorded net fair value gain on its investments under the securities investment segment of HK$61 million for the Period as compared to net fair value loss of HK$162 million for 2015. The net fair value gain of the securities investment segment for the Period included HK$51 million gain on listed equity securities, HK$0.2 million gain on bonds and HK$11 million gain on investment funds, net-off with HK$0.9 million loss on other financial instruments. As a result, the treasury and securities investments businesses recorded a net profit of HK$65 million for the Period (2015 — loss of HK$148 million).

The net fair value gain of the securities investment segment for the Period mainly came from share investments in GSH Corporation Limited ("GSH") of HK$30 million, which accounted for approximately 49 per cent. of the net fair value gain recognised in this segment. GSH is a Singapore listed property developer in Southeast Asia with certain properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. GSH also owns GSH Plaza in Singapore and Sutera Harbour Resort in Kota Kinabalu which comprises two five-star hotels and a golf course. The remaining net fair value gain came from more than 100 securities, none of which accounted for more than 7 per cent. of the net fair value gain for the Period.

The Group also made a number of small investments in the technology sector and through private investment funds to keep abreast of the development in the growing New Economy.

Mineral exploration and extraction

Due to a deadlock among the investors of Skye Mineral Partners, LLC ("Skye"), Skye and CS Mining, LLC ("CS Mining"), a majority-owned subsidiary of Skye, were unable to secure further funding for their operations in early 2016. In June 2016, a bankruptcy petition was filed by certain creditors against CS Mining pursuant to Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). In August 2016, the bankruptcy court of the United States (the "US Bankruptcy Court") granted an order for relief under Chapter 11 of the Bankruptcy Code in respect of CS Mining. CS Mining has discontinued most business operations, but continues to manage its affairs as a debtor-in-possession under a chief restructuring officer. A debtor-in-possession loan facility of approximately US$7.7 million provided to CS Mining (the "DIP Loan") was approved by the US Bankruptcy Court. The DIP Loan is secured by a lien on all assets of CS Mining, which ranks senior to the lien previously granted to Waterloo Street Limited ("Waterloo"), a wholly-owned subsidiary of the Company, as well as other pre-bankruptcy credit facilities. Pursuant to the terms of the DIP Loan, CS Mining has to commence and conclude a process to sell its business pursuant to certain milestones (the "Sale Process"). The chief restructuring officer of CS Mining has commenced the Sale Process, which is due to be completed by January 2017 but could be extended so long as CS Mining has sufficient capital to continue operating. CS Mining has filed a motion to extend its exclusive period to file a plan of reorganisation in relation to its bankruptcy petition to March 2017.

In early June 2016, a complaint was filed by certain investors of Skye in a court in the U.S. for, among others, damages allegedly suffered by CS Mining in relation to the acquisition by Waterloo of the secured loans due from CS Mining. Subsequent to the filing of the above complaint, the action was removed to the US Bankruptcy Court. In August 2016, Waterloo and certain investors of Skye, in which the Group has equity interests, filed a complaint against a lender of CS Mining ("CS Lender") and other parties in the US Bankruptcy Court for equitable subordination of a convertible loan due from CS Mining to the CS Lender in a principal amount of approximately US$20 million (the "CS Loan") and other claims arising out of the CS Lender's failure to meet its obligations to convert the CS Loan into an equity interest in Skye. The CS Lender filed an answer and counterclaims, while the other defendants filed a motion to dismiss the complaint. While this action is ongoing, the previous action filed by Waterloo against the CS Lender in February 2016 to claim that the CS Lender has failed to honor its contractual obligation to take all necessary steps to convert the CS Loan into equity interest in Skye has been stayed. Waterloo will seek to add the contractual claims against the CS Lender to the above complaint in the US Bankruptcy Court.

In August 2016, the Group advanced an interim loan of approximately HK$7.8 million to CS Mining which was then fully repaid from the proceeds of the DIP Loan subsequent to 30th September, 2016. The existing carrying value of the Group's investments in CS Mining amounted to approximately HK$58 million. The Company may be required to make further provision for its investment in CS Mining depending on the outcome of the development of any material events, including the legal proceedings and the Sale Process. The Group is directly and indirectly interested in approximately 28 per cent. of all issued and outstanding class A units in Skye and approximately 27 per cent. of the total issued and outstanding units in Skye.

Financial Position

The Group's financial position remained healthy. As at 30th September, 2016, its total assets amounted to HK$5.8 billion (31st March, 2016 — HK$5.7 billion). Due to the disposal of a property holding company and the provision for impairment loss on properties under development during the Period, property-related assets decreased to HK$1.5 billion as at 30th September, 2016 (31st March, 2016 — HK$1.7 billion), representing 25 per cent. (31st March, 2016 — 29 per cent.) of the total assets. Total liabilities decreased to HK$1.3 billion (31st March, 2016 — HK$1.4 billion). The Group maintained a strong cash position. Total cash and bank balances as at 30th September, 2016 increased to HK$2.3 billion (31st March, 2016 — HK$1.9 billion). Current ratio as at the end of the reporting period amounted to 4.0 (31st March, 2016 — 4.5).

As at 30th September, 2016, bank and other borrowings of the Group decreased to HK$387 million (31st March, 2016 — HK$569 million), resulting from the repayment of bank loans using the surplus funds received from disposal of a subsidiary. As at 30th September, 2016, bank loans amounted to HK$385 million and were secured by certain properties and certain bank deposits of the Group. Bank loans as at 31st March, 2016 amounted to HK$567 million, comprised secured bank loans of HK$550 million and unsecured bank loans of HK$17 million. The bank loans were denominated mainly in Hong Kong dollars. 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 fixed assets which amounted to HK$2 million as at 30th September, 2016 (31st March, 2016 — HK$2 million). These obligations are secured by the rights to the leased fixed assets. As at 30th September, 2016, approximately 34 per cent. (31st March, 2016 — 10 per cent.) of the bank and other borrowings were repayable within one year. As at 30th September, 2016, the gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 9.6 per cent. (31st March, 2016 — 14.6 per cent.). The net cash position, measured as cash and bank balances less total bank and other borrowings of the Group as at 30th September, 2016 was HK$1,868 million (31st March, 2016 — HK$1,353 million).

The net asset value attributable to equity holders of the Group remained strong and increased to HK$4.0 billion as at 30th September, 2016 (31st March, 2016 — HK$3.8 billion). This was equivalent to HK44 cents per share (31st March, 2016 — HK42 cents per share). The increase was mainly attributable to the profit incurred for the Period.

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$38 million as at 30th September, 2016 (31st March, 2016 — HK$44 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 51 per cent. (31st March, 2016 — 66 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 Period (31st March, 2016 — Nil).

As at 30th September, 2016, the Group's commitment amounted to HK$114 million (31st March, 2016 — HK$132 million), mainly related to the property development projects and securities investments of the Group. 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 2,131 employees as at 30th September, 2016 (2015 — 2,485 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Period amounted to HK$219 million (2015 — HK$240 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

PROSPECTS

Looking ahead, global economic growth is expected to remain modest in the near term. The stabilisation in global demand renders support to the economy in Asia. However, the global economy still faces considerable uncertainties, including the looming interest rate hike in the U.S., possible policy change after the U.S. presidential election, the uncertainty after the Brexit vote in the United Kingdom, geopolitical tensions as well as the pace of the economic growth of mainland China. Hopefully, the prevailing low interest rates and surplus funds environment will be a compensatory positive influence to help maintaining investor confidence and create new business opportunities. The Group will continue to be watchful of market developments. The Group will also continue to take a cautious and prudent approach in managing its assets and assessing new investment opportunities to capture growth opportunities and enhance shareholders' value.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (For the six months ended 30th September, 2015 — HK0.2 cent per share) amounting to approximately HK$18.4 million for the six months ended 30th September, 2016 (For the six months ended 30th September, 2015 — approximately HK$18.4 million), which will be paid on or about Thursday, 26th January, 2017 to shareholders whose names appear on the Register of Members on Friday, 13th January, 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 11th January, 2017 to Friday, 13th January, 2017 (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 30th September, 2016, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrars, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 10th January, 2017.

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

During the six months ended 30th September, 2016, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th September, 2016.

CORPORATE GOVERNANCE

The Company is committed to ensuring a high standard of corporate governance practices. The Board of Directors of the Company (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders' expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance so as to safeguard the interests of shareholders and enhance 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 six months ended 30th September, 2016.

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

Hong Kong, 29th November, 2016

As at the date of this announcement, the Board of Directors of the Company comprises seven directors, of which Dr. Stephen Riady (Chairman), 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.