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 31 MARCH 2018

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 31 March 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Revenue	4	**2,400,637**	2,461,337
Cost of sales		**(1,367,850)**	(1,341,555)
Gross profit		**1,032,787**	1,119,782
Administrative expenses		**(678,248)**	(737,564)
Other operating expenses		**(293,992)**	(378,581)
Gain/(Loss) on disposal of subsidiaries		**(14,560)**	333,865
Net fair value gain on investment properties		**87,492**	63,810
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	5	**(42,696)**	189,925
Write-back of provision/(Provisions) for impairment losses on:			
Loans and receivables	6	**4,108**	(69,228)
Available-for-sale financial assets		**(23,895)**	(13,402)
A property under development		**—**	(22,753)
Finance costs		**(33,925)**	(17,697)
Share of results of associates		**(15,922)**	(1,689)
Share of results of joint ventures		**(43,254)**	2,945
Profit/(Loss) before tax	5	**(22,105)**	469,413
Income tax	7	**(22,414)**	(31,430)
Profit/(Loss) for the year		**(44,519)**	437,983
Attributable to:			
Equity holders of the Company		**(117,364)**	387,785
Non-controlling interests		**72,845**	50,198
		(44,519)	437,983
		HK cents	*HK cents*
Earnings/(Loss) per share attributable to equity holders of the Company	8		
Basic and diluted		**(1.28)**	4.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018 *HK$'000*	2017 *HK$'000*
Profit/(Loss) for the year	**(44,519)**	437,983
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	**18,556**	22,430
Adjustment for disposals	**(2,436)**	—
Adjustment for derecognition	**(12,919)**	—
Adjustment for impairment losses	**—**	398
	3,201	22,828
Exchange differences on translation of foreign operations	**170,526**	(70,082)
Exchange differences reclassified to profit or loss upon:		
Disposal of foreign subsidiaries	**13,155**	(1,568)
Disposal of a foreign joint operation	**2,021**	—
Deemed disposal of foreign associates	**(1,849)**	353
Liquidation of foreign operations	**13,665**	—
Settlement of intercompany dividend	**10,054**	—
	37,046	(1,215)
Share of other comprehensive income/(loss) of associates	**19,362**	(352)
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods and other comprehensive income/(loss) for the year, net of tax	**230,135**	(48,821)
Total comprehensive income for the year	**185,616**	389,162
Attributable to:		
Equity holders of the Company	**34,542**	370,763
Non-controlling interests	**151,074**	18,399
	185,616	389,162

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Intangible assets		**213,238**	198,765
Exploration and evaluation assets		**356**	1,099
Fixed assets		**964,227**	178,217
Investment properties		**844,220**	1,370,971
Interests in associates		**805,948**	15,245
Interests in joint ventures		**90,941**	13,616
Available-for-sale financial assets		**393,053**	310,398
Debtors, prepayments and deposits	*10*	**42,427**	55,454
Deferred tax assets		**8,326**	5,223
		3,362,736	2,148,988
Current assets			
Properties held for sale		**—**	3,603
Inventories		**302,406**	237,657
Loans and advances		**—**	19,583
Debtors, prepayments and deposits	*10*	**530,385**	403,917
Financial assets at fair value through profit or loss		**1,738,110**	1,028,157
Tax recoverable		**7,408**	3,330
Restricted cash		**65,959**	888,422
Time deposits with original maturity of more than three months		**73,027**	45,434
Cash and cash equivalents		**1,201,861**	1,538,558
		3,919,156	4,168,661
Assets classified as held for sale		**—**	197,051
		3,919,156	4,365,712
Current liabilities			
Bank and other borrowings		**628,197**	1,065,467
Creditors, accruals and deposits received	*11*	**1,071,815**	566,096
Other financial liabilities		**14,513**	4,520
Tax payable		**172,884**	217,680
		1,887,409	1,853,763
Liabilities directly associated with assets classified as held for sale		**—**	379
		1,887,409	1,854,142
Net current assets		**2,031,747**	2,511,570
Total assets less current liabilities		**5,394,483**	4,660,558

	Note	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Bank and other borrowings		**733,606**	1,261
Creditors, accruals and deposits received	*11*	**31,816**	21,066
Deferred tax liabilities		**56,736**	49,347
		822,158	71,674
Net assets		**4,572,325**	4,588,884
Equity			
Equity attributable to equity holders of the Company			
Share capital		**1,705,907**	1,705,907
Reserves		**2,345,762**	2,399,048
		4,051,669	4,104,955
Non-controlling interests		**520,656**	483,929
		4,572,325	4,588,884

Note:

1. BASIS OF PREPARATION

This financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. The financial information also includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the financial information are consistent with those used in the Group's audited financial statements for the year ended 31 March 2017, except for the adoption of the revised HKFRSs as disclosed in Note 2 to the final results.

The unaudited financial information relating to the year ended 31 March 2018 and the financial information relating to the year ended 31 March 2017 included in this preliminary announcement of annual results for the year ended 31 March 2018 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2017, 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 financial statements for the year ended 31 March 2018 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 31 March 2017 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 the financial statements of the Group for the year ended 31 March 2017. 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. CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements 2014–2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant impact on the Group's financial performance and positions for the periods presented in the final results.

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 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 healthcare services segment includes provision of healthcare management services;

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

(h) the "other" segment comprises principally money lending, the provision of property management services and investment in closed-end fund.

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.

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.

Year ended 31 March 2018

	Property investment *HK$'000*	Property development *HK$'000*	Treasury investment *HK$'000*	Securities investment *HK$'000*	Food businesses *HK$'000*	Healthcare services *HK$'000*	Mineral exploration and extraction *HK$'000*	Other *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue										
External	36,374	–	7,588	27,011	2,315,848	–	–	13,816	–	2,400,637
Inter-segment	6,024	–	–	–	–	–	–	–	(6,024)	–
Total	42,398	–	7,588	27,011	2,315,848	–	–	13,816	(6,024)	2,400,637
Segment results	98,786	(16,497)	7,588	(25,951)	158,862	11,878	(10,961)	(3,561)	–	220,144
Unallocated corporate expenses										(151,594)
Finance costs										(31,479)
Share of results of associates	–	–	–	–	–	(22,518)	–	6,596	–	(15,922)
Share of results of joint ventures	–	15	–	–	294	(25)	(43,538)	–	–	(43,254)
Loss before tax										(22,105)
Segment assets	1,594,800	21,854	259,660	2,726,624	1,613,004	–	1,949	92,273	(1,103)	6,309,061
Interests in associates	–	–	–	–	–	454,394	–	351,554	–	805,948
Interests in joint ventures	–	383	–	–	–	2,474	88,084	–	–	90,941
Unallocated assets										75,942
Total assets										7,281,892
Segment liabilities	302,206	209	–	471,553	580,760	420,374	91,136	432,256	(185,794)	2,112,700
Unallocated liabilities										596,867
Total liabilities										2,709,567
Other segment information:										
Capital expenditure *(Note (a))*	58,367	–	–	–	109,541	–	393	–	–	168,301
Depreciation	(18,731)	–	–	–	(42,681)	–	(52)	(37)	–	(61,501)
Amortisation of intangible assets	–	–	–	–	(104)	–	–	–	–	(104)
Interest income	–	–	7,588	2,083	3,426	–	–	88	–	13,185
Finance costs	–	–	–	–	(1,745)	–	–	(701)	–	(2,446)
Gain/(Loss) on disposal of:										
A subsidiary	–	(14,560)	–	–	–	–	–	–	–	(14,560)
A joint venture	–	–	–	–	14,678	–	–	–	–	14,678
A joint operation	–	–	–	–	–	–	(105)	–	–	(105)
Fixed assets	–	–	–	–	21,657	–	(3)	–	–	21,654
Available-for-sale financial assets	–	–	–	7,767	–	–	–	–	–	7,767
Gain on deemed disposal of an associate	–	–	–	–	–	4,859	–	–	–	4,859
Gain on derecognition of available-for-sale financial assets	–	–	–	–	–	12,919	–	–	–	12,919
Write-back of provisions/(Provisions) for impairment losses on:										
Fixed assets	–	–	–	–	13,227	–	–	–	–	13,227
Available-for-sale financial assets	–	–	–	(11,267)	(12,628)	–	–	–	–	(23,895)
Inventories	–	–	–	–	(7,774)	–	–	–	–	(7,774)
Loans and receivables	–	–	–	–	(2,338)	–	21,475	(15,029)	–	4,108
Fixed assets written off	–	–	–	–	(3,582)	–	–	–	–	(3,582)
Realised translation losses reclassified to the statement of profit or loss relating to:										
Liquidation of foreign operations	–	–	–	–	(13,665)	–	–	–	–	(13,665)
Settlement of intercompany dividend	–	–	–	–	(10,054)	–	–	–	–	(10,054)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	(37,929)	(5,251)	484	–	–	–	(42,696)
Net fair value gain on investment properties	87,492	–	–	–	–	–	–	–	–	87,492
Unallocated:										
Capital expenditure *(Note (a))*										56,715
Depreciation										(5,863)
Gain on disposal of fixed assets										66
Finance costs										(31,479)

Year ended 31 March 2017

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Food businesses HK$'000	Healthcare services HK$'000	Mineral exploration and extraction HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue										
External	38,466	–	5,721	18,469	2,383,223	–	–	15,458	–	2,461,337
Inter-segment	5,976	–	–	–	–	–	–	–	(5,976)	–
Total	44,442	–	5,721	18,469	2,383,223	–	–	15,458	(5,976)	2,461,337
Segment results	415,106 *(Note (b))*	(27,363)	5,721	181,341	101,212	6,574	(84,532)	5,308	–	603,367
Unallocated corporate expenses										(118,158)
Finance costs										(17,052)
Share of results of associates	–	–	–	–	–	–	(1,892)	203	–	(1,689)
Share of results of joint ventures	–	(16)	–	–	2,961	–	–	–	–	2,945
Profit before tax										469,413
Segment assets	1,464,647	198,265	1,823,115	1,363,459	1,469,218	129,282	3,021	20,083	–	6,471,090
Interests in associates	–	–	–	–	–	–	–	15,245	–	15,245
Interests in joint ventures	–	340	–	–	13,276	–	–	–	–	13,616
Unallocated assets										14,749
Total assets										6,514,700
Segment liabilities	168,369	261,697	–	275,453	480,617	118,105	33,199	34,813	(635,626)	736,627
Unallocated liabilities										1,189,189
Total liabilities										1,925,816
Other segment information:										
Capital expenditure *(Note (a))*	64,737	–	–	–	30,530	–	838	4	–	96,109
Depreciation	(6,000)	(60)	–	–	(63,524)	–	(97)	(413)	–	(70,094)
Amortisation of intangible assets	–	–	–	–	(7,715)	–	–	–	–	(7,715)
Interest income	–	–	5,721	3,430	2,725	–	–	1,014	–	12,890
Finance costs	–	–	–	–	(645)	–	–	–	–	(645)
Gain/(Loss) on disposal of:										
Subsidiaries	332,398	–	–	–	(101)	–	1,568	–	–	333,865
Available-for-sale financial assets	–	–	–	2,859	–	–	–	–	–	2,859
Loss on deemed disposal of an associate	–	–	–	–	–	–	(785)	–	–	(785)
Provisions for impairment losses on:										
Intangible assets	–	–	–	–	(11,976)	–	–	–	–	(11,976)
Exploration and evaluation assets	–	–	–	–	–	–	(731)	–	–	(731)
Fixed assets	–	–	–	–	(22,236)	–	–	–	–	(22,236)
An associate	–	–	–	–	–	–	(102)	–	–	(102)
Available-for-sale financial assets	–	–	–	(8,160)	(5,242)	–	–	–	–	(13,402)
A property under development	–	(22,753)	–	–	–	–	–	–	–	(22,753)
A property held for sale	(822)	–	–	–	–	–	–	–	–	(822)
Inventories	–	–	–	–	(24,798)	–	–	–	–	(24,798)
Loans and receivables	–	–	–	–	(2,714)	–	(58,272)	(8,242)	–	(69,228)
Fixed assets written off	–	–	–	–	(863)	–	–	–	–	(863)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	–	–	–	181,889	(1,861)	9,897	–	–	–	189,925
Net fair value gain on investment properties	63,810	–	–	–	–	–	–	–	–	63,810
Unallocated:										
Capital expenditure *(Note (a))*										2,528
Depreciation										(725)
Finance costs										(17,052)

Note:

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

(b) The amount in 2017 included gain on disposal of a subsidiary of HK$332,398,000.

Geographical information

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**282,521**	323,206
Mainland China	**15,628**	16,221
Republic of Singapore	**1,494,154**	1,591,596
United States of America	**13,123**	6,369
Malaysia	**592,946**	517,203
Other	**2,265**	6,742
	2,400,637	2,461,337

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

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
Hong Kong	**1,313,124**	1,205,733
Mainland China	**213,396**	192,006
Republic of Singapore	**1,169,838**	335,364
United States of America	**97,501**	9,324
Malaysia	**82,206**	14,558
Other	**43,972**	38,123
	2,920,037	1,795,108

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

Information about a major customer

Revenue of approximately HK$428,627,000 for the year ended 31 March 2018 (2017 — HK$449,915,000) was derived from sales by the food businesses segment to a single customer.

4. 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, after eliminations of all significant intra-group transactions.

An analysis of the revenue of the Group is as follows:

	2018	2017
	HK$'000	*HK$'000*
Property rental income	**32,818**	38,466
Sales of properties	**3,556**	—
Interest income	**13,097**	12,890
Dividend income	**24,928**	17,310
Sales of goods	**1,706,766**	1,695,993
Sales of food and beverage	**449,552**	517,162
Fees charged to food court tenants	**130,525**	137,465
Other	**39,395**	42,051
	2,400,637	2,461,337

5. PROFIT/(LOSS) BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Net fair value gain/(loss) on:		
Financial assets at fair value through profit or loss:		
Equity securities	**(38,859)**	159,338
Debt securities	**2,261**	(3,190)
Investment funds	**25,574**	7,831
Equity linked notes	**(5,520)**	—
	(16,544)	163,979
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**(2,326)**	(482)
Derivative financial instruments	**(23,826)**	26,428
	(42,696)	189,925
Interest income:		
Financial assets at fair value through profit or loss	**2,016**	2,513
Available-for-sale financial assets	**67**	917
Loans and advances	**—**	1,014
Promissory note	**88**	—
Other	**11,014**	8,446
Gain/(Loss) on disposal of:		
Fixed assets	**21,720**	(920)
A joint venture	**14,678**	—
A joint operation	**(105)**	—
Available-for-sale financial assets	**7,767**	2,859
Gain/(Loss) on deemed disposal of associates	**4,859**	(785)
Gain on derecognition of available-for-sale financial assets	**12,919**	—
Write-back of provision/(Provisions) for impairment losses on:		
Intangible assets	**—**	(11,976)
Exploration and evaluation assets	**—**	(731)
Fixed assets	**13,227**	(22,236)
An associate	**—**	(102)
A property held for sale	**—**	(822)
Inventories	**(7,774)**	(24,798)
Fixed assets written off	**(3,582)**	(863)
Depreciation	**(67,364)**	(70,819)
Amortisation of intangible assets	**(104)**	(7,715)
Foreign exchange gains/(losses) — net	**19,272**	(3,140)
Realised translation losses reclassified to the statement of profit or loss relating to:		
Liquidation of foreign operations	**(13,665)**	—
Settlement of intercompany dividend	**(10,054)**	—
Cost of properties sold	**(3,679)**	—
Cost of inventories sold	**(1,337,187)**	(1,326,758)

6. WRITE-BACK OF PROVISION/(PROVISIONS) FOR IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES

The provisions for impairment losses on loans and receivables were mainly related to the mineral exploration, extraction and processing, food businesses and money lending operations of the Group and its joint ventures and associates.

As previously announced, the Group holds a minority ownership interest in Skye Mineral Partners, LLC ("Skye") whose major asset is 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. and had engaged in the business of mining and processing copper and other minerals. The Group, in response to the majority investors' failure to properly manage the business of CS Mining, commenced a series of actions aimed at permitting CS Mining to obtain additional capital needed to turnaround its business, including a petition filed in Delaware Chancery Court asking for the appointment of a receiver. In response to those actions, an involuntary bankruptcy petition was filed by certain creditors of CS Mining pursuant to Chapter 11 of the United States Bankruptcy Code in June 2016 in the United States Bankruptcy Court for the District of Utah (the "Utah Bankruptcy Court"). In the course of its bankruptcy case, CS Mining commenced a process to sell (the "Sale Process") all or substantially all of its assets (the "Assets"), and which assets included certain claims or causes of action that CS Mining had or may have against the Group (the "Claims"). Notwithstanding the difficulties faced by CS Mining, the Group remained generally positive about the long term prospects of the underlying business of CS Mining. Accordingly, the Group made an investment in a joint venture consortium (the "JV Company") for the purpose of participating in the Sale Process and bidding on the Assets in August 2017. Following a competitive auction that culminated the Sale Process, the JV Company's bid of US$35,000,000 (together with the assumption of certain liabilities of CS Mining) was declared the winning bid for the Assets, and the Utah Bankruptcy Court entered an order approving and authorising the sale of the Assets, including the Claims, to the JV Company. The acquisition of the Assets, including all of the Claims, was completed on 28 August 2017. Following the purchase of the Assets, the JV Company, as the owner of all of the Claims, had entered into and granted a release of all of the Claims in favour of the Group. Following the approval of the sale of the Assets, CS Mining finalised the winding down of its business through a plan of liquidation that was approved by the Utah Bankruptcy Court in April 2018. As part of that plan of liquidation, Skye's equity interests in CS Mining were extinguished. The majority investors in Skye dismissed without prejudice litigation filed in early June 2016 against certain entities in the Group for damages allegedly suffered by CS Mining. However, subsequently, 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 individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the Group for, among other things, damages for diminution in the value of their equity interests in CS Mining based on an alleged scheme perpetrated by the Group on CS Mining. The Group believes that the Complaint is frivolous and wholly without merit and will vigorously oppose the allegations set forth in the Complaint and any other claim that the majority investors in Skye may seek to bring against the Group. After the filing of the Complaint, the Group removed the Complaint to the United States Bankruptcy Court for the District of Delaware (the "Delaware Bankruptcy Court") and asked the Delaware Bankruptcy Court to transfer the Complaint to the Utah Bankruptcy Court. In addition, the JV Company filed a motion with the Utah Bankruptcy Court asking the Utah Bankruptcy Court to rule that the claims set forth in the Complaint were part of the Assets that the JV Company purchased from CS Mining (the "Motion to Enforce"). On 4 June 2018, the Utah Bankruptcy Court determined that it did not have jurisdiction to decide the Motion to Enforce. The Group is currently evaluating all options to have the issues underlying the Motion to Enforce determined. On 19 June 2018, a subsidiary of the Company commenced an involuntary Chapter 7 bankruptcy case against Skye in the Delaware Bankruptcy Court. On 22 June 2018, two subsidiaries of the Company that are named in the Complaint removed the Complaint back to the Delaware Bankruptcy Court following the Delaware Bankruptcy Court's ruling on 18 June 2018 remanding the Complaint back to Delaware State Court. In their notice of removal of the Complaint back to Delaware Bankruptcy Court, two subsidiaries of the Company stated that since the claims asserted in the Complaint relate to Skye, and as alleged by the majority investors in Skye are claims owned by Skye, those claims should be administered as part of the bankruptcy case of Skye pending in the Delaware Bankruptcy Court.

The provision for impairment losses on loans and receivables for the year ended 31 March 2017 included HK$58,272,000 related to the secured loan granted to CS Mining as it was expected that the recoverable value of the Group's remaining secured loan was highly likely to be minimal and hence should therefore be fully impaired as at 31 March 2017. However, following the Sale Process completed during the financial year, provision for impairment losses on loans and receivables of HK$21,475,000 was written back for the year ended 31 March 2018 upon partial repayment received.

7. INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the year	**2,142**	3,610
Underprovision in prior years	**—**	75
Deferred	**1,874**	(2,371)
	4,016	1,314
Overseas:		
Charge for the year	**36,950**	36,863
Overprovision in prior years	**(15,344)**	(4,022)
Deferred:		
Current year	**(2,891)**	(2,725)
Effect of change in tax rate	**(317)**	—
	18,398	30,116
Total charge for the year	**22,414**	31,430

Hong Kong profits tax has been provided at the rate of 16.5% (2017 — 16.5%) on the estimated assessable profits arising in Hong Kong during the year. For the companies operating in the Republic of Singapore and mainland China, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 17% and 25% (2017 — 17% and 25%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 9,186,913,000 ordinary shares (2017 — approximately 9,186,913,000 ordinary shares) in issue during the year.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2018 and 2017.

9. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Interim dividend, declared, of HK0.2 cent (2017 — HK0.2 cent) per ordinary share	**18,374**	18,374
Final dividend, proposed, of HK0.5 cent (2017 — HK0.75 cent) per ordinary share	**45,935**	68,902
	64,309	87,276

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. 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:

	2018	2017
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days	**249,760**	247,558
Between 31 and 60 days	**65,834**	56,419
Between 61 and 90 days	**45,449**	37,320
Between 91 and 180 days	**25,362**	15,848
Over 180 days	**102**	83
	386,507	357,228

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.

11. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	2018	2017
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days *(Note)*	**652,662**	126,631
Between 31 and 60 days	**60,031**	53,735
Between 61 and 90 days	**13,070**	3,857
Between 91 and 180 days	**14,212**	9,564
Over 180 days	**407**	1,850
	740,382	195,637

Note: The balance included payables for settlement of the equity linked notes which are linked to the shares of Tencent Holdings Limited ("Tencent Shares") listed in Hong Kong and various securities investments of HK$460,970,000 (2017 — HK$3,533,000) which had been settled within 30 days after the end of the reporting period.

12. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in the final results, the Group had the following material events after the reporting period:

(a) On 10 May 2018, the Group subscribed for the equity linked notes which were linked to Tencent Shares with an aggregate nominal value of approximately HK$200,000,000 at a consideration of HK$196,780,000. Such equity linked notes matured in June 2018 and the Group would recognise a gain on financial assets at fair value through profit or loss of HK$3,220,000 in the statement of profit or loss for the year ending 31 March 2019.

(b) On 24 May 2018, the Group subscribed for the reverse convertible notes which were linked to Tencent Shares with an aggregate principal amount of HK$78,000,000 at a consideration of HK$77,220,000 and the Group will receive 199,992 Tencent Shares on the maturity date. In addition, subsequent to the end of the reporting period, the Group further acquired a total of 281,700 Tencent Shares through a series of trades conducted on the open market for a total consideration of approximately HK$113,381,000, before expenses. The Tencent Shares are accounted for by the Group as financial assets at fair value through profit or loss.

(c) On 21 June 2018, the Group subscribed for the equity linked notes which were linked to Tencent Shares with an aggregate nominal value of approximately HK$157,000,000 at a consideration of HK$155,116,000. These investments have not matured and are accounted for by the Group as financial assets at fair value through profit or loss.

(d) On 28 May 2018, the Group sold the covered call options in relation to 386,000 Tencent Shares (the “Options”) for a notional amount of approximately HK$161,099,000 at a premium of HK$1,877,000. The Options will expire on 28 June 2018. The fair value of the Options are accounted for by the Group as derivative financial instruments.

BUSINESS REVIEW

Overview

The global economy maintained broad-based momentum during the year under review. Stock markets were bullish but experienced corrections in the first quarter of 2018 following the U.S. tariff announcements on steel and aluminum and a range of Chinese products, as well as the announcements by the People's Republic of China (the "PRC") of possible retaliatory tariffs on selected imports from U.S.

Results for the Year

The Group recorded a consolidated loss attributable to shareholders of approximately HK$117 million for the year ended 31 March 2018 (the "Year"), as compared to a consolidated profit of approximately HK$388 million for the year ended 31 March 2017 ("2017") which included non-recurring gains on disposal of subsidiaries of approximately HK$334 million. The loss for the Year incurred by the Group was mainly attributable to the share of losses of its associates and joint ventures and net fair value loss on financial instruments at fair value through profit or loss due to the volatile stock markets during the Year.

Revenue for the Year totalled HK$2,401 million (2017 – HK$2,461 million). Food businesses were the principal sources of revenue of the Group, representing 96% (2017–97%) 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 50.30% subsidiary of the Company. The segment recorded a revenue of HK$2,316 million (2017 – HK$2,383 million), mainly from wholesale and distribution of fast moving consumer goods, food manufacturing and the food retail operations in chains of bakeries, cafes and bistros.

The segment showed an improvement of the results and recorded a profit of HK$159 million for the Year (2017 – HK$101 million). The profit for the Year included a gain of HK$15 million from the sale of a joint venture; and a gain on disposal of fixed assets and write-back of provision for impairment losses from fixed assets in a total of HK$35 million, mainly resulted from the disposal of a factory during the Year. Auric continues to focus on building a strong foundation for its core businesses and seeks new avenues and opportunities for business growth. Auric has taken steps to increase its manufacturing capacity of housebrands, which is planned to be operational in 2019. In its pursuit of providing consumers with a wide range of healthier options, Auric launched a range of new products in the wholemeal bread and bun categories.

The cash offer for the issued and paid-up ordinary shares in the capital of Auric (the "Auric Offer") by Silver Creek Capital Pte. Ltd. ("Silver Creek"), of which Dr. Stephen Riady, an executive Director of the Company, is a majority shareholder, closed on 7 April 2017. Auric was subsequently delisted from the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 17 April 2017. The Auric Offer did not extend to the Group. In July 2017, Auric announced that it proposed to cancel all the shares in Auric held by its minority shareholders, representing approximately 2% of all the then outstanding Auric's shares in issue, by way of a selective capital reduction exercise in consideration of

S$1.65 per share (the “Selective Capital Reduction”). The Selective Capital Reduction became effective on 16 November 2017, and Auric’s outstanding shares in issue were reduced from 125,667,324 shares to 123,116,883 shares. Accordingly, the Group’s equity interest in Auric was increased from 49.28% to 50.30%.

Property investment

The Group’s investment properties are located mainly in Hong Kong and mainland China and provide a stable recurring income to the Group. The total segment revenue for the Year decreased to HK$42 million (2017 – HK$44 million). Coupled with the increase in net fair value gain on investment properties to HK$87 million (2017 – HK$64 million), the segment reported a profit of HK$99 million for the Year (2017 – HK$415 million, which included a non-recurring gain on disposal of a subsidiary of approximately HK$332 million).

Property development

Given the market conditions in the region and the time required to complete and sell the development project located in China Medical City (中國醫藥城), Taizhou City, Jiangsu Province, the PRC, the Group entered into agreements for the disposal of its entire interests in 力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited) in May 2017 for an aggregate consideration of RMB175 million. Such disposal was completed during the Year giving rise to a non-recurring loss on disposal of subsidiary of approximately HK$15 million which was mainly due to the release of cumulated exchange loss on translation of the subsidiary upon disposal. As a result, the segment reported a loss of HK$16 million for the Year (2017 – HK$27 million) and the segment asset decreased to HK$22 million as at 31 March 2018 (2017 – HK$198 million).

Treasury and securities investments

Treasury and securities investments businesses recorded a total revenue of HK$35 million during the Year (2017 – HK$24 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. As of 31 March 2018, the Group’s financial assets at fair value through profit or loss amounted to HK$1,738 million (2017 – HK$1,028 million), comprising equity securities of HK$808 million (2017 – HK$434 million), debt securities of HK$196 million (2017 – HK$206 million), investment funds of HK$358 million (2017 – HK$388 million) and equity linked notes of HK$376 million (2017 – Nil). The stock markets were volatile during the Year and the Group recorded net fair value loss on its investments under the securities investment segment of HK$38 million for the Year (2017 – gain of HK$182 million).

Besides, the Group also made a number of small investments in the Technology, Media and Telecommunication (TMT) sector and Biotech sector through direct investment and private investment funds in order to expand its investment portfolio in the growing New Economy.

The Group recorded a gain on disposal of available-for-sale financial assets of HK$8 million but an impairment loss of HK$11 million (2017 – HK$8 million) from these investments was recorded during the Year. As a result, the treasury and securities investments businesses recorded a loss of HK$18 million for the Year (2017 – profit of HK$187 million).

Details of the major financial assets at fair value through profit or loss were as follows:

	As at 31 March 2018			As at 31 March 2017	For the year ended 31 March 2018
	Fair value *HK$'000*	Approximate percentage of financial assets at fair value through profit or loss	Approximate percentage to the net assets	Fair value *HK$'000*	Net fair value gain/(loss) *HK$'000*
Equity linked notes ("ELN")	376,407	22%	8%	–	(5,520)
GSH Corporation Limited ("GSH")	220,941	13%	5%	235,501	(14,561)
PPDAI Group Inc. ("PPDAI")	114,326	7%	3%	–	(70,784)
Tencent Holdings Limited ("Tencent")	69,930	4%	2%	–	(465)
Others *(Note)*	956,506	54%	20%	792,656	74,786
	1,738,110	100%	38%	1,028,157	(16,544)

Note: Others comprised more than 100 securities, none of which accounted for more than 4% of the financial assets at fair value through profit or loss as at 31 March 2018. The balance of "Others" as at 31 March 2017 included listed shares in Healthway Medical Corporation Limited with carrying amount of HK$37 million, which was managed separately as disclosed under healthcare services segment below.

ELN and Tencent Shares

On 28 March 2018, the Group subscribed for the ELN which was linked to shares in Tencent (the "Tencent Shares") with an aggregate nominal value of HK$390 million at a consideration of approximately HK$382 million. As at 31 March 2018, the fair value of the ELN was HK$376 million, representing approximately 22% of the Group's total financial assets at fair value through profit or loss. Unrealised fair value loss of HK$6 million was recorded by the Group for the Year.

The ELN matured on 11 May 2018 and the final share price of Tencent Shares was above the strike price. Accordingly, the Group received the full face value of the ELN which generated a satisfactory return of approximately 2.11% for the tenor of the ELN to the Group. Together with the reversal of the unrealised fair value loss recorded for the Year, the Group will recognise a total gain of HK$14 million for the year ending 31 March 2019.

During the Year, the Group also acquired Tencent Shares on the open market as the fundamentals of Tencent are stable and its potential future expansion globally is robust. As at 31 March 2018, the fair value of the Group's equity securities in Tencent Shares amounted to HK$70 million, representing approximately 4% of the Group's total financial assets at fair value through profit or loss, with a fair value loss of HK$0.5 million recognised for the Year.

GSH

As at 31 March 2018, the fair value of the Group's equity securities in GSH amounted to HK$221 million, representing approximately 13% of the Group's total financial assets at fair value through profit or loss. This investment was made for asset diversification purpose. 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 2 hotels at Sutera Harbour Resort. In July 2017, GSH completed the disposal of a subsidiary which owns GSH Plaza, its flagship commercial property in Singapore to unlock cash flow for its other businesses. GSH is launching its first luxury condominium, Coral Bay, in Kota Kinabalu and expects a good response from investors. In April 2018, it completed the acquisition of a 50% stake in a prime land parcel in the heart of Kuala Lumpur's Chinatown that could potentially be developed into a premium condominium. The Group received a dividend income from GSH of HK$4 million for the Year. Given the volatility in the stock markets, the share price performance of GSH was not satisfactory during the Year, resulting in a fair value loss of HK$15 million. It is expected that the share price performance will be largely affected by the global stock market conditions.

PPDAI

In November 2017, the Group had acquired 1,538,000 American Depository Shares ("ADSs") of PPDAI for an aggregate consideration of approximately US$20 million in the initial public offering of PPDAI's ADSs which are listed on the New York Stock Exchange.

PPDAI is one of the leading online consumer finance marketplace in the PRC with strong brand recognition. Launched in 2007, PPDAI is one of the first entrants in online financing service in the PRC connecting borrowers and investors, whose needs have not been met by traditional financial institutions. PPDAI generates revenues primarily from fees charged to borrowers for PPDAI's services in matching them with investors and for other related services. PPDAI is of the view that with the growing wealth of the PRC's large consumer base, the increasing willingness of the PRC's young generation to spend, as well as new internet-based business models, the PRC's household consumption shows favourable growth prospects. The Group is optimistic about the prospects of the business of PPDAI. This is an opportunity allowing the Group to participate in the growing online consumer lending market in the PRC through its investment in the listed ADSs of PPDAI.

As at 31 March 2018, the Group held approximately 2 million ADSs of PPDAI with a carrying amount of HK$114 million, representing 7% of the Group's total financial assets at fair value through profit or loss. During the Year, an announcement was made by the PRC's Government putting a cap on the interest rate and restriction on the licensing in the online financing industry which affected many companies in this sector including PPDAI as reflected in their share price. Hence, the Group recorded a fair value loss of HK$71 million for the Year. Short term volatility is expected in this industry. Appropriate action will be taken should there be further adverse regulations imposed by the PRC's Government in the online financing industry. Nevertheless, PPDAI's matrix is good and growth in its business is expected after market consolidation.

Healthcare services

The Group is optimistic about the prospects in the healthcare industry in Singapore, and has established its presence in this field. In February 2017, Gentle Care Pte. Ltd. ("Gentle Care"), a wholly-owned subsidiary of the Company, made a voluntary conditional cash offer for shares ("Healthway Shares") in Healthway Medical Corporation Limited ("Healthway", a company listed on the sponsor-supervised listing platform of the SGX-ST) at an offer price of S$0.042 per share ("Healthway Offer"). Healthway, together with its subsidiaries, owns, operates and manages close to 100 medical centres and clinics. Healthway, as a well-established private healthcare provider in Singapore, matches the Group's strategy to establish its presence in the healthcare industry in Singapore and to acquire quality healthcare management capability. The Healthway Offer was also extended to the convertible notes in the total principal amount of S$70 million issued by Healthway (the "CNs") to GW Active Limited ("GW", an independent third party) during the offer period. The CNs were convertible into Healthway Shares at a conversion price of S$0.03384 per share. On 23 April 2017, an agreement was entered into between Gentle Care and GW for the acquisition of S$15 million CNs for a consideration of approximately S$18.6 million and such CNs were subsequently converted into Healthway Shares. The Healthway Offer closed on 12 May 2017. Following the completion of the Healthway Offer, the Group was interested in approximately 55.02% of the total number of issued Healthway Shares and approximately 38.86% of the maximum potential issued share capital of Healthway assuming all the then outstanding CNs issued were fully converted into Healthway Shares. Healthway is accounted for as an associate of the Group and the purchase price allocation was completed. Upon the completion of the Healthway Offer, the investments in Healthway previously held by the Group were reclassified from available-for-sale financial assets and financial assets at fair value through profit of loss to interests in associates. Accordingly, the cumulated fair value gain of HK$13 million in relation to the available-for-sale financial assets were reclassified from other comprehensive income to statement of profit or loss for the Year.

After the completion of the Healthway Offer, the Group had acquired S$3 million CNs which were convertible into 88,652,482 Healthway Shares. On 30 October 2017, the Group had exercised its conversion rights to the S$3 million CNs and subsequently, on the same date, GW had also exercised its conversion rights to all its S$42 million CNs which were convertible into 1,241,134,751 Healthway Shares (together, the "CNs Conversion"). Following the CNs Conversion, there are no outstanding CNs in Healthway. The Group is now interested in an aggregate of 1,848,641,265 Healthway Shares. The Group's interest in Healthway was diluted from approximately 55.02% to approximately 40.82% of the enlarged issued share capital of Healthway. After the CNs Conversion, Healthway ceased to be a subsidiary of the Company under the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. However, Healthway continues to be treated as an associate of the Company under the Hong Kong Financial Reporting Standards. The Group recorded a gain on deemed disposal from the CNs Conversion of HK$5 million for the Year after taking into account the impact of the purchase price allocation. Coupled with the fair value gain released as mentioned above and various legal and profession fees incurred, the segment reported a profit of HK$12 million (2017 – HK$7 million, mainly attributable from the fair value gain on Healthway Shares previously held under financial assets at fair value through profit or loss) before accounting for the results of associates for the Year.

Review on Healthway's operational process was conducted in the fourth quarter of 2017. A new clinical management system, which includes the enhanced work flow and control mechanism in its design, will be used to replace the existing system for greater efficiency and effectiveness in areas such as clinic operations, inventory and pricing control. It is anticipated that the pilot test of the new system will be conducted in July 2018 and the whole system will be implemented in the first quarter of 2019.

To offer cross-regional healthcare services for its customers, Healthway entered into a non-binding memorandum of understanding with UMP Healthcare Holdings Limited ("UMP") in April 2018 to develop the Care Alliance Network for selected corporate and individual customers in Hong Kong, Singapore, Beijing and Shanghai. UMP is an established healthcare service provider in Hong Kong.

As at 31 March 2018, the Group's interest in Healthway was approximately HK$454 million. The Group shared a loss of approximately HK$23 million from Healthway for the Year (2017 – Nil) as it took time to crystalise the impact of the recovery and turnaround plan for Healthway in the aftermath of the challenges faced before the Group became the major shareholder.

Mineral exploration and extraction

As previously announced, the Group holds a minority ownership interest in Skye Mineral Partners, LLC ("Skye") whose major asset is 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. and had engaged in the business of mining and processing copper and other minerals. The Group, in response to the majority investors' failure to properly manage the business of CS Mining, commenced a series of actions aimed at permitting CS Mining to obtain additional capital needed to turnaround its business, including a petition filed in Delaware Chancery Court asking for the appointment of a receiver. In response to those actions, an involuntary bankruptcy petition was filed by certain creditors of CS Mining pursuant to Chapter 11 of the United States Bankruptcy Code in June 2016 in the United States Bankruptcy Court for the District of Utah (the "Utah Bankruptcy Court"). In the course of its bankruptcy case, CS Mining commenced a process to sell (the "Sale Process") all or substantially all of its assets (the "Assets"), and which assets included certain claims or causes of action that CS Mining had or may have against the Group (the "Claims"). Notwithstanding the difficulties faced by CS Mining, the Group remained generally positive about the long term prospects of the underlying business of CS Mining. Accordingly, the Group made an investment in a joint venture consortium (the "JV Company") for the purpose of participating in the Sale Process and bidding on the Assets in August 2017. Following a competitive auction that culminated the Sale Process, the JV Company's bid of US$35 million (together with the assumption of certain liabilities of CS Mining) was declared the winning bid for the Assets, and the Utah Bankruptcy Court entered an order approving and authorising the sale of the Assets, including the Claims, to the JV Company. The acquisition of the Assets, including all of the Claims, was completed on 28 August 2017. The Group is effectively interested in 45% of the issued and outstanding membership interests in the JV Company. Following the purchase of the Assets, the JV Company, as the owner of all of the Claims, had entered into and granted a release of all of the Claims in favour of the Group. Following the approval of the sale of the Assets, CS Mining finalized the winding down of its business through a plan of liquidation that was approved by the Utah Bankruptcy Court in April 2018. As part of that plan of liquidation, Skye's equity interests in CS Mining were extinguished.

The majority investors in Skye dismissed without prejudice litigation filed in early June 2016 against certain entities in the Group for damages allegedly suffered by CS Mining. However, subsequently, 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 individually and derivatively on behalf of Skye against, among others, certain entities and persons in or related to the Group for, among other things, damages for diminution in the value of their equity interests in CS Mining based on an alleged scheme perpetrated by the Group on CS Mining. The Group believes that the Complaint is frivolous and wholly without merit and will vigorously oppose the allegations set forth in the Complaint and any other claim that the majority investors in Skye may seek to bring against the Group. After the filing of the Complaint, the Group removed the Complaint to the United States Bankruptcy Court for the District of Delaware (the "Delaware Bankruptcy Court") and asked the Delaware Bankruptcy Court to transfer the Complaint to the Utah Bankruptcy Court. In addition, the JV Company filed a motion with the Utah Bankruptcy Court asking the Utah Bankruptcy Court to rule that the claims set forth in the Complaint were part of the Assets that the JV Company purchased from CS Mining (the "Motion to Enforce"). On 4 June 2018, the Utah Bankruptcy Court determined that it did not have jurisdiction to decide the Motion to Enforce. The Group is currently evaluating all options to have the issues underlying the Motion to Enforce determined. On 19 June 2018, a subsidiary of the Company commenced an involuntary Chapter 7 bankruptcy case against Skye in the Delaware Bankruptcy Court. On 22 June 2018, two subsidiaries of the Company that are named in the Complaint removed the Complaint back to the Delaware Bankruptcy Court following the Delaware Bankruptcy Court's ruling on 18 June 2018 remanding the Complaint back to Delaware State Court. In their notice of removal of the Complaint back to Delaware Bankruptcy Court, two subsidiaries of the Company stated that since the claims asserted in the Complaint relate to Skye, and as alleged by the majority investors in Skye are claims owned by Skye, those claims should be administered as part of the bankruptcy case of Skye pending in the Delaware Bankruptcy Court.

Following the acquisition of the Assets by the JV Company, the JV Company had commenced the copper production. In order to achieve a higher production level, the JV Company is in the process of enhancing the mining and processing activities of the plant. The Group shared a loss of joint ventures of HK$44 million for the Year (2017 – Nil).

As at 31 March 2018, as a result of the participation in investment in the JV Company, total assets under this segment (comprising segment assets and interests in joint ventures) increased to HK$90 million (2017 – HK$3 million). Segment loss before accounting for share of results of joint ventures for the Year amounted to HK$11 million (2017 – HK$85 million), which included a write-back of provision for impairment losses on loans and receivables of HK$21 million (2017 – provision of HK$58 million).

Other business

In order to expand its scope of business in securities and fund investments in Asia, in January 2018, Kaiser Union Limited ("Kaiser Union"), a wholly-owned subsidiary of the Company, as the bid vehicle for Premier Asia Limited, a wholly-owned subsidiary of the Company, and Alexandra Road Limited ("ARL", an independent third party) (collectively, the "Joint Offerors") made a voluntary unconditional offer for shares (the "TIH Shares") in TIH Limited ("TIH"), a company listed on the Main Board of SGX-ST, at an offer price of S$0.57 per share (the "TIH Offer"), as to which S$0.125 was paid in cash and S$0.445 was paid by the notes issued by Kaiser Union. Such notes bear interest at a rate of 2.25% per annum accruing on and from the issue of the notes until the date falling three years from the close of the TIH Offer (the "Notes"). TIH is a closed-end fund in Singapore, with focus on investment in various sectors in Asia such as consumer and industrial products, healthcare, technology, media and telecommunications, food, manufacturing and chemicals. The Group was of the view that the acquisition of interest in TIH would be beneficial to the future business direction, management and operations of the Group. The TIH Offer closed on 20 February 2018 and Kaiser Union received valid acceptances in respect of 110,732,656 TIH Shares, representing approximately 45.8% of the issued TIH Shares. As a result, the Notes of S$49.3 million (equivalent to approximately HK$295 million) were issued and included in the segment liabilities as at 31 March 2018. Pursuant to a review performed by the Joint Offerors following the close of the TIH Offer, Kaiser Union had transferred 14,259,453 TIH Shares, representing approximately 5.9% of the issued TIH Shares, to ARL so to reach a desired level of shareholding percentage in TIH. Following the above transfer, the Group's interest in TIH was reduced to 96,473,203 TIH Shares, representing approximately 39.9% of the issued TIH Shares. TIH became an associate of the Group since then. The Group recorded a share of profit of HK$4 million from its investment in TIH for the Year (2017 – Nil) and the interests in TIH as at 31 March 2018 amounted to HK$334 million.

Financial Position

The Group's financial position remained healthy. As at 31 March 2018, its total assets amounted to HK$7.3 billion (2017 – HK$6.5 billion). Property-related assets amounted to HK$1.6 billion as at 31 March 2018 (2017 – HK$1.7 billion), representing 22% (2017–26%) of the total assets. During the Year, the Group started to occupy some of its properties for own office usage instead of renting to third parties. Accordingly, the Group's fixed assets as at 31 March 2018 increased to HK$1.0 billion (2017 – HK$0.2 billion) while the investment properties as at 31 March 2018 decreased to HK$0.8 billion (2017 – HK$1.4 billion). Total liabilities increased to HK$2.7 billion (2017 – HK$1.9 billion), mainly due to the increase in bank and other loans, the Notes issued in connection with the TIH Offer as well as the trade payables for securities investment business. The Group maintained a strong cash position. Current ratio as at 31 March 2018 was 2.1 (2017–2.4).

As at 31 March 2018, total cash and bank balances (consisted of cash and cash equivalents, time deposits with original maturity of more than three months and restricted cash) amounted to HK$1.3 billion (2017 – HK$2.5 billion). The decrease of the total cash and bank balances was mainly due to the various investments in associates, joint ventures and securities investments during the Year. Restricted cash balance as at 31 March 2018 included cash balance of HK$54 million which is solely earmarked to satisfy the principal and interest repayment for the Notes (other than those held by ARL and other concert parties of the TIH Offer). As at 31 March 2017, in connection with the Healthway Offer, certain cash and bank balances, financial assets at fair value through profit or loss and available-for-sale financial assets were pledged to a bank as security for the bankers' guarantees issued to Gentle Care in a total amount of S$228 million. Such cash and bank balances with a carrying amount of HK$0.9 billion was classified as restricted cash. The bankers' guarantees had not been utilised and expired in June 2017. The charges on the aforesaid assets had been fully released, with the restricted cash reclassified back to cash and cash equivalents.

As at 31 March 2018, bank and other borrowings of the Group increased to HK$1.4 billion (2017 – HK$1.1 billion), which included bank loans of HK$1.1 billion (2017 – HK$0.5 billion), Notes issued in connection with the TIH Offer of HK$0.3 billion (2017 – Nil), and obligations under finance leases of HK$1 million (2017 – HK$2 million). During the Year, the Group repaid all the unsecured other loans due to Lippo Capital Limited, a holding company of the Company, of HK$0.6 billion. As at 31 March 2018, the bank loans comprised secured bank loans of HK$1,027 million (2017 – HK$475 million) and unsecured bank loans of HK$39 million (2017 – Nil) and were denominated mainly in Hong Kong dollars and Malaysian Ringgit. The bank loans were secured by certain properties of the Group. All of the bank loans carried interest at floating rates. The Notes were unsecured, denominated in Singapore dollars, and carried interest at a rate of 2.25% per annum. The obligations under finance leases were secured by the rights to the leased fixed assets. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure.

As at 31 March 2018, approximately 46.1% (2017–99.9%) of the bank and other borrowings were repayable within one year after the re-financing of bank loans during the Year. As at 31 March 2018, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 33.0% (2017–26.0%).

The net asset value attributable to equity holders of the Group amounted to HK$4.1 billion as at 31 March 2018 (2017 – HK$4.1 billion). This was equivalent to HK44 cents per share as at 31 March 2018 (2017 – HK45 cents per share).

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

The Group had bankers' guarantees of approximately HK$35 million as at 31 March 2018 (2017 – HK$33 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 58% (2017–58%) 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 (2017 – Nil).

The Group's commitments are mainly related to the property and securities investments. The commitment as at 31 March 2017 included HK$506 million commitment in relation to Healthway Offer which was closed in May 2017. Hence, total commitment as at 31 March 2018 decreased to HK$94 million (2017 – HK$630 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 1,765 full-time employees as at 31 March 2018 (2017–1,878 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Year amounted to HK$426 million (2017 – HK$465 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

Building on strong fundamentals in food and property businesses, the Group sees favourable business potential in the healthcare and technology sectors. While the growth of the global economy is likely to maintain solid pace, uncertainties and untoward risks such as the threat of protectionism and rising international tensions may weaken market confidence with downside repercussions. Rising interest rates and generally tightened financial market conditions may pull back the growth of many economies and affect the performance of stock markets. The Group is watchful of market developments and is well equipped to manage the challenges and uncertainties ahead. It will continue to take a prudent approach in investing and assessing new opportunities to achieve sustainable growth and to enhance shareholders' value.

DIVIDENDS

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting (the "2018 AGM") the payment of a final dividend of HK0.5 cent per share (2017 – HK0.75 cent per share) amounting to approximately HK$45.9 million for the year ended 31 March 2018 (2017 – approximately HK$68.9 million). Together with the interim dividend of HK0.2 cent per share (For the six months ended 30 September 2016 – HK0.2 cent per share) paid in January 2018, total dividends for the year ended 31 March 2018 will be HK0.7 cent per share (2017 – HK0.95 cent per share) amounting to approximately HK$64.3 million (2017 – approximately HK$87.3 million). Subject to the approval of shareholders at the 2018 AGM, the final dividend will be paid on or about Thursday, 4 October 2018 to shareholders whose names appear on the Register of Members on Friday, 14 September 2018.

CLOSURE OF REGISTER OF MEMBERS

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

(i) from Thursday, 30 August 2018 to Tuesday, 4 September 2018 (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 2018 AGM. In order to be entitled to attend and vote at the 2018 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 Wednesday, 29 August 2018; and.

(ii) from Wednesday, 12 September 2018 to Friday, 14 September 2018 (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. In order to qualify for the proposed 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 Tuesday, 11 September 2018.

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

During the year ended 31 March 2018, 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 31 March 2018.

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 31 March 2018.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2018 (the "Year") as set out in this preliminary announcement have been agreed by the Group's independent auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Ernst & Young 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 Ernst & Young on this preliminary announcement.

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

Hong Kong, 27 June 2018

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.