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 30 SEPTEMBER 2018

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 30 September 2018 together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2018

		Unaudited Six months ended 30 September	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Revenue	4	**1,270,290**	1,212,658
Cost of sales		**(715,908)**	(692,471)
Gross profit		**554,382**	520,187
Administrative expenses		**(337,855)**	(326,714)
Other operating expenses		**(176,872)**	(150,834)
Net fair value gain on investment properties		**22,470**	53,070
Net fair value gain/(loss) on financial instruments at fair value through profit or loss	5	**(188,264)**	80,858
Write-back of provision/(Provision) for impairment losses on loans and receivables		**(2,910)**	20,040
Loss on disposal of a subsidiary		**—**	(14,560)
Gain on disposal of a joint venture		**—**	14,450
Gain on derecognition of available-for-sale financial assets		**—**	12,919
Finance costs		**(26,786)**	(16,303)
Share of results of associates		**(15,642)**	(11,588)
Share of results of joint ventures	6	**(48,051)**	208
Profit/(Loss) before tax	5	**(219,528)**	181,733
Income tax	7	**(17,006)**	(14,925)
Profit/(Loss) for the period		**(236,534)**	166,808
Attributable to:			
Equity holders of the Company		**(256,384)**	124,348
Non-controlling interests		**19,850**	42,460
		(236,534)	166,808
		HK cents	*HK cents*
Earnings/(Loss) per share attributable to equity holders of the Company	8		
Basic and diluted		**(2.79)**	1.35

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Unaudited Six months ended 30 September 2018 HK$'000	2017 HK$'000
Profit/(Loss) for the period	**(236,534)**	166,808
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of available-for-sale financial assets	**—**	10,660
Adjustment for derecognition of available-for-sale financial assets	**—**	(12,919)
Exchange differences on translation of foreign operations	**(84,128)**	87,755
Exchange differences reclassified to profit or loss upon:		
Disposal of a foreign subsidiary	**—**	13,155
Disposal of a foreign joint operation	**—**	2,021
Share of other comprehensive income/(loss) of associates	**(35,016)**	7,206
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods, net of tax	**(119,144)**	107,878
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:		
Changes in fair value of equity instruments at fair value through other comprehensive income	**(35,804)**	—
Gain on property revaluation	**2,790**	—
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods, net of tax	**(33,014)**	—
Other comprehensive income/(loss) for the period, net of tax	**(152,158)**	107,878
Total comprehensive income/(loss) for the period	**(388,692)**	274,686
Attributable to:		
Equity holders of the Company	**(372,273)**	204,258
Non-controlling interests	**(16,419)**	70,428
	(388,692)	274,686

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Note	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Non-current assets			
Intangible assets		**204,249**	213,238
Exploration and evaluation assets		**476**	356
Fixed assets		**935,233**	964,227
Investment properties		**861,886**	844,220
Interests in associates		**753,558**	805,948
Interests in joint ventures		**42,722**	90,941
Financial assets at fair value through other comprehensive income	*2(a)*	**229,693**	—
Financial assets at fair value through profit or loss	*2(a)*	**531,852**	—
Available-for-sale financial assets	*2(a)*	**—**	393,053
Debtors, prepayments and deposits	*10*	**35,684**	42,427
Deferred tax assets		**7,021**	8,326
		3,602,374	3,362,736
Current assets			
Inventories		**212,956**	302,406
Debtors, prepayments and deposits	*10*	**589,236**	530,385
Financial assets at fair value through profit or loss		**803,526**	1,738,110
Tax recoverable		**311**	7,408
Restricted cash		**146,240**	65,959
Time deposits with original maturity of more than three months		**67,041**	73,027
Cash and cash equivalents		**1,077,932**	1,201,861
		2,897,242	3,919,156
Current liabilities			
Bank and other borrowings		**893,384**	628,197
Creditors, accruals and deposits received	*11*	**547,365**	1,071,815
Other financial liabilities		**9,546**	14,513
Tax payable		**165,705**	172,884
		1,616,000	1,887,409
Net current assets		**1,281,242**	2,031,747
Total assets less current liabilities		**4,883,616**	5,394,483

	Note	30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
Non-current liabilities			
Bank and other borrowings		**700,263**	733,606
Creditors, accruals and deposits received	*11*	**29,491**	31,816
Deferred tax liabilities		**50,599**	56,736
		780,353	822,158
Net assets		**4,103,263**	4,572,325
Equity			
Equity attributable to equity holders of the Company			
Share capital		**1,705,907**	1,705,907
Reserves		**1,894,282**	2,345,762
		3,600,189	4,051,669
Non-controlling interests		**503,074**	520,656
		4,103,263	4,572,325

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 31 March 2018. 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 31 March 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") as disclosed in Note 2 to the interim results.

The financial information relating to the year ended 31 March 2018 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 31 March 2018 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 new and revised HKFRSs for the first time for the current period's interim results:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
Amendments to HKFRS 1 included in *Annual Improvements 2014-2016 Cycle*	*First-time Adoption of Hong Kong Financial Reporting Standards*
Amendments to HKAS 28 included in *Annual Improvements 2014-2016 Cycle*	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*

Except for HKFRS 9 and HKFRS 15, the application of other amendments and interpretation do not have material financial effects on the Group's financial statements. The Group has initially applied HKFRS 9 and HKFRS 15 with effect from 1 April 2018 and has taken transitional provisions and methods not to restate comparative information for prior periods. The comparative information continues to be reported under the accounting policies prevailing prior to 1 April 2018. The nature and effect of these changes in accounting policies are disclosed below.

(a) HKFRS 9 *Financial Instruments*

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has adopted HKFRS 9 from 1 April 2018. The Group has not restated comparative information as permitted by the transitional provisions in HKFRS 9. The transition adjustments were recognised against the opening balance of equity at 1 April 2018. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9:

	31 March 2018 As previously reported *HK$'000*	Effect on adoption of HKFRS 9 *HK$'000*	1 April 2018 As adjusted *HK$'000*
Non-current assets			
Financial assets at fair value through other comprehensive income	—	62,552	62,552
Financial assets at fair value through profit or loss	—	296,106	296,106
Available-for-sale financial assets	393,053	(393,053)	—
Total non-current assets	3,362,736	(34,395)	3,328,341
Net assets	4,572,325	(34,395)	4,537,930
Equity			
Reserves	2,345,762	(33,275)	2,312,487
Equity attributable to equity holders of the Company	4,051,669	(33,275)	4,018,394
Non-controlling interests	520,656	(1,120)	519,536
Total equity	4,572,325	(34,395)	4,537,930

The impacts from adopting HKFRS 9 related to the classification and measurement and the impairment requirements are summarised as follows:

Classification and measurement
Under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets are as follows:

(i) Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.

(ii) Debt instruments at FVOCI for financial assets that are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the instrument fulfils the contractual cash flows character, with gains or losses recycled to profit or loss on derecognition.

(iii) Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group invests in for strategic purpose and intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. Financial assets at FVOCI are not subject to an impairment assessment under HKFRS 9.

(iv) Financial assets at FVPL comprise derivative financial instruments, equity instruments that are held for trading and all other equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify as FVOCI. This category also includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

The assessment of the Group's business model was made as of the date of initial application, i.e. 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39.

The above changes in classification and measurement mainly affect the classification and measurement of the Group's available-for-sale ("AFS") financial assets. Besides, the Group's associate changed the classification and measurement of its financial assets to HKFRS 9 categories.

Impairment
The adoption of HKFRS 9 has changed the Group's accounting for impairments by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis.

Upon adoption of HKFRS 9, the Group has applied the simplified approach and recorded lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade debtors. The results of the revision at 1 April 2018 have not resulted in any material change in impairment provision or any material impact on the carrying amount of the Group's financial assets.

The following table summarised the impact on changes in the classification and measurement of financial assets on 1 April 2018, the date of initial application of HKFRS 9:

	Note	HKAS 39 measurement category	HKFRS 9 measurement category	HKAS 39 carrying amount at 31 March 2018 *HK$'000*	Re-classification *HK$'000*	Re-measurement *HK$'000*	HKFRS 9 carrying amount at 1 April 2018 *HK$'000*
Available-for-sale financial assets:							
Equity securities	*1*	AFS	FVOCI	95,930	(95,930)	—	—
Debt securities	*2*	AFS	FVPL	18,057	(18,057)	—	—
Investment funds	*3*	AFS	FVPL	279,066	(279,066)	—	—
Financial assets at fair value through other comprehensive income	*1*	N/A	FVOCI	—	95,930	(33,378)	62,552
Financial assets at fair value through profit or loss	*2,3*	FVPL	FVPL	1,738,110	297,123	(1,017)	2,034,216
Total assets subject to HKFRS 9 impact on initial recognition				2,131,163	—	(34,395)	2,096,768

N/A: Not applicable

The following table summarised the impact of initial application of HKFRS 9 on the Group's equity as at 1 April 2018:

	Note	Fair value reserve of financial assets at FVOCI *HK$'000*	Retained profits *HK$'000*	Non-controlling interests *HK$'000*
HKAS 39 carrying amount at 31 March 2018		19,776	2,158,588	520,656
Remeasurement of financial assets at fair value through other comprehensive income	*1*	(33,378)	—	—
Remeasurement of financial assets at fair value through profit or loss	*3*	—	103	(1,120)
Transfer from retained profits to fair value reserve of financial assets at FVOCI	*1*	(182,299)	182,299	—
Transfer from fair value reserve of financial assets at FVOCI to retained profits	*4*	(24,504)	24,504	—
Transfer of fair value reserve of financial assets at FVOCI by an associate	*5*	5,182	(5,182)	—
Balance at 1 April 2018, as adjusted		(215,223)	2,360,312	519,536

Note:

1. Equity securities classified as AFS were reclassified to FVOCI because the Group invests in such investments for strategic purpose and intends to hold for the foreseeable future and the Group has irrevocably elected to so classify upon initial recognition or transition. Besides, certain unlisted equity instruments classified as AFS were previously carried at cost less impairment. Upon initial application of HKFRS 9 at 1 April 2018, difference between the carrying amount and fair value was adjusted to retained profits and the accumulated impairment was transferred from retained profits to fair value reserve of financial assets at FVOCI (formerly investment revaluation reserve).
2. Certain debt securities were reclassified from AFS to FVPL as their cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.
3. Investment funds classified as AFS were reclassified to FVPL as their cash flows are not solely payments of principal and interest on the principal outstanding. Besides, certain investment funds classified as AFS were previously carried at cost less impairment. Upon initial application of HKFRS 9 at 1 April 2018, difference between the carrying amount and fair value was adjusted to retained profits.
4. Investment revaluation reserve relating to debt securities and investment funds, which was previously presented under accumulated other comprehensive income, was transferred to retained profits.
5. An associate reclassified its financial assets in accordance with HKFRS 9. The amount represented the share of transfer from fair value reserve of financial assets at FVOCI to retained profits.

(b) HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. HKFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers. Under HKFRS 15, revenues are recognised at amounts that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers.

The Group has elected to apply the modified retrospective approach for transition to the new revenue standard on 1 April 2018. Results for the periods beginning on or after 1 April 2018 are presented under HKFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. In addition, the Group has elected to apply HKFRS 15 retrospectively only to uncompleted contracts as at 1 April 2018. The major changes as a result of the adoption of HKFRS 15 are as follows:

Variable consideration
Some contracts with customers provide a right of return, trade discounts, free goods, promotion rebates or volume rebates. Such provisions give rise to variable consideration under HKFRS 15. The Group previously recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. If revenue could not be reliably measured, the Group deferred revenue recognition until the uncertainty was resolved. Under HKFRS 15, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Right of return
The Group previously recorded a provision for the net margin arising from expected returns. Under HKFRS 15, the Group estimates the amount of expected returns in determining the transaction price and recognises revenue based on the amounts to which the Group expects to be entitled through the end of the return period. The Group recognises the amount of expected returns as a refund liability, representing its obligation to return the customer's consideration. Separately, the Group recognises a related asset for the right to recover the returned goods.

The following table gives a summary of the amounts of affected line items in the condensed consolidated statement of profit or loss for the six months ended 30 September 2018 that has been impacted by HKFRS 15:

	Six months ended 30 September 2018		
	As presented under accounting policies pre 1 April 2018	Effect on adoption of HKFRS 15	As presented under accounting policies from 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*
Revenue	1,272,889	(2,599)	1,270,290
Cost of sales	(725,956)	10,048	(715,908)
Gross profit	546,933	7,449	554,382
Other operating expenses	(169,423)	(7,449)	(176,872)

There is no material impact on loss for the period, and basic and diluted loss per share for the six months ended 30 September 2018.

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 investments in securities held-for-trading and for long-term strategic purpose;

(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.

Six months ended 30 September 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	15,004	–	3,316	28,953	1,216,176	–	–	6,841	–	1,270,290
Inter-segment	2,730	–	–	–	–	–	–	–	(2,730)	–
Total	17,734	–	3,316	28,953	1,216,176	–	–	6,841	(2,730)	1,270,290
Segment results	33,127	(6,106)	3,316	(179,938)	63,563	–	(4,735)	3,288	–	(87,485)
Unallocated corporate expenses										(49,878)
Finance costs										(18,472)
Share of results of associates	–	–	–	–	–	(3,674)	–	(11,968)	–	(15,642)
Share of results of joint ventures	–	–	–	–	–	(421)	(47,630)	–	–	(48,051)
Loss before tax										(219,528)
Other segment information:										
Capital expenditure *(Note)*	651	–	–	–	29,594	–	125	4	–	30,374
Depreciation	(11,502)	–	–	–	(19,514)	–	(22)	(13)	–	(31,051)
Interest income	–	–	3,316	5,708	1,324	–	–	416	–	10,764
Finance costs	–	–	–	(3,097)	(1,989)	–	–	(3,228)	–	(8,314)
Loss on disposal of fixed assets	–	–	–	–	(639)	–	–	–	–	(639)
Write-back of provision/(Provisions) for impairment losses on:										
Fixed assets	–	–	–	–	999	–	–	–	–	999
Inventories	–	–	–	–	(6,040)	–	–	–	–	(6,040)
Loans and receivables	–	–	–	–	(2,910)	–	–	–	–	(2,910)
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(188,264)	–	–	–	–	–	(188,264)
Net fair value gain on investment properties	22,470	–	–	–	–	–	–	–	–	22,470
Unallocated:										
Capital expenditure *(Note)*										2,090
Depreciation										(4,270)
Finance costs										(18,472)

Six months ended 30 September 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	17,996	—	3,768	16,223	1,167,105	—	—	7,566	—	1,212,658
Inter-segment	2,999	—	—	—	—	—	—	—	(2,999)	—
Total	20,995	—	3,768	16,223	1,167,105	—	—	7,566	(2,999)	1,212,658
Segment results	62,847	(15,781)	3,768	101,513	85,165	7,630	(32)	6,865	—	251,975
Unallocated corporate expenses										(43,132)
Finance costs										(15,730)
Share of results of associates	—	—	—	—	—	(13,178)	—	1,590	—	(11,588)
Share of results of joint ventures	—	25	—	—	289	—	(106)	—	—	208
Profit before tax										181,733
Other segment information:										
Capital expenditure *(Note)*	54,570	—	—	—	12,582	—	240	—	—	67,392
Depreciation	(7,176)	—	—	—	(22,948)	—	(27)	(23)	—	(30,174)
Amortisation of intangible assets	—	—	—	—	(102)	—	—	—	—	(102)
Interest income	—	—	3,768	1,103	1,808	—	—	692	—	7,371
Finance costs	—	—	—	—	(573)	—	—	—	—	(573)
Gain/(Loss) on disposal of:										
A subsidiary	—	(14,560)	—	—	—	—	—	—	—	(14,560)
A joint venture	—	—	—	—	14,450	—	—	—	—	14,450
Available-for-sale financial assets	—	—	—	5,730	—	—	—	—	—	5,730
Gain on derecognition of available-for-sale financial assets	—	—	—	—	—	12,919	—	—	—	12,919
Write-back of provision/(Provisions) for impairment losses on:										
Fixed assets	—	—	—	—	(28)	—	—	—	—	(28)
Inventories	—	—	—	—	(2,296)	—	—	—	—	(2,296)
Loans and receivables	—	—	—	—	(1,412)	—	21,452	—	—	20,040
Net fair value gain on financial instruments at fair value through profit or loss	—	—	—	80,170	204	484	—	—	—	80,858
Net fair value gain on investment properties	53,070	—	—	—	—	—	—	—	—	53,070
Unallocated:										
Capital expenditure *(Note)*										51,333
Depreciation										(1,634)
Finance costs										(15,730)

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

	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
At 30 September 2018 (unaudited)										
Segment assets	**1,584,479**	**13**	**262,895**	**2,398,335**	**1,300,981**	**—**	**1,858**	**88,692**	**(959)**	**5,636,294**
Interests in associates	**—**	**—**	**—**	**—**	**—**	**430,454**	**—**	**323,104**	**—**	**753,558**
Interests in joint ventures	**—**	**366**	**—**	**—**	**—**	**2,060**	**40,296**	**—**	**—**	**42,722**
Unallocated assets										**67,042**
Total assets										**6,499,616**
Segment liabilities	**341,726**	**141**	**—**	**114,004**	**565,231**	**419,778**	**43,285**	**416,027**	**(192,265)**	**1,707,927**
Unallocated liabilities										**688,426**
Total liabilities										**2,396,353**
At 31 March 2018 (audited)										
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

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:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
		(restated)
Sales of goods	**918,717**	855,175
Sales of food and beverage	**223,839**	227,094
Service fee income	**6,778**	6,310
Revenue from contracts with customers *(Note)*	**1,149,334**	1,088,579
Fees charged to food court tenants	**64,130**	66,877
Property rental income	**15,004**	17,996
Interest income	**10,348**	7,371
Dividend income	**23,245**	15,608
Other	**8,229**	16,227
	1,270,290	1,212,658

Note:

Disaggregation of revenue is analysed as follows:
By operating segments:

	Six months ended 30 September					
	2018			2017		
	Revenue recognised at a point in time	**Revenue recognised over time**	**Total**	Revenue recognised at a point in time	Revenue recognised over time	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from contracts with customers:						
Food businesses	**1,142,556**	**—**	**1,142,556**	1,082,269	—	1,082,269
Other	**—**	**6,778**	**6,778**	—	6,310	6,310
Total	**1,142,556**	**6,778**	**1,149,334**	1,082,269	6,310	1,088,579
Fees charged to food court tenants			**64,130**			66,877
Property rental income			**15,004**			17,996
Interest income			**10,348**			7,371
Dividend income			**23,245**			15,608
Other			**8,229**			16,227
			1,270,290			1,212,658

By geographical locations:

	Six months ended 30 September					
	2018			2017		
	Revenue recognised at a point in time	**Revenue recognised over time**	**Total**	Revenue recognised at a point in time	Revenue recognised over time	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from contracts with customers:						
Hong Kong	**116,615**	**5,521**	**122,136**	123,080	5,045	128,125
Mainland China	**—**	**1,257**	**1,257**	—	1,265	1,265
Republic of Singapore	**689,083**	**—**	**689,083**	675,484	—	675,484
Malaysia	**336,858**	**—**	**336,858**	283,705	—	283,705
Total	**1,142,556**	**6,778**	**1,149,334**	1,082,269	6,310	1,088,579
Fees charged to food court tenants			**64,130**			66,877
Property rental income			**15,004**			17,996
Interest income			**10,348**			7,371
Dividend income			**23,245**			15,608
Other			**8,229**			16,227
			1,270,290			1,212,658

The geographical location is based on the location of the customers.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Net fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Held for trading financial assets at fair value through profit or loss:		
Equity securities	**(145,136)**	51,023
Debt securities	**(1,355)**	737
Investment funds	**(18,234)**	21,970
Other financial assets mandatorily classified at fair value through profit or loss:		
Debt securities	**(2,723)**	—
Investment funds	**(4,542)**	—
Equity linked notes	**15,585**	—
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**1,016**	(1,679)
Derivative financial instruments	**(32,875)**	8,807
	(188,264)	80,858
Interest income:		
Financial assets at fair value through profit or loss	**5,708**	1,103
Loans and advances	**—**	692
Promissory note	**416**	—
Other	**4,640**	5,576
Gain on disposal of available-for-sale financial assets *(Note)*	**—**	5,730
Write-back of provision/(Provisions) for impairment losses on:		
Fixed assets *(Note)*	**999**	(28)
Inventories *(Note)*	**(6,040)**	(2,296)
Depreciation	**(35,321)**	(31,808)
Amortisation of intangible assets	**—**	(102)
Foreign exchange gains/(losses) — net *(Note)*	**(8,213)**	5,902
Cost of inventories sold	**(714,725)**	(673,330)

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

6. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures for the six months ended 30 September 2018 mainly included share of loss of Collyer Quay Limited ("CQL"). CQL is a joint venture consortium to invest in a company (the "JV Company") principally engaged in exploration, extraction and processing of mineral resources. The JV Company has commenced the copper production since the last quarter of 2017. As a result of the drop in copper price and the increased production cost during the period, the Group shared a loss of HK$47,630,000 from the joint venture for the six months ended 30 September 2018 (2017 — HK$106,000).

Reference was made to the Group's interest in a minority ownership interest in Skye Mineral Partners, LLC ("Skye") whose major asset, prior to the events described below, was substantially all of the equity interests in CS Mining, LLC ("CS Mining"), a company that owned a number of copper ore deposits in the Milford Mineral Belt in Beaver County, State of Utah in the U.S. The JV Company had acquired all or substantially all of the assets held by CS Mining in a sale process under its bankruptcy proceedings in August 2017. In January 2018, a verified complaint (the "Complaint") was filed in a United States state court in Delaware 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 has opposed, and will continue to 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. In June 2018, a subsidiary of the Company commenced an involuntary Chapter 7 bankruptcy case (the "Skye Involuntary Bankruptcy") against Skye in the Delaware Bankruptcy Court. The majority investors of Skye opposed the Skye Involuntary Bankruptcy and moved to dismiss same. As of the date hereof, the Delaware Bankruptcy Court has not ruled on the motion to dismiss. For the reasons as mentioned above, the Group believes that such events will not have any material adverse impact on its financial position.

7. INCOME TAX

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**325**	845
Deferred	**67**	(106)
	392	739
Overseas:		
Charge for the period	**16,280**	10,992
Underprovision/(Overprovision) in prior periods	**(282)**	2,463
Deferred	**616**	731
	16,614	14,186
Total charge for the period	**17,006**	14,925

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 period. For the companies operating in the Republic of Singapore and mainland China, corporate taxes have been calculated on the estimated assessable profits for the period 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 period 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 period.

(b) Diluted earnings/(loss) per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2018 and 2017.

9. INTERIM DIVIDEND

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Interim dividend, declared, of HK0.2 cent (2017 — 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.

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:

	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days	**303,460**	249,760
Between 31 and 60 days	**70,335**	65,834
Between 61 and 90 days	**36,231**	45,449
Between 91 and 180 days	**20,150**	25,362
Over 180 days	**937**	102
	431,113	386,507

11. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	30 September 2018 *HK$'000*	31 March 2018 *HK$'000*
Outstanding balances with ages:		
Within 30 days *(Note)*	**130,336**	652,662
Between 31 and 60 days	**42,025**	60,031
Between 61 and 90 days	**9,192**	13,070
Between 91 and 180 days	**11,535**	14,212
Over 180 days	**263**	407
	193,351	740,382

Note: The balance included payables for settlement of various securities investments of HK$103,000 (31 March 2018 — HK$460,970,000) which had been settled within 30 days after the end of the reporting period.

12. COMPARATIVE AMOUNTS

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

BUSINESS REVIEW

Overview

The global economy maintained a moderate pace of growth during the period under review but multiple headwinds such as worsening trade disputes between the U.S. and mainland China, rising interest rates and depreciation in emerging market currencies loomed. The performance of the investment markets were adversely affected. Against this backdrop, the performance of the Group during the Period was also affected. However, its financial position remains strong.

Results for the Period

The Group recorded a consolidated loss attributable to shareholders of approximately HK$256 million for the six months ended 30 September 2018 (the "Period"), as compared to a consolidated profit of approximately HK$124 million for the six months ended 30 September 2017 ("2017"). The loss for the Period was mainly attributable to the net fair value loss on financial instruments marked to fair value through profit or loss due to the volatile stock markets, share of loss of joint ventures and finance costs during the Period.

Revenue for the Period totalled HK$1,270 million (2017 — HK$1,213 million). Food businesses are the principal sources of revenue of the Group, contributing to 96% (2017 — 96%) of total revenue.

The Group's other operating expenses mainly included distribution cost and selling and marketing expenses of HK$87 million (2017 — HK$68 million) and utilities charges of HK$20 million (2017 — HK$22 million) for food businesses, legal and professional fees of HK$18 million (2017 — HK$35 million), consultant and service fees of HK$11 million (2017 — HK$8 million), repairs and maintenance expenses of HK$16 million (2017 — HK$16 million) and exchange losses of HK$8 million (2017 — gains of HK$6 million). As a result of higher distribution cost and selling and marketing expenses and the exchange losses incurred during the Period, total other operating expenses increased to HK$177 million (2017 — HK$151 million) for the Period.

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$1,216 million (2017 — HK$1,167 million), mainly from wholesale and distribution of fast moving consumer goods, food manufacturing and the food retail operations in chains of cafés and bistros, including Delifrance in Singapore and Hong Kong and Alfafa in Hong Kong.

The segment recorded a profit of HK$64 million for the Period (2017 — HK$85 million, included a non-recurring gain of HK$14 million from the sale of a joint venture). During the Period, food retail operations and food manufacturing contributed lower earnings to the Group, but offset by the growth in earnings from wholesale and distribution of fast moving consumer goods.

In order to broaden its production capacity and lower its cost of production, the APG Group had awarded a construction contract with a contract sum of approximately RM60.5 million (equivalent to approximately HK$114 million) to a contractor for the construction of a new food factory in Malaysia.

Property investment

The Group's property investment portfolio is located mainly in Hong Kong and mainland China and provides a stable recurring income to the Group.

Segment revenue from the property investment business for the Period amounted to HK$18 million (2017 — HK$21 million). The segment reported a profit of HK$33 million for the Period (2017 — HK$63 million), after taking into account the fair value gain on investment properties and depreciation.

Treasury and securities investments

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. The Group invested in a diversified portfolio including listed and unlisted equity securities, debt securities, investment funds and other structural products. Treasury and securities investments businesses recorded a total revenue of HK$32 million during the Period (2017 — HK$20 million), mainly attributable to the interest income and dividend income received from the investment portfolio. The stock markets were volatile during the Period and the Group recorded net fair value loss in the statement of profit or loss from its securities investments of HK$188 million for the Period (2017 — gain of HK$80 million). The net fair value loss included unrealised loss of HK$155 million (2017 — gain of HK$45 million) from the changes in fair value of financial instruments in this category and realised loss on disposal of HK$33 million (2017 — gain of HK$35 million). The unrealised loss, arising from uncertainties of the stock markets, has no impact to the cash flow of the Group. As a result, the treasury and securities investments businesses recorded a net loss of HK$177 million in the statement of profit or loss for the Period (2017 — profit of HK$105 million).

As at 30 September 2018, the treasury and securities investments portfolio of HK$2,661 million (31 March 2018 — HK$2,986 million) comprised mainly cash and bank balances of HK$1,027 million (31 March 2018 — HK$964 million), financial assets at fair value through profit or loss of HK$1,335 million (31 March 2018 — HK$1,736 million) and financial assets at fair value through other comprehensive income of HK$230 million (31 March 2018 — Nil). The balance as at 31 March 2018 also included available-for-sale financial assets of HK$283 million. Further details of securities investments under different categories are as follows:

Financial assets at fair value through profit or loss

As of 30 September 2018, the Group's financial assets at fair value through profit or loss ("FVPL") amounted to HK$1,335 million (31 March 2018 — HK$1,738 million), comprising equity securities of HK$578 million (31 March 2018 — HK$808 million), debt securities of HK$402 million (31 March 2018 — HK$196 million) and investment funds of HK$355 million (31 March 2018 — HK$358 million). The balance as at 31 March 2018 also included equity linked notes ("ELNs") of HK$376 million.

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

	As at 30 September 2018			As at 31 March 2018	For the six months ended 30 September 2018
	Fair value *HK$'000*	Approximate percentage of financial assets at FVPL	Approximate percentage to the net assets	Fair value *HK$'000*	Net fair value loss *HK$'000*
GSH Corporation Limited ("GSH")	177,704	13%	4%	220,941	(43,237)
PPDAI Group Inc. ("PPDAI")	82,227	6%	2%	114,326	(32,027)
Tencent Holdings Limited ("Tencent")	78,845	6%	2%	69,930	(37,468)
5-year US$ Callable Credit Linked Certificates with principal and interest at risk on Oversea-Chinese Banking Corporation Limited ("CLN")	74,990	6%	2%	–	(1,648)
Others *(Note)*	921,612	69%	23%	1,332,913	(42,025)
Total	1,335,378	100%	33%	1,738,110	(156,405)

Note: Others comprised of various securities, none of which accounted for more than 6% of the financial assets at FVPL as at 30 September 2018.

GSH

As at 30 September 2018, the fair value of the Group's equity securities in GSH amounted to HK$178 million, representing approximately 13% of the Group's total financial assets at FVPL. GSH is a Singapore listed property developer in Southeast Asia with certain properties under development in Kuala Lumpur and Kota Kinabalu, Malaysia. The pre-sale of one of its residential projects in Kuala Lumpur received satisfactory response. GSH also owns and operates two hotels at Sutera Harbour Resort in Kota Kinabalu. In April 2018, GSH 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 of HK$6 million from GSH for the Period. Given the volatility in the stock markets, the share price performance of GSH was not satisfactory, resulting in an unrealised fair value loss of HK$43 million recognised for the Period. The share price performance of GSH may continue to fluctuate due to the prevailing stock market conditions, which is not directly related to the actual operational performance of GSH.

PPDAI

As at 30 September 2018, the Group held American Depository Shares ("ADSs") of PPDAI with a carrying amount of HK$82 million, representing approximately 6% of the Group's total financial assets at FVPL.

PPDAI's ADSs are listed on the New York Stock Exchange. It 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 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. As of 30 September 2018, PPDAI had approximately 84 million cumulative registered users and reached 13.4 million cumulative number of borrowers. Based on its unaudited financial results for the three months ended 30 September 2018 ("Q3 2018"), operating revenues decreased to RMB1,104.3 million in Q3 2018 from RMB1,250.3 million in the same period of 2017, mainly due to the lower loan origination volume for the quarter with net profit substantially increased by 20% to RMB649.5 million for Q3 2018 from RMB541.4 million in the same period of 2017.

After the initial public offering (the "IPO") of PPDAI's ADSs, an announcement was made by the PRC 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 share price performance of PPDAI was not satisfactory. It also came to the Group's attention that a class action lawsuit has been filed by law firms in the U.S. against PPDAI. The filed complaint concerned whether PPDAI's filings with the U.S. Securities and Exchange Commission in connection with the IPO contained untrue statements or omitted material information regarding PPDAI's business practices, the interest rates on loans or the quality of loans. The Group recorded an unrealised fair value loss of HK$32 million for the Period. Short term volatility is expected, as regulators in PRC is pushing through tough reforms in the Peer-to-Peer lending industry.

Tencent Shares

Since the last financial year, the Group acquired shares in Tencent (the "Tencent Shares") on the open market. As at 30 September 2018, the fair value of such Tencent Shares amounted to HK$79 million, representing approximately 6% of the Group's total financial assets at FVPL. Given the volatility in the stock markets and the uncertainties of the regulations imposed on the products of Tencent, the price performance of Tencent Shares was not satisfactory, resulting in a fair value loss of HK$37 million recognised for the Period.

CLN

The Group subscribed for the credit linked note linked to the credit risk of the reference entity, Oversea-Chinese Banking Corporation Limited and the issuer bank, BNP Paribas (the "CLN") with an aggregate nominal value of US$10 million during the Period. This investment was made for the purpose of generating a floating rate yield on excess cash in the environment of rising interest rates. The stipulated yield upon satisfaction of a daily range accrual condition will be 3-month US$ LIBOR + 257 bps. The CLN has a 5-year tenor and will mature in June 2023, and is callable at par value three years from the issue date. The Group intends to hold the CLN until maturity if uncalled.

During the Period, the Group received coupon interest of HK$1.4 million from the CLN, and will continue to receive coupons on every subsequent quarter until maturity. As at 30 September 2018, the fair value of the CLN was HK$75 million, representing approximately 6% of the Group's total financial assets at FVPL. Unrealised fair value loss of HK$2 million was recorded for the Period.

Financial assets at fair value through other comprehensive income

In addition to the above investments under FVPL, the Group also invests in listed and unlisted equity securities which are held for long-term strategic purposes. As at 30 September 2018, the fair value of such investments amounted to approximately HK$230 million and was recorded under financial assets at fair value through other comprehensive income ("FVOCI") upon adoption of the new accounting standard for financial instruments on 1 April 2018. During the Period, unrealised fair value loss of HK$36 million was recognised in other comprehensive income from these investments.

As at 30 September 2018, the major investment under this category was the Tencent Shares received on the expiry of the ELNs linked to Tencent Shares during the Period. Since the end of the last financial year, the Group subscribed for a number of ELNs which were linked to Tencent Shares. The Group recorded a realised gain in the statement of profit or loss of HK$15 million upon maturity of ELNs and received a total of 607,878 Tencent Shares. These Tencent Shares are not intended to be held for trading and was designated at FVOCI at initial recognition. As at 30 September 2018, the fair value of these Tencent Shares amounted to HK$196 million, representing approximately 86% of the Group's total financial assets at FVOCI. Unrealised fair value loss of HK$34 million was recorded in other comprehensive income due to the volatility in the price of the Tencent Shares as mentioned above.

Healthcare services

The Group is optimistic about the prospects in the healthcare industry in Singapore, and has established its presence in this field in 2017. The Group is interested in approximately 40.82% of the issued shares in Healthway Medical Corporation Limited ("Healthway", together with its subsidiaries, the "HMC Group"). Healthway is a company listed on the Catalist Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") and a well-established private healthcare provider in Singapore. The HMC Group owns, operates and manages close to 100 medical centres and clinics. During the Period, the HMC Group continued to review the performance of its business units and rebalance its network of clinics to continually improve operational efficacy. The HMC Group continues its rebranding exercise. It progressively refurbishes and refreshes its clinics to complement the vision of a network of clinics that is technology-enabled and hospitality-led. This has resulted in a reduction of operating hours in certain clinics that are undergoing refurbishment works. The ongoing business optimisation measures and the rebranding initiatives will continue to anchor the HMC Group's transformation efforts going forward. As a result of the above measures, the Group's share of loss from the HMC Group reduced to HK$4 million (2017 — HK$13 million). Coupled with the impact of depreciation of Singapore dollar during the Period, the Group's interest in Healthway decreased to HK$430 million (31 March 2018 — HK$454 million).

Mineral exploration and extraction

Reference was made to the Group's interest in a minority ownership interest in Skye Mineral Partners, LLC ("Skye") whose major asset, prior to the events described below, was substantially all of the equity interests in CS Mining, LLC ("CS Mining"), a company that owned a number of copper ore deposits in the Milford Mineral Belt in Beaver County, State of Utah in the U.S. A joint venture consortium (the "JV Company"), in which the Group has 45% effective interest, had acquired all or substantially all of the assets held by CS Mining (the "Assets") in a sale process under its bankruptcy proceedings in August 2017. In January 2018, a verified complaint (the "Complaint") was filed in a United States state court in Delaware 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 has opposed, and will continue to 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. In June 2018, a subsidiary of the Company commenced an involuntary Chapter 7 bankruptcy case (the "Skye Involuntary Bankruptcy") against Skye in the Delaware Bankruptcy Court. The majority investors of Skye opposed the Skye Involuntary Bankruptcy and moved to dismiss same. As of the date hereof, the Delaware Bankruptcy Court has not ruled on the motion to dismiss. For the reasons as mentioned above, the Group believes that such events will not have any material adverse impact on its financial position.

Following the acquisition of the Assets by the JV Company, the JV Company has commenced the copper production since the last quarter of 2017. As a result of the drop in copper price and the increased production cost during the Period, the Group shared a loss of joint venture of HK$48 million for the Period (2017 — HK$0.1 million). The JV Company is considering various plans to minimise operating costs.

As at 30 September 2018, total assets under this segment (comprising segment assets and interests in a joint venture) decreased to HK$42 million (31 March 2018 — HK$90 million). Segment loss before accounting of share of results of a joint venture for the Period amounted to HK$5 million (2017 — HK$0.03 million).

Other business

In order to expand its scope of business in securities and fund investments in Asia, the Group had acquired 39.9% interest in TIH Limited ("TIH"), a company listed on the Main Board of SGX-ST in early 2018. TIH is an associate of the Group. The Group recorded a share of loss of HK$14 million from its investment in TIH for the Period (2017 — not applicable), mainly attributable to the fair value loss on its investments at fair value through profit or loss. The interests in TIH as at 30 September 2018 amounted to HK$305 million (31 March 2018 — HK$334 million). The current volatility in the financial markets is expected to present opportunities for TIH to identify special situations, corporates deleveraging and non-core secondary assets at attractive valuations.

Financial Position

The Group's financial position remained healthy. As at 30 September 2018, its total assets amounted to HK$6.5 billion (31 March 2018 — HK$7.3 billion). Total liabilities amounted to HK$2.4 billion (31 March 2018 — HK$2.7 billion). The Group maintained a strong cash position. Current ratio as at 30 September 2018 amounted to 1.8 (31 March 2018 — 2.1).

As at 30 September 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 (31 March 2018 — HK$1.3 billion). Restricted cash balance as at 30 September 2018 increased to HK$146 million (31 March 2018 — HK$66 million), mainly due to the cash deposits pledged to banks as securities for facilities granted to the Group.

As at 30 September 2018, bank and other borrowings of the Group increased to HK$1.6 billion (31 March 2018 — HK$1.4 billion), which included bank loans of HK$1.3 billion (31 March 2018 — HK$1.1 billion), unsecured notes of HK$0.3 billion (31 March 2018 — HK$0.3 billion) and obligations under finance leases of HK$0.5 million (31 March 2018 — HK$1 million).

As at 30 September 2018, bank loans comprised secured bank loans of HK$1,204 million (31 March 2018 — HK$1,027 million) and unsecured bank loans of HK$108 million (31 March 2018 — HK$39 million) and were denominated mainly in Hong Kong dollars, Malaysian Ringgit, Singapore dollars and United States dollars. The bank loans were secured by fixed or floating charges on certain properties, bank deposits and securities investments of the Group. All of the bank loans carried interest at floating rates. The unsecured 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 30 September 2018, approximately 56% (31 March 2018 — 46%) of the bank and other borrowings were repayable within one year. As at 30 September 2018, the gearing ratio (measured as total borrowings, net of non-controlling interests, to equity attributable to equity holders of the Company) was 40.8% (31 March 2018 — 33.0%).

The net asset value attributable to equity holders of the Company decreased to HK$3.6 billion as at 30 September 2018 (31 March 2018 — HK$4.1 billion), mainly attributable to the loss for the Period, translation loss on foreign operations from the depreciation of Singapore dollar and the fair value loss on financial assets at FVOCI. This was equivalent to HK39 cents per share as at 30 September 2018 (31 March 2018 — HK44 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$33 million as at 30 September 2018 (31 March 2018 — HK$35 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 45% (31 March 2018 — 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 Period (31 March 2018 — Nil).

The Group's commitments are mainly related to the securities investments and food businesses. During the Period, the construction of the new factory for the food businesses was commenced. Hence, total commitment as at 30 September 2018 increased to HK$283 million (31 March 2018 — HK$94 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 1,848 employees as at 30 September 2018 (30 September 2017 — 1,853 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Period amounted to HK$211 million (2017 — HK$200 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, the global economic outlook is subject to increasing downside risks. The escalating trade frictions between the U.S. and mainland China, are the biggest risks to the global economy going forward. Such trade frictions will have an impact on investment and confidence. Meanwhile, the rising interest rates, normalisation of monetary policy, outcome of Brexit and geopolitical tensions are also bringing uncertainties to the global economy and investment markets.

The Group is watchful of market developments. It will cautiously monitor its investments and assess new business opportunities with a view to delivering sustainable long term shareholder return. The Group sees business potential in the healthcare and technology sectors.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (For the six months ended 30 September 2017 — HK0.2 cent per share) amounting to approximately HK$18.4 million for the six months ended 30 September 2018 (For the six months ended 30 September 2017 — approximately HK$18.4 million), which will be paid on Monday, 28 January 2019 to shareholders whose names appear on the Register of Members on Friday, 11 January 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 9 January 2019 to Friday, 11 January 2019 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend for the six months ended 30 September 2018, 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, 8 January 2019.

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

During the six months ended 30 September 2018, 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 30 September 2018.

CORPORATE GOVERNANCE

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30 September 2018.

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

Hong Kong, 29 November 2018

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.