Hongkong Chinese Limited
香港華人有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 655)

2014/2015
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Dr. Stephen Riady *(Chairman)*
Mr. John Lee Luen Wai, BBS, JP
(Chief Executive Officer)
Mr. Kor Kee Yee

Non-executive Director
Mr. Leon Chan Nim Leung

Independent non-executive Directors
Mr. Albert Saychuan Cheok
Mr. Victor Yung Ha Kuk
Mr. Tsui King Fai

COMMITTEES

Audit Committee
Mr. Tsui King Fai *(Chairman)*
Mr. Leon Chan Nim Leung
Mr. Albert Saychuan Cheok
Mr. Victor Yung Ha Kuk

Remuneration Committee
Mr. Tsui King Fai *(Chairman)*
Dr. Stephen Riady
Mr. Leon Chan Nim Leung
Mr. Albert Saychuan Cheok
Mr. Victor Yung Ha Kuk

Nomination Committee
Mr. Tsui King Fai *(Chairman)*
Dr. Stephen Riady
Mr. Leon Chan Nim Leung
Mr. Albert Saychuan Cheok
Mr. Victor Yung Ha Kuk

SECRETARY
Mr. Andrew Hau Tat Kwong

AUDITORS
Ernst & Young

PRINCIPAL BANKERS
China CITIC Bank International Limited
Standard Chartered Bank
Bank of Beijing Co., Ltd.
The Bank of East Asia, Limited
Raiffeisen Bank International AG,
Singapore Branch
Oversea-Chinese Banking Corporation Limited

SOLICITORS
Howse Williams Bowers

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE
Clarendon House
Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS
24th Floor, Tower One
Lippo Centre
89 Queensway
Hong Kong

STOCK CODE
655

WEBSITE
www.hkchinese.com.hk

Chairman's Statement

I am pleased to present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31st March, 2015 (the "Year").

The performance of the Group during the Year was within expectation. The Group recorded a consolidated profit attributable to shareholders of approximately HK$364 million for the Year, as compared to a consolidated profit of approximately HK$314 million for the year ended 31st March, 2014. The profit was mainly attributable to share of profit of joint ventures arising mainly from revaluation gain on investment properties and recognition of profit from pre-sale upon completion of a property development project of a principal joint venture of the Group.

As a gesture of our appreciation to our shareholders, the Directors have proposed a final cash distribution of HK2 cents per share for the Year. Together with the interim distribution of HK1 cent per share, total distributions for the Year will be HK3 cents per share.

On behalf of the Board of Directors of the Company, I would like to thank our shareholders and stakeholders for their support of the Group. I would also like to take this opportunity to thank my fellow Directors, management team and all staff members for their diligent work and dedication during the Year. We would continue our efforts to create value for our shareholders and stakeholders.

Stephen Riady
Chairman

29th June, 2015

Report of the Directors

The Directors hereby present their report together with the audited financial statements for the year ended 31st March, 2015 (the "Year").

BUSINESS REVIEW

Overview

The U.S. economy performed better with stronger private consumption, business investments and exports during 2014. With the global economy recovering gradually, the major stock markets in U.S. and Europe continued to perform well in the first quarter of 2015. However, it was overall a steady but modest economic recovery. The global economy was still overshadowed by the tapered withdrawal by the U.S. Federal Reserve of its quantitative easing program. On the positive side, the European Central Bank announced a massive quantitative easing program in early 2015 to buy government bonds with the aim of injecting momentum into the flagging Eurozone economy. Together with similar quantitative easing programs adopted by, among others, Japan and mainland China, this has created a prevailing low interest rate and surplus funds environment, helping the major economies in the Asia region to sustain a stable economic environment, with mainland China continuing to be the leading economic performer. On the other hand, there are concerns and strong signs to indicate that the present global low interest rate environment may not continue for long.

The Company (together with its subsidiaries, the "Group") maintained steady performance during the year ended 31st March, 2015, assisted by the continuing stable economic environment of the countries in the Asia region, within which the Group substantially has its operations and investments.

Results for the Year

The Group recorded a consolidated profit attributable to shareholders of approximately HK$364 million for the year ended 31st March, 2015, as compared to a consolidated profit of approximately HK$314 million for the year ended 31st March, 2014. The profit for the Year was mainly attributable to share of profit of joint ventures arising mainly from revaluation gain on investment properties and recognition of profit from pre-sale upon completion of a property development project of a principal joint venture of the Group.

Revenue for the Year totalled HK$229 million (2014 — HK$3,970 million). The decrease in the Group's revenue was mainly because the new property development project completed during the Year was carried out by its joint venture, revenue of which was not accounted for.

Property investment

Total segment revenue from the property investment business for the Year amounted to HK$11 million (2014 — HK$13 million). Coupled with the net fair value gain on investment properties for the Year of HK$32 million (2014 — HK$8 million), the segment profit increased to HK$36 million for the Year (2014 — HK$14 million) before accounting for the results from the Group's joint ventures.

Lippo ASM Asia Property Limited ("LAAPL"), a principal joint venture of the Company, is the vehicle holding the controlling interest in OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a listed company in Singapore principally engaged in property investment and development and hotel operation. As at 31st March, 2015, LAAPL had an aggregate equity interest of approximately 68.02 per cent. in OUE.

With its interest in well diversified and high quality properties such as U.S. Bank Tower in California, U.S. and One Raffles Place, OUE Bayfront and OUE Downtown in Singapore, the OUE Group has substantial and stable recurrent income stream. In line with the OUE Group's track record in active value creation, asset enhancement projects at OUE Downtown and U.S. Bank Tower are well underway. The revamped retail mall, One Raffles Place, commenced operation in May 2014.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment (continued)

OUE Hospitality Trust ("OUE H-Trust"), a real estate investment trust established by OUE in 2013, is listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Its initial portfolio included Mandarin Orchard Singapore and Mandarin Gallery in Singapore. In January 2015, OUE H-Trust completed the acquisition of Crowne Plaza Changi Airport Hotel (the "Hotel") from OUE at a consideration of S$290 million. Agreement was also reached for OUE H-Trust to acquire the 10-storey extension building to the Hotel (the "Hotel Extension") from OUE at a consideration of S$205 million, and completion will take place later upon completion of the construction works of the Hotel Extension in late 2015 or no later than June 2016. The development of the Hotel Extension began in August 2014 and will add 243 rooms to the existing 320 rooms upon completion. As at 31st March, 2015, LAAPL and its subsidiaries held approximately 42.3 per cent. of the total number of stapled securities units of OUE H-Trust in issue and OUE H-Trust was accounted for as a subsidiary of LAAPL. With the listing of OUE H-Trust and by retaining a stake in OUE H-Trust, it is expected that LAAPL will benefit from a stable and recurring income stream.

OUE Commercial Real Estate Investment Trust ("OUE C-REIT") was established by OUE in early 2014 and is listed on the Main Board of the SGX-ST. Its property portfolio includes OUE Bayfront, an 18-storey office building in Singapore with its ancillary properties as well as the properties at Lippo Plaza in Shanghai. By establishing OUE C-REIT, LAAPL will be able to diversify and expand into new geographical areas. As at 31st March, 2015, LAAPL and its subsidiaries held approximately 48.2 per cent. of the total number of OUE C-REIT units in issue and OUE C-REIT was accounted for as a subsidiary of LAAPL.

Results of OUE H-Trust and OUE C-REIT were consolidated into the results of LAAPL during the Year. Furthermore, OUE has successfully obtained the temporary occupation permit for its residential property development named "Twin Peaks" in Singapore and hence the pre-sale profit from the development was recognised by LAAPL during the Year.

The Group registered a share of profit of HK$369 million from the investment in LAAPL for the Year (2014 — share of loss of HK$527 million). Such share of profit recognised for the Year was mainly attributable to the net fair value gain on investment portfolio and profit from the pre-sold units of a property development project in Singapore upon completion during the Year.

Affected by the depreciation of the Singapore dollar starting from 2015, the Group shared a decrease of exchange reserves on translation of LAAPL's results of HK$545 million (2014 — HK$125 million) during the Year. As a result, the total interests in LAAPL decreased slightly from HK$7.9 billion as at 31st March, 2014 to HK$7.8 billion as at 31st March, 2015.

In May 2015, the Group advanced a loan of approximately S$54 million (equivalent to approximately HK$310 million) to a subsidiary of LAAPL and made equity subscription in LAAPL in proportion to its existing interest in LAAPL for a consideration of approximately S$23 million (equivalent to approximately HK$135 million). The proceeds have been applied to repay part of the indebtedness under LAAPL and for working capital purposes.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment (continued)

In June 2015, OUE Group has entered into a framework agreement with the other shareholder of OUB Centre Limited ("OUBC") to acquire additional of not less than 25 per cent. and up to 33.33 per cent. interest in OUBC (the "Proposed Acquisition"). OUBC is holding a majority interest in One Raffles Place and OUE Group in turn is currently holding 50 per cent. interest in OUBC. The consideration of the Proposed Acquisition shall be determined with reference to the net asset value of OUBC and an agreed value ascribed to One Raffles Place which owned by OUBC fixed at S$1.74 billion plus an amount equivalent to S$11.7 million. In addition, OUE entered into a conditional sale and purchase agreement with OUE C-REIT, for the sale thereto of its entire interest in OUBC, subject to the completion of the Proposed Acquisition, representing a minimum of 75 per cent. and up to a maximum of 83.33 per cent. interest in OUBC (the "Proposed Disposal"). The consideration of the Proposed Disposal is between approximately S$1 billion and S$1.1 billion. The Proposed Disposal is subject to, among other things, the approval of the shareholders of OUE and the approval of the unitholders of OUE C-REIT. The injection of the shareholding interest in One Raffles Place to OUE C-REIT will enable OUE to unlock capital while continuing to enjoy rental income and potential capital value upside through its significant unitholding interest in OUE C-REIT.

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and other area of the Asia Pacific region.

The segment recorded a revenue of HK$117 million for the year ended 31st March, 2015 (2014 — HK$3,844 million), mainly from the sale of properties of the property development project at the Beijing Economic-Technological Development Area (北京經濟技術開發區) in Beijing (the "BDA Project").

The Group has an 80 per cent. interest in the BDA Project which was completed in the second half of 2013, and the substantial revenue generated from units sold was recognised during the year ended 31st March, 2014. The BDA Project involves the development of an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. The sale and handover of approximately 93 per cent. of the total saleable area of the project has been completed as at 31st March, 2015.

Since no new property development was completed by the Group during the Year, the segment revenue decreased significantly. As a result, the segment profit decreased to HK$39 million for the Year (2014 — HK$1,642 million).

The Group has a 100 per cent. interest in the residential development known as "M Residences" at 83 Estrada de Cacilhas, Macau. Interior fitting-out works of the project have been substantially completed. "M Residences", with a site of approximately 3,398 square metres, is being developed into 311 residential units with a total saleable area of approximately 26,025 square metres. As at 31st March, 2015, about 96 per cent. of the total saleable area had been pre-sold at an aggregate consideration of HK$1.2 billion. All site works had been completed. The revenue and profit arising from the project is expected to be reflected in the Group's results for the year ending 31st March, 2016.

The Group has a 50 per cent. interest in the "Marina Collection", which is located at Sentosa Cove, Sentosa Island, Singapore. This property development project was completed in 2011 and provides 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres. Up to 31st March, 2015, a total of 91 units have been sold, of which 2 units were sold during the Year. The Group further shared a profit of HK$18 million (2014 — HK$35 million) from this associate.

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Treasury and securities investments

Treasury and securities investments businesses recorded a revenue of HK$47 million during the Year (2014 — HK$47 million), mainly attributable to the interest and dividend income received from the investment portfolio.

The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. Although the market sentiment has improved as compared with last year, the investment market continues to be challenging and full of uncertainties. The Group recorded unrealised fair value loss and provision for impairment loss for the Year. Hence the profit from treasury and securities investments businesses decreased to HK$30 million for the Year (2014 — HK$41 million).

Corporate finance and securities broking

Lippo Securities Holdings Limited ("LSHL") and its subsidiaries, which are wholly-owned subsidiaries of the Company, are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services.

The operating environment of the corporate finance and securities broking business remains challenging. Though the major stock markets in U.S. and Europe have rebounded during 2014, the stock markets in Hong Kong and mainland China remained sluggish throughout the Year. This segment registered a turnover of HK$21 million for the year ended 31st March, 2015 (2014 — HK$30 million) and the loss of this segment was HK$10 million for the Year (2014 — HK$6 million).

The launching of the "Shanghai-Hong Kong Stock Connect" in the fourth quarter of 2014 has helped to boost market sentiment, resulting in increased market turnover of both the local and mainland China stock markets in recent months. This may benefit the performance of LSHL. The outlook for the local stock market will be dependent on the market conditions in mainland China and global economic development, especially in U.S. and Europe.

Banking business

The Macau Chinese Bank Limited ("MCB"), a licensed bank in Macau and a wholly-owned subsidiary of the Company, maintained steady performance during the Year. The segment recorded a turnover of HK$22 million for the Year (2014 — HK$19 million) and registered a profit of HK$2 million (2014 — HK$2 million).

On 26th June, 2015, the Group entered into sale and purchase agreements with 南粵(集團)有限公司 (Nam Yue (Group) Company Limited) and Mr. Yang Jun (together, the "Purchasers") for the disposal of an aggregate of 49 per cent. interest in the issued share capital of MCB for an aggregate consideration of MOP (Macau Pataca) 441 million (equivalent to approximately HK$428 million). Upon completion, the Group will own 51 per cent. of the issued share capital of MCB and will enter into a shareholders' agreement with the Purchasers and MCB to, among other things, regulate the relationships between shareholders of MCB. After entering into such shareholders' agreement, as a result of the proposed composition of the board of directors of MCB and other terms and in compliance with the current accounting standards, MCB will be accounted for as an associate of the Company and its results, assets and liabilities will cease to be consolidated in the accounts of the Group even though MCB will continue to be a subsidiary of the Group under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The above disposal will bring in strategic shareholders with strong Macau and Guangdong Provincial connections which will help broaden the business horizon and improve the long term growth potential of MCB, which will be beneficial to the Group. Further details of the transaction are set out in the joint announcement of the Company and Lippo Limited ("Lippo"), an intermediate holding company of the Company, released on 26th June, 2015.

BUSINESS REVIEW *(continued)*

Financial Position

The Group's financial position remained healthy. As at 31st March, 2015, its total assets decreased to HK$12.4 billion (2014 — HK$13.2 billion). Property-related assets decreased to HK$9.5 billion (2014 — HK$9.8 billion), representing 77 per cent. (2014 — 74 per cent.) of the total assets. Total liabilities decreased to HK$2.2 billion (2014 — HK$2.5 billion). The Group maintained a strong cash position. Total cash and bank balances as at 31st March, 2015 reached HK$1.7 billion (2014 — HK$2.3 billion). Current ratio as at the end of the reporting period stood at 1.7 (2014 — 1.7).

As at 31st March, 2015, bank and other borrowings of the Group (other than those attributable to banking business) increased to HK$465 million (2014 — HK$308 million). Bank loans amounted to HK$363 million as at 31st March, 2015 (2014 — HK$308 million), which were denominated in Hong Kong dollars (2014 — Hong Kong dollars and Renminbi). The bank loans were secured by first legal mortgages over certain properties, shares in a subsidiary and certain bank deposits of the Group. The Group's other borrowings as at 31st March, 2015 comprised of unsecured loans advanced from Lippo of HK$102 million (2014 — Nil). All of the bank and other borrowings carried interest at floating rates and were repayable within one year. 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 31st March, 2015, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 4.6 per cent. (2014 — 3.0 per cent.). The net cash position, measured as cash and bank balances less total bank and other borrowings of the Group as at 31st March, 2015 was HK$1,284 million (2014 — HK$1,981 million).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK$10.1 billion (2014 — HK$10.4 billion). This was equivalent to HK$5.1 per share (2014 — HK$5.2 per share). The decrease was mainly attributable to share of translation loss of LAAPL's results for the Year under reserves and dividends paid to the Company's shareholders, net with the profit for the Year.

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

The Group had contingent liabilities relating to MCB of approximately HK$36 million as at 31st March, 2015 (2014 — HK$18 million), comprising guarantees and other endorsements of approximately HK$34 million (2014 — HK$15 million) and liabilities under letters of credit on behalf of customers of approximately HK$2 million (2014 — HK$3 million). 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 (2014 — Nil).

The Group's commitments mainly arise from its property development projects. As the site works of M Residences were substantially completed, the total commitment as at 31st March, 2015 decreased to HK$123 million (2014 — HK$290 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 160 employees as at 31st March, 2015 (2014 — 172 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the Year amounted to HK$67 million (2014 — HK$59 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

PROSPECTS

The economic prospects for Asia remain positive but the growth momentum will be dependent on the pace of economic recovery in U.S. and Europe. The outlook of the global economy is clouded with considerable uncertainties. The rise in U.S. interest rate remains contingent on its economic data. Setback to the fragile recovery of the Eurozone, failing to resolve Greek debt problem and geopolitical tensions in various regions, if intensified, could worsen the international economy. Hopefully, the present low interest rate environment and the quantitative easing programmes adopted by, among others, the European Central Bank, Japan and mainland China will provide a positive influence to help maintain investor confidence and hopefully create new business opportunities. The Group will continue to be watchful of market developments and will manage its portfolio with a view to further improving overall asset quality.

BUSINESS STRATEGY

The business activities of the Group are diversified. The principal activities of the subsidiaries, associates and joint ventures are investment holding, property investment, property development, hotel operation, project management, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The Group is committed to achieve long term sustainable growth of its businesses in preserving and enhancing the shareholders' value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope and has maintained prudent and disciplined financial management to ensure its sustainability.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with every function at divisional and departmental levels. The Group recognises that operational risks cannot be eliminated completely and that it may not always be cost effective to do so.

Key functions in the Group are guided by their standard operating procedures, limits of authority and reporting framework. The Internal Audit Department will identify and assess key operational exposures and report such risk issues to senior management as early as possible so that appropriate risk response can be taken.

KEY RISKS AND UNCERTAINTIES *(continued)*

Investment Risk

Balancing risk and return across investment types and geographic location are key considerations of investment framework. Risk assessment is an important aspect of the investment decision process. An Investment Committee was formed and authority matrix was set up to approve the investments to be made by the Group. Regular updates on the progress of the investments of the Group would be submitted to the Board of Directors of the Company.

Financial Risks

In the course of business activities, the Group is exposed to a variety of financial risks, including market, liquidity and credit risks. The currency environment, interest rates cycles and mark to market value of investment securities may pose significant risks to the Group's financial condition, results of operations and businesses. In particular, income from treasury investment is dependent upon the capital markets, currency environment, interest rate and global economic conditions.

Market risk is the risk that the Group's earnings and capital or its ability to meet its business objectives will be adversely attracted by movement in foreign exchange rates, interest rates and equity prices. The Group monitors the relative foreign exchange positions of its assets and liabilities and allocates accordingly to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group. The Group monitors its interest-sensitive products and investments and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by senior management of the Group. Equity price risk arises from fluctuation in market prices of the Group's investment in financial assets. Senior management regularly reviews and monitors the mix of securities in its investment portfolio based on its fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

Liquidity risk is the potential that the Group will be unable to meet its obligations when they fall due because of an ability to obtain adequate funding or liquidate assets. In managing liquidity risk, the Group monitors cash flows and maintains an adequate level of cash and credit facilities to ensure the ability to finance the Group's operations and reduce the effects of fluctuation in cash flows.

KEY RISKS AND UNCERTAINTIES *(continued)*

Financial Risks *(continued)*

Credit risk is the risk of losses arising from a counterparty defaulting on an obligation which will result in an economic loss to the Group. It arises from lending, treasury, investment and other activities undertaken by the Group. The credit policies for banking and margin lending businesses set out in details the credit approval and monitoring mechanism, the loan classification criteria and provision policy. Credit approval is conducted in accordance with the credit policies, taking into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Day-to-day credit management is performed by management of individual business units. Credit policies with guidelines on credit terms and limits set the basis for risk control. New customers are subject to credit evaluation while the Group continues to monitor its existing customers, especially those with repayment issues. The Group has established guidelines to ensure that all new debt investments are properly made, taking into account factors such as credit rating requirements and maximum exposure limit. All relevant departments within the Group are involved to ensure that appropriate processes, systems and controls are set in place before and after the investments are acquired. The bank balances are deposited with creditworthy banks with no recent history of default.

Strategic Direction Risk

Taking into consideration the territories that the Group operates in, the Group faces risk in its application of its assets and capital towards suitable investments and seizure of business and investment opportunities when such opportunities arise.

Manpower and Retention Risk

The competition for talents in the countries that the Group operates has led to the risk that the Group is not being able to attract and retain key personnel and talents with appropriate and required skills, experience and competence which would meet the business objectives of the Group. The manpower regulations in the respective jurisdictions which the Group operates increases the risk of the Group obtaining and retaining manpower to meet its operational needs. The Group will provide attractive remuneration package to suitable candidates and personnel.

Business Risks

Property Investment

The rental rates and the occupancy rates will depend on various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group is able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rates.

Property Development

Economic conditions, availability of external financing and the performance of property markets in which the Group's property development projects are located may affect the pace of development of the projects. Rising construction costs, labour shortage and the increase in material prices will affect the budget and the timing for completion of the development projects.

Joint Venture Partners Risk

Some of the businesses of the Group are conducted through non-wholly owned subsidiaries, associates and joint ventures in which the Group shares control with the joint venture partners. There is no assurance that any of these joint venture partners will continue their relationships with the Group in the future or their goals or strategies are in line with the Group. Such joint venture partners may have business interests or goals which are different from the Group. They may experience financial and other difficulties or may be unable to fulfil their obligations under the joint ventures which may affect the Group's businesses and operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Other than financial performance, the Group believes that a high standard of corporate social responsibility is essential for building up a good corporate and social relationship and motivating staff and creating a sustainable return to the Group.

Workplace Quality

Working conditions

As at 31st March, 2015, the Group employed a total of 160 employees.

The Group provides competitive remuneration package to attract and motivate the employees. It offers competitive remuneration, retirement and medical benefits, insurance and generous paid leave. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

Training and Development

Employees of the Group are encouraged to attend training and development courses to have the right knowledge and skills. The relevant divisions and departments would set aside a budget for the employees to attend training and development courses. The Group provides continuous professional development training for the Directors and senior management to develop and refresh their knowledge and skills which includes seminars and workshops, updates on regulatory requirements and development and corporate governance practices.

Equal Opportunity and Diversity

The Group treats the employees with respect and fairness and encourages a culture of equal opportunity and diversity regardless of age, gender, marital status and race. A Board Diversity Policy, with the aim of enhancing the quality of the Board's performance by diversity, was adopted in August 2013.

Health and Safety

To provide a safe working environment, risk assessments of workstations for all users are performed at regular intervals. Upgrades and maintenance of tools and equipment are performed to cope with the needs and demands of employees. In order to provide a hygienic working conditions, cleaning of carpets and air conditioning systems are carried out at regular intervals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(continued)*

Environmental Protection

Environmental conservation remains a key focus for the Group. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection and comply with environmental legislation and promote awareness towards environmental protection to the employees. The Group adheres to the principle of Recycling and Reducing. It implements green office practices such as double-sided printing and copying, setting up recycling bins, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances. To conserve the environment, the Company encourages its shareholders to receive corporate communications electronically via the websites of The Stock Exchange of Hong Kong Limited and the Company and an automatic footnote had been appended on all the Group's emails requesting the recipients to consider the environment before printing.

The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to move towards adhering the 3Rs – Reduce, Recyle and Reuse and enhance environmental sustainability.

Community Involvement

The Group is committed to invest in the communities where it operates by setting a donation foundation. The Group has made donations to various charitable bodies, educational bodies and cultural societies from time to time.

Operating Practices

Employees are expected to observe the highest standard of ethical, personal and professional conduct. A whistle-blowing policy was adopted by the Group. The Internal Audit Department has conducted an ongoing review of the effectiveness of the internal control system on a regular basis. As far as the Group is aware, there are no concluded legal cases regarding corrupt practices brought to the Group or its employees during the year under review.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries, associates and joint ventures are principally engaged in investment holding, property investment, property development, hotel operation, project management, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The activities and other particulars of the principal subsidiaries, principal associates and principal joint ventures are set out in the financial statements on pages 121 to 124, page 125 and page 126, respectively.

There were no significant changes in the nature of these activities during the Year.

RESULTS AND DISTRIBUTIONS

The results of the Group for the Year and the state of affairs of the Group and the Company as at 31st March, 2015 are set out in the financial statements on pages 40 to 126.

An interim distribution of HK1 cent (2014 — HK2 cents) per share for the Year was paid on 28th January, 2015. The Directors have resolved to recommend the payment of a final distribution of HK2 cents (2014 — HK2 cents) per share amounting to approximately HK$40 million (2014 — approximately HK$40 million) for the Year. Total distributions for the Year will be HK3 cents (2014 — HK4 cents) per share amounting to approximately HK$60 million (2014 — approximately HK$80 million).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 130.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 29 to the financial statements.

SHARE OPTION SCHEME

Details of the share option scheme of the Company are set out in Note 30 to the financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company are set out in Note 44 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties during the Year are set out in Note 16 to the financial statements.

DONATIONS

During the Year, the Group made charitable and other donations of HK$776,000 (2014 — HK$11,436,000).

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were as follows:

Executive Directors
Dr. Stephen Riady *(Chairman)*
Mr. John Lee Luen Wai, BBS, JP *(Chief Executive Officer)*
Mr. Kor Kee Yee

Non-executive Director
Mr. Leon Chan Nim Leung

Independent non-executive Directors
Mr. Albert Saychuan Cheok
Mr. Victor Yung Ha Kuk
Mr. Tsui King Fai

In accordance with Bye-law 87 of the Bye-laws of the Company (the "Bye-laws"), Mr. Kor Kee Yee and Dr. Stephen Riady will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Each of Messrs. Leon Chan Nim Leung and Albert Saychuan Cheok entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2014. Following the expiry of the term under their respective former letter agreements with the Company, each of Messrs. Victor Yung Ha Kuk and Tsui King Fai entered into a new letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30th September, 2014. Each of Dr. Stephen Riady and Messrs. John Lee Luen Wai and Kor Kee Yee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2015. All the above letter agreements are terminable by either party by giving three months' prior written notice. The term of office of the Directors is also subject to the provisions of the Bye-laws. In accordance with the Bye-laws, one-third of the Directors of the Company must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors. In addition, each of Dr. Stephen Riady and Messrs. John Lee Luen Wai and Kor Kee Yee entered into an employment agreement with the Company with effect from 1st January, 2015 in respect of their executive role in the Company, which are terminable by either party by giving three months' prior written notice.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the Company considers such Directors to be independent.

Under the Company's Bye-laws, every Director or other officer of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. A Directors' and Officers' Liability Insurance is in place to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Stephen Riady, aged 55, was appointed a Director of the Company in 1992 and is the Chairman of the board of directors of the Company. He is also an executive director and the Chairman of the board of directors of each of Lippo Limited ("Lippo") and Lippo China Resources Limited ("LCR"), both are public listed companies in Hong Kong. He was also appointed as the Executive President of each of the Company, Lippo and LCR with effect from 1st January 2015. Dr. Riady is a director of Lanius Limited and Lippo Capital Limited. He is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and LCR. He also holds directorships in certain subsidiaries of the Company, Lippo and LCR. Dr. Riady is the Executive Chairman of OUE Limited and an executive director of Auric Pacific Group Limited ("Auric"), both are public listed companies in Singapore. He serves as a member of the Nomination Committee of Auric. Dr. Riady is a graduate of the University of Southern California, United States of America and holds a Master Degree of Business Administration from Golden Gate University, United States of America and an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Dr. Riady is a son of Dr. Mochtar Riady and Madam Lidya Suryawaty. The interests of Dr. Mochtar Riady and Madam Lidya Suryawaty in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

Mr. John Lee Luen Wai, BBS, JP, aged 66, was appointed a Director of the Company in 1992 and is the Chief Executive Officer of the Company. Mr. Lee is the Managing Director and the Chief Executive Officer of Lippo and an executive director and the Chief Executive Officer of LCR. He is an independent non-executive director of New World Development Company Limited and New World China Land Limited, both are public listed companies in Hong Kong. He is a director of Prime Success Limited and Hennessy Holdings Limited. Mr. Lee is an authorised representative of the Company, Lippo and LCR. In addition, he holds directorships in certain subsidiaries of the Company, Lippo and LCR. Mr. Lee is a Fellow Member of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He was a partner of Pricewaterhouse (now known as PricewaterhouseCooper) in Hong Kong and has extensive experience in corporate finance and capital markets. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He is active in public service and currently serves as the Chairman of the Board of Trustees of the Hospital Authority Provident Fund Scheme and the Chairman of the Queen Elizabeth Hospital Governing Committee. In addition, he serves as a member of the Appeal Boards Panel (Education). Mr. Lee was awarded the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region.

Mr. Leon Chan Nim Leung, aged 59, was appointed a Director of the Company in 1992 and was re-designated from independent non-executive Director to non-executive Director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008 and is currently one of the Panel Chairman of the Appeal Tribunal Panel on appeals against a decision of the Building Authority. He is also a non-executive director of Lippo and LCR. He is also a director of a subsidiary of the Company and the Chairman of the supervisory board of a subsidiary of the Company. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, Lippo and LCR. Mr. Chan is an independent non-executive director of Midland Holdings Limited, a public listed company in Hong Kong. Mr. Chan resigned as an independent non-executive director of PanAsialum Holdings Company Limited, a public listed company in Hong Kong, on 4th December, 2014.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. Albert Saychuan Cheok, aged 64, was appointed an independent non-executive Director of the Company in 2002. Mr. Cheok is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Cheok graduated from the University of Adelaide, Australia, with a First Class Honours degree in Economics. He is a Fellow of the Australian Society of Certified Public Accountants and is a banker with over 40 years of experience in banking in the Asia-Pacific region, particularly in Australia, Hong Kong, Philippines and Malaysia. Mr. Cheok is the independent non-executive Chairman of Auric, a food group listed in Singapore. Mr. Cheok is the independent non-executive Chairman of AcrossAsia Limited and International Standard Resources Holdings Limited, both public listed companies in Hong Kong. He is also the independent non-executive Chairman of Bowsprit Capital Corporation Limited ("Bowsprit"), the Manager of First REIT, a listed healthcare REIT in Singapore and the independent non-executive Chairman of Amplefield Limited ("Amplefield"). Both Bowsprit and Amplefield are public listed companies in Singapore. Mr. Cheok is the independent non-executive Chairman of LMIRT Management Limited, the Manager of Lippo Malls Indonesia Retail Trust which is a listed Singapore based real estate investment trust. Mr. Cheok resigned as an independent non-executive director of Metal Reclamation Berhad, a public listed company in Malaysia, on 17th June, 2015. Mr. Cheok is an independent non-executive director of Adavale Resources Limited, a company listed on Australian Securities Exchange. On 8th May, 2015, Mr. Cheok was appointed as an independent non-executive director of China Aircraft Leasing Group Holdings Limited, a public listed company in Hong Kong. Mr. Cheok is currently a Vice Governor of the Board of Governors of the Malaysian Institute of Corporate Governance in Malaysia. Mr. Cheok is an independent non-executive director of MIDAN City Development Co., Ltd. in Korea. He was the Chairman of Bangkok Bank Berhad in Malaysia for the period from September 1995 to November 2005.

Mr. Kor Kee Yee, aged 67, was appointed a Director of the Company in 2002. He also holds directorships in certain subsidiaries of the Company. Mr. Kor holds a Master's Degree in Business Administration from Asia International Open University (Macau). He has over 30 years' comprehensive banking experience.

Mr. Victor Yung Ha Kuk, aged 61, was appointed an independent non-executive Director of the Company in September 2004. Mr. Yung is a professional accountant with over 30 years of working experience in the financial and accounting fields, and served in management positions in various multinational companies in Asia. Mr. Yung holds a Master of Science Degree in Corporate Governance and Directorship from the Hong Kong Baptist University, and is a member of the Hong Kong Institute of Certified Public Accountants. He is also an independent non-executive director of Lippo and LCR. Mr. Yung is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is also the Chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee of each of Lippo and LCR. Mr. Yung is an independent non-executive director of Travel Expert (Asia) Enterprises Limited, a public listed company in Hong Kong. He resigned as an independent non-executive director of Magnum Entertainment Group Holdings Limited, a public listed company in Hong Kong, on 15th May, 2015.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. Tsui King Fai, aged 65, was appointed an independent non-executive Director of the Company in September 2004. Mr. Tsui is a director and senior consultant of a registered financial services company in Hong Kong. He is an independent non-executive director of Vinda International Holdings Limited, China Aoyuan Property Group Limited and Newton Resources Ltd, all are public listed companies in Hong Kong. He has over 30 years of extensive experience in accounting, finance and investment management, particularly in investments in mainland China. Mr. Tsui worked for two of the Big Four audit firms in the United States of America and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in Australia and a member of the American Institute of Certified Public Accountants. He graduated from the University of Houston, Texas, the United States of America and holds a Master of Science in Accountancy and a Bachelor of Business Administration with first class honours. Mr. Tsui is also an independent non-executive director of Lippo and LCR. He is the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is also a member of the Audit Committee and the Chairman of the Remuneration Committee and Nomination Committee of each of Lippo and LCR.

Details of the interests of the Directors in the Company are disclosed in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below.

Save as disclosed herein and in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below, the Directors do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Details of the emoluments of the Directors on a named basis and the five highest paid employees in the Group are set out in Notes 7 and 8 to the financial statements, respectively.

The emoluments of the Directors are determined by reference to the market rates, time commitment and their duties and responsibilities as well as employment conditions elsewhere in the Group.

The emoluments of the Directors for the Year have been covered by their respective letter agreements and/or employment agreements (as applicable) with the Company and/or paid under the relevant statutory requirement save for those as disclosed herein below:

(a) the director's fees of Mr. John Lee Luen Wai in the total amount of approximately HK$59,000 for serving as director of certain subsidiaries of the Company;

(b) the director's fees of Mr. Leon Chan Nim Leung in the total amount of approximately HK$49,000 for serving as director/Chairman of supervisory board of certain subsidiaries of the Company; and

(c) the director's fee of Mr. Albert Saychuan Cheok in an amount of approximately HK$19,000 for serving as the Chairman of the General Assembly of a subsidiary of the Company.

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS *(continued)*

With effect from 1st January, 2015, each of the executive Directors was entitled to receive a director's fee of HK$204,000 per annum. With effect from 1st January, 2015, Dr. Stephen Riady was entitled to receive a monthly salary of HK$83,000 for his employment as the Executive President of the Company, Mr. John Lee Luen Wai was entitled to receive a monthly salary of HK$48,375 for his employment as the Chief Executive Officer of the Company and Mr. Kor Kee Yee was entitled to receive a monthly salary of HK$98,120 for his employment as an Executive Director of the Company. In addition, Dr. Stephen Riady, Mr. John Lee Luen Wai and Mr. Kor Kee Yee are entitled to discretionary bonuses and other fringe benefits for the executive role in the Company under their respective employment agreements with the Company. Further details of the above Directors' emoluments are disclosed in Note 7 to the financial statements.

The fee payable to each of the non-executive Directors of the Company was HK$204,000 for the Year. A non-executive Director will also receive additional fees for duties assigned to and services provided by him as Chairmen and/or members of various board committees of the Company. The fees payable to the non-executive Directors for serving as the Chairmen and/or members of various board committees of the Company for the Year were as follows:

	HK$
Audit Committee	
Chairman	60,000
Member	36,000
Other Committees	
Chairman	36,000
Member	36,000

With effect from 1st April, 2015, the fee payable to each of the Directors was adjusted from HK$204,000 per annum to HK$216,000 per annum.

With effect from 1st April, 2015, the fees payable to the non-executive Directors per annum for serving as Chairmen and/or members of various board committees of the Company were adjusted as follows:

	HK$
Audit Committee	
Chairman	72,000
Member	48,000
Other Committees	
Chairman	48,000
Member	48,000

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31st March, 2015, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

Interests in shares and underlying shares of the Company and associated corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares of HK$1.00 each in the Company					
Stephen Riady	–	–	1,315,707,842 *Note (i)*	1,315,707,842	65.84
John Lee Luen Wai	2,000,270	270	–	2,000,540	0.10
Tsui King Fai	600,000	75,000	–	675,000	0.03
Kor Kee Yee	606,000	–	–	606,000	0.03
Number of ordinary shares in Lippo Limited ("Lippo")					
Stephen Riady	–	–	319,322,219 *Notes (i) and (ii)*	319,322,219	64.75
John Lee Luen Wai	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares in Lippo China Resources Limited ("LCR")					
Stephen Riady	–	–	6,544,696,389 *Notes (i), (ii) and (iii)*	6,544,696,389	71.24

Note:

(i) As at 31st March, 2015, Lippo Capital Limited ("Lippo Capital"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, was indirectly interested in 1,315,707,842 ordinary shares of HK$1.00 each in, representing approximately 65.84 per cent. of the issued shares of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK$1.00 each in, representing the entire issued shares of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust include, inter alia, Dr. Stephen Riady and other members of the family. Dr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.

(ii) As at 31st March, 2015, Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 319,322,219 ordinary shares in, representing approximately 64.75 per cent. of the issued shares of, Lippo.

(iii) As at 31st March, 2015, Lippo was indirectly interested in 6,544,696,389 ordinary shares in, representing approximately 71.24 per cent. of the issued shares of, LCR.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and associated corporations *(continued)*

For the reasons outlined above, through his deemed interest in Lippo Capital as mentioned in Note (i) above, Dr. Stephen Riady was also taken to be interested in the issued shares of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Abital Trading Pte. Limited	Ordinary shares	2	100
Auric Pacific Group Limited	Ordinary shares	61,927,335	49.28
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Brimming Fortune Limited	Ordinary shares	1	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
First Tower Corporation	Ordinary shares	1	100
Gemdale Properties and Investment Corporation Limited	Ordinary shares	2,900,000,000	22.97
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
Hennessy Holdings Limited	Ordinary shares	1	100
HKCL Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
International Realty (Singapore) Pte. Limited	Ordinary shares	2	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
Prime Success Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and associated corporations *(continued)*

As at 31st March, 2015, Dr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares in, representing approximately 16.67 per cent. of, the issued shares of, Lanius which is the holder of the entire issued shares of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Dr. Stephen Riady), who does not have any interest in the issued shares of Lanius. The beneficiaries of the trust include, inter alia, Dr. Stephen Riady and other members of the family.

As at 31st March, 2015, Mr. Kor Kee Yee, as beneficial owner, was interested in 2,444,000 ordinary shares in, representing approximately 9.29 per cent. of, the issued shares of TechnoSolve Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company.

As at 31st March, 2015, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 2015, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 31st March, 2015, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted), were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable a Director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31st March, 2015, so far as is known to the Directors of the Company, the following substantial shareholders (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) and other person, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and/or as notified to the Company as follows:

Interests of substantial shareholders (as defined under the Listing Rules) and other person in shares of the Company

Name	Number of ordinary shares of HK$1.00 each	Approximate percentage of interests in the issued shares
Substantial shareholders:		
Hennessy Holdings Limited ("Hennessy")	1,315,707,842	65.84
Prime Success Limited ("Prime Success")	1,315,707,842	65.84
Lippo Limited ("Lippo")	1,315,707,842	65.84
Lippo Capital Limited ("Lippo Capital")	1,315,707,842	65.84
Lanius Limited ("Lanius")	1,315,707,842	65.84
Dr. Mochtar Riady	1,315,707,842	65.84
Madam Lidya Suryawaty	1,315,707,842	65.84
Other person:		
Farallon Capital Management, L.L.C. ("Farallon")	199,620,650	9.98

Note:

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,315,707,842 ordinary shares of HK$1.00 each in, representing approximately 65.84 per cent. of the issued shares of, the Company.

2. Hennessy is wholly owned by Prime Success which in turn is wholly owned by Lippo.

3. Lippo Capital, the holding company of Lippo, together with its wholly-owned subsidiary, J & S Company Limited, owns ordinary shares representing approximately 64.75 per cent. of the issued shares of Lippo.

4. Lanius is the holder of the entire issued shares of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the issued shares of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in Lippo Capital under the provisions of the SFO.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE *(continued)*

Interests of substantial shareholders (as defined under the Listing Rules) and other person in shares of the Company *(continued)*

Note: (continued)

5. Hennessy's interests in the ordinary shares of the Company were recorded as the interests of Prime Success, Lippo, Lippo Capital, Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 1,315,707,842 ordinary shares in the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations". Dr. Mochtar Riady, his wife Madam Lidya Suryawaty and Dr. Stephen Riady were taken to be interested in the shares of the Company under the provisions of the SFO.

6. Farallon, through the entities and accounts managed by it as investment adviser (both directly and through its wholly-owned subsidiary Farallon Capital Asia Pte. Ltd. (formerly known as Noonday Asset Management Pte. Ltd.)), namely Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Institutional Partners III, L.P., Farallon Capital (AM) Investors, L.P., Farallon Capital Offshore Investors II, L.P., Noonday Capital Partners, L.L.C., Noonday Offshore, Inc. and Farallon Capital AA Investors, L.P., was indirectly interested in an aggregate of 199,620,650 ordinary shares of HK$1.00 each in, representing approximately 9.98 per cent. of the issued shares of, the Company.

7. The percentage of interests of "other person" in the issued shares stated in this section is based on the disclosure form filed with the Company.

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 2015, none of the substantial shareholders (as defined under the Listing Rules) or other person, other than the Directors or chief executive of the Company, had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31st March, 2015, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

Other than the independent non-executive Directors, Dr. Stephen Riady and Messrs. John Lee Luen Wai and Leon Chan Nim Leung are also directors of Lippo Limited ("Lippo"), an intermediate holding company of the Company, and Lippo China Resources Limited ("LCR"), a fellow subsidiary of the Company. Further details of the Directors' interests in Lippo and LCR are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations". Subsidiaries of Lippo and LCR are also engaged in property investment and property development.

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(continued)*

The Directors of the Company are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and its Directors would comply with the relevant requirements of the Company's Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") whenever a Director has any conflict of interest in the transaction(s) with the Company.

Save as disclosed herein, during the Year and up to the date of this report, none of the Directors are considered to have interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group required to be disclosed under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions disclosed in accordance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") are as follows:

(A) On 7th September, 2012, a tenancy agreement was entered into between the Company and Porbandar Limited ("Porbandar"), a fellow subsidiary of the Company, pursuant to which Porbandar agreed to let to the Company of Room 4301, 43rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong with a gross floor area of approximately 4,686 square feet for a term of two years from 16th September, 2012 to 15th September, 2014, both days inclusive, at a monthly rental of HK$223,050 (equivalent to HK$2,676,600 per annum), exclusive of rates, service charges and all other outgoings or HK$248,405 (equivalent to HK$2,980,860 per annum), inclusive of an initial monthly service charge of HK$25,355, for office use. The service charge of HK$25,355 per calendar month (subject to adjustment) payable by the Company to Porbandar shall be applied by Porbandar in payment of applicable service charges of the manager of the building relating to the above property provided that such service charge may not exceed HK$35,000 per calendar month unless agreed by both parties in writing (the "Maximum Service Charge"). The maximum aggregate rental, inclusive of the Maximum Service Charge, was HK$1,419,275 for the Year. The rental was determined by reference to the then prevailing open market rentals.

Further details of the above tenancy are disclosed in Note 38(a) to the financial statements.

(B) On 30th August, 2013, service agreements were entered into between Lippo Securities Holdings Limited ("Lippo Securities"), a wholly-owned subsidiary of the Company, and:

(1) Lippo Capital Limited ("Lippo Capital") for itself and its subsidiaries (other than Lippo Limited ("Lippo"), Lippo China Resources Limited ("LCR"), the Company and their respective subsidiaries);

(2) Lippo for itself and its subsidiaries (other than LCR, the Company and their respective subsidiaries); and

(3) LCR for itself and its subsidiaries.

Both Lippo Capital and Lippo are indirect controlling shareholders of the Company. LCR is a fellow subsidiary of the Company.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

(B) *(continued)*

Pursuant to the above service agreements, Lippo Securities agreed to provide securities and futures broking and trading services, corporate finance, securities investment, treasury investment, and other incidental financial services (the "Services") to each of Lippo Capital, Lippo and LCR and their respective subsidiaries in making securities and futures investments through their respective trading accounts opened and/or maintained with Lippo Securities Limited ("LSL") and Lippo Futures Limited ("Lippo Futures"), both of which are wholly-owned subsidiaries of Lippo Securities. The term of each of the above service agreements commenced from 1st April, 2013 to 31st March, 2016 with trading commissions, brokerage service fees, collection fees and/or other incidental fees ("Fees") paid and payable to Lippo Securities and its subsidiaries, including, inter alia, LSL and Lippo Futures ("Lippo Securities Group") in respect of the Services provided by LSL and/or Lippo Futures (as the case may be), based on the fees received from relevant market customers of comparable standing and in the ordinary course of business of Lippo Securities Group. The rate of commissions and/or brokerage services fees payable to Lippo Securities Group for each securities or futures transaction (as the case may be) is charged based on the size of each trade, whilst that for each futures transaction is fixed at a specified rate, both on terms no more favourable to the relevant connected persons than those offered to or available from independent third parties. Such rates of Fees are charged at market rates comparable to that of other securities service providers in Hong Kong. The maximum aggregate service fees for the Year under the service agreements between Lippo Securities and each of Lippo Capital, Lippo and LCR were HK$400,000, HK$2,200,000 and HK$4,000,000 respectively.

Further details of the above transactions are disclosed in Note 38(d) to the financial statements.

The Directors of the Company are of the view that the terms of each of the above agreements are determined on fair and reasonable basis and in accordance with normal commercial terms and that such transactions are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

The independent non-executive Directors have confirmed that the above transactions had been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the above agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Messrs. Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. In accordance with rule 14A.56 of the Listing Rules, Messrs. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Company and a copy of the auditors' letter has been provided by the Company to the Stock Exchange.

The Company has complied with all the reporting, announcement and other requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions disclosed herein.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed above and in Note 38 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

During the Year, no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries has been made.

MANAGEMENT CONTRACTS

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

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

During the Year, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the percentage of sales attributable to the Group's five largest customers combined was less than 30 per cent. of the Group's aggregate sales. Purchases from the Group's five largest suppliers combined accounted for 98 per cent. of the total purchases for the Year and purchases from the largest supplier included therein amounted to 97 per cent.

None of the Directors of the Company, their close associates, or any shareholder (which to the knowledge of the Directors own more than 5 per cent. of the Company's issued share capital) had any interest in the Group's five largest suppliers or customers.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its brand competitiveness and dominant status, the Group aims at delivering constantly high standards of quality in the products and service to its customers. During the Year, there was no material and significant dispute between the Group and its suppliers and/or customers.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme of the Group and the employer's retirement benefits costs charged to the consolidated statement of profit or loss for the Year are set out in Notes 2.4(u) and 6 to the financial statements, respectively.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 29 to 37.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

AUDITORS

The financial statements for the Year were audited by Messrs. Ernst & Young who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment.

On behalf of the Board
John Lee Luen Wai
Chief Executive Officer

Hong Kong, 29th June, 2015

CORPORATE GOVERNANCE PRACTICES

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.

During the year ended 31st March, 2015 (the "Year"), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the CG Code for the Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules as the code for securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have fully complied with the required standard set out in the Model Code throughout the Year.

To enhance corporate governance, the Company has also established written guidelines no less exacting than the Model Code for the relevant employees of the Group in respect of their dealings in the Company's securities.

BOARD OF DIRECTORS

The Board currently comprises seven members (the composition of the Board is shown on page 15), including three executive Directors and four non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 16 to 18). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.hkchinese.com.hk) and the Stock Exchange's website (www.hkexnews.hk). To the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Company has three independent non-executive Directors, representing more than one-third of the Board. All the independent non-executive Directors have appropriate professional qualifications or accounting or related financial management expertise under rule 3.10 of the Listing Rules. All the independent non-executive Directors have signed the annual confirmation of independence pursuant to rule 3.13 of the Listing Rules to confirm their independence. The Company considers that all independent non-executive Directors have met the independence guidelines of rule 3.13 of the Listing Rules.

BOARD OF DIRECTORS *(continued)*

Messrs. Victor Yung Ha Kuk, Tsui King Fai and Albert Saychuan Cheok have served as independent non-executive Director of the Company for more than nine years. In addition to their confirmation of independence in accordance with rule 3.13 of the Listing Rules, each of them continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice and there is no evidence that their tenure have had any impact on their independence. The Directors are of the opinion that Messrs. Victor Yung Ha Kuk, Tsui King Fai and Albert Saychuan Cheok remain independent notwithstanding the length of their service and they believe that their valuable knowledge and experience in the Group's business and their external experience continue to generate significant contribution to the Company and its shareholders as a whole.

Under the Company's Bye-laws, one-third of the Directors must retire from office at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement by rotation at least once every three years notwithstanding that the total number of Directors to retire at the relevant annual general meeting would as a result exceed one-third of the Directors. Under the Listing Rules, if an independent non-executive Director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. All the Directors have entered into letter agreements with the Company setting out the key terms and conditions of their respective appointment as Directors of the Company.

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. The Board has delegated certain functions to the relevant Board committees, details of which are disclosed below. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the executive Directors. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are those affecting the Group's overall strategic policies, dividend policy, material policies and decisions, significant changes in accounting policies, material contracts, major investments and approval of interim reports, annual reports and announcements of interim and final results. Management provides the Directors with management updates of the Group's operation, performance and position. All Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner. Legal and regulatory updates are provided to the Directors from time to time for their information so as to keep them abreast of the latest rule requirements and assist them in fulfilling their responsibilities. The Company Secretary may advise the Directors on queries raised or issues which arise in performance of their duties as directors. The Board members have access to appropriate business documents and information about the Group on a timely basis. All Directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request.

Three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, have been established to oversee particular aspects of the Group's affairs.

The Board meets regularly to review the financial and operating performance of the Group and other business units, and formulate future strategy. Five Board meetings were held during the Year.

During the Year, the Chairman held a meeting with the non-executive Directors (including independent non-executive Directors) without the executive Directors present.

BOARD OF DIRECTORS *(continued)*

Individual attendance of each Director at the Board meetings and general meeting and each committee member at meetings of the Audit Committee, the Remuneration Committee and the Nomination Committee during the Year are set out below:

	Attendance/Number of Meetings				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting***
Executive Directors					
Dr. Stephen Riady *(Chairman)*	3/5	N/A	1/2	0/1	1/1
Mr. John Lee Luen Wai *(Chief Executive Officer)*	5/5	N/A	N/A	N/A	1/1
Mr. Kor Kee Yee	5/5	N/A	N/A	N/A	1/1
Non-executive Director					
Mr. Leon Chan Nim Leung	5/5	3/3	2/2	1/1	1/1
Independent non-executive Directors					
Mr. Tsui King Fai *(Chairman of the Audit Committee, Remuneration Committee and Nomination Committee)*	5/5	3/3	2/2	1/1	1/1
Mr. Albert Saychuan Cheok	4/5	3/3	1/2	1/1	1/1
Mr. Victor Yung Ha Kuk	5/5	3/3	2/2	1/1	1/1

* the only general meeting of the Company held during the Year was the annual general meeting held on 11th September, 2014 (the "2014 AGM").

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer of the Company are segregated. Dr. Stephen Riady is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. Mr. John Lee Luen Wai is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the day-to-day management of the Group's business. Their respective roles and responsibilities are set out in writing which were approved by the Board.

NON-EXECUTIVE DIRECTORS

There are currently four non-executive Directors of whom three are independent. Under the Company's Bye-laws, every Director, including the non-executive Directors, shall be subject to retirement by rotation at least once every three years. All the non-executive Directors have a fixed term of contract of two years with the Company.

REMUNERATION OF DIRECTORS

A Remuneration Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.hkchinese.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Committee has been delegated with the authority and responsibility to determine the remuneration packages of individual Directors and senior management. Senior management of the Company comprises Directors of the Company only.

The principal role of the Committee is to exercise the powers of the Board to review and determine or make recommendations to the Board on the remuneration packages of individual Directors and senior staff, including salaries, bonuses, share options and benefits in kind. Salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group have been considered in determining the remuneration packages so as to align management incentives with shareholders' interests. During the Year, the Remuneration Committee reviewed and determined, with delegated responsibility, inter alia, (i) the remuneration packages of the Directors and senior staff; and (ii) service contracts of certain Directors.

Majority of the Committee members are non-executive Directors and three of them are independent. The Remuneration Committee comprises five members including three independent non-executive Directors, namely Messrs. Tsui King Fai (being the Chairman of the Remuneration Committee), Albert Saychuan Cheok and Victor Yung Ha Kuk, a non-executive Director, namely Mr. Leon Chan Nim Leung and an executive Director, namely Dr. Stephen Riady. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. Two meetings were held during the Year and the individual attendance of each member is set out above.

Details of Directors' emoluments and retirement benefits are disclosed in Notes 7 and 2.4(u) to the financial statements, respectively.

NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Company's Bye-laws. No new Director was appointed during the Year.

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.hkchinese.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The principal role of the Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; assessment of the independence of independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee is then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2014 AGM and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition, diversity and efficiency of the Board.

NOMINATION OF DIRECTORS *(continued)*

The Board considers its diversity is essential to the sustainable success of the Company and adopted a board diversity policy (the "Diversity Policy"). The Nomination Committee undertakes the function to review the Diversity Policy and make recommendations on any required changes to the Board. The Diversity Policy sets out the approach to achieve diversity on the board which will include and make good use of the difference in skills, professional experience, educational background, gender, age, knowledge, length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and all board appointments will be based on merit and contribution, having due regard to the overall effective function of the Board as a whole. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee monitors the implementation of the Diversity Policy and will at appropriate time set measurable objectives for achieving diversity under the Diversity Policy. The Nomination Committee will review the Diversity Policy from time to time to ensure its continued effectiveness. A copy of the Diversity Policy can be found on the Company's website (www.hkchinese.com.hk). The Company believes that diversity can strengthen the performance of the Board, and promote effective decision-making and better corporate governance and monitoring.

Majority of the Committee members are non-executive Directors and three of them are independent. The Nomination Committee comprises five members including three independent non-executive Directors, namely Messrs. Tsui King Fai (being the Chairman of the Nomination Committee), Albert Saychuan Cheok and Victor Yung Ha Kuk, a non-executive Director, namely Mr. Leon Chan Nim Leung and an executive Director, namely Dr. Stephen Riady. The composition of the Nomination Committee meets the requirements of chairmanship and independence of the Listing Rules. A meeting was held during the Year and the individual attendance of each member is set out above.

Shareholders may propose a candidate for election as a Director in accordance with the Bye-laws of the Company. The procedures for such proposal are published on the Company's website (www.hkchinese.com.hk).

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company for the Year. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the forthcoming 2015 annual general meeting of the Company (the "2015 AGM"), all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of Directors and senior management on pages 16 to 18.

DIRECTORS' TIME COMMITMENT AND TRAINING *(continued)*

Directors are also encouraged to attend seminars and conferences to enrich their knowledge in discharging their duties as a director. The Company has arranged from time to time at its cost seminars and/or conferences conducted by professional bodies for the Directors relating to, inter alia, directors' duties, corporate governance and regulatory updates. Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

(1) participation in continuous professional training seminars and/or conferences and/or courses and/or workshops on subjects relating to, inter alia, corporate governance, directors' duties and legal and regulatory changes organised and/or arranged by the Company and/or professional bodies and/or lawyers;

(2) reading materials provided from time to time by the Company to the Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and

(3) reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

According to the training records provided by the Directors to the Company, all Directors participated in continuous professional development during the Year through the above means (1), (2) and (3). Records of the Directors' training during the Year are as follows:

Directors	Training received
Executive Directors	
Dr. Stephen Riady *(Chairman)*	(1), (2) and (3)
Mr. John Lee Luen Wai *(Chief Executive Officer)*	(1), (2) and (3)
Mr. Kor Kee Yee	(1), (2) and (3)
Non-executive Director	
Mr. Leon Chan Nim Leung	(1), (2) and (3)
Independent non-executive Directors	
Mr. Albert Saychuan Cheok	(1), (2) and (3)
Mr. Victor Yung Ha Kuk	(1), (2) and (3)
Mr. Tsui King Fai	(1), (2) and (3)

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged directors' and officers' liability insurance for years to indemnify the directors and officers of the Group against any potential liability arising from the Group's activities which such directors and officers may be held liable.

AUDITORS' REMUNERATION

Messrs. Ernst & Young has been appointed by the shareholders annually as the Company's auditors. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Messrs. Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditors nationally and internationally) amounted to approximately HK$3.0 million (2014 — HK$3.1 million) and approximately HK$0.1 million (2014 — HK$0.1 million), respectively.

AUDIT COMMITTEE

The Board established an Audit Committee in December 1998. The Audit Committee has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.hkchinese.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Audit Committee assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. The Audit Committee is also responsible for the Company's corporate governance functions. All Committee members are non-executive Directors and three of them including the Chairman are independent. The Audit Committee comprises four members including three independent non-executive Directors, namely Messrs. Tsui King Fai (being the Chairman of the Audit Committee), Albert Saychuan Cheok and Victor Yung Ha Kuk and a non-executive Director, namely Mr. Leon Chan Nim Leung. Three meetings were held during the Year and the individual attendance of each member is set out above.

The Committee members possess diversified industry experience and the Chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters. Under its current terms of reference, the Committee will meet at least twice each year. Management and auditors shall normally attend the meetings.

During the Year, the Audit Committee discharged its duties by reviewing financial, audit and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report and internal audit reports and discussing with executive Directors, management, external auditors and internal audit department (the "IA Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board on financial-related matters. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2015 AGM, Messrs. Ernst & Young be re-appointed as the Company's external auditors for the ensuing year; and reviewed the fees charged by the Company's external auditors.

INTERNAL CONTROLS

The Board recognises its responsibility for maintaining an adequate system of internal control and prompt and transparent reporting of the Company's activities to the shareholders and to the public.

The internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations.

During the Year, a review of the effectiveness of the Group's internal control system covering all material controls and risk management functions was conducted and such review will be conducted on an annual basis.

An Inside Information Policy was adopted by the Company which sets out guidelines to the Directors, officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) (the "Inside Information") of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations. The Company also established Group Internal Notification Policies and Procedures for setting out guidelines for identification and notification of Inside Information and notifiable transactions (as defined in the Listing Rules). A whistleblowing policy was also adopted by the Group.

During the Year, the Board reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The review will be conducted annually in accordance with the requirements of the CG Code.

INTERNAL AUDIT

The IA Department was set up in 2007 to perform internal audit and to review the internal control system of the Group.

The principal roles of the internal audit are to ensure the effectiveness of internal control procedures and strict compliance with different standards and policies across different businesses and operations of the Group. The IA Department audits and evaluates the Group's internal control operation and management activities so as to establish that there are no significant misrepresentations of risks and faults in the Group. The Board and the Audit Committee will actively take actions based on the findings from the IA Department. The IA Department is also responsible for providing improvement procedures to different operation teams and departments so as to minimise the risk exposure in the future. Ongoing enhancement and revision on the internal control system will have to be made from time to time so as to cope with the growth of the Group.

COMPANY SECRETARY

The Company Secretary is an employee of the Company. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with management. During the Year, the Company Secretary had taken the necessary professional training.

COMMUNICATION WITH SHAREHOLDERS

The Company has established a shareholders' communication policy and will review it on a regular basis to ensure its effectiveness.

The Company's annual general meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees, and the Company's external auditors are invited to attend the AGM and answer questions from shareholders.

Under the Listing Rules, all resolutions proposed at shareholders' meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow resolutions to be voted on by the shareholders on a show of hands. Details of the poll procedures will be explained during the proceedings of shareholders' meetings. The poll voting results will be released and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hkchinese.com.hk).

To provide effective communication, the Company maintains a website at www.hkchinese.com.hk. All the financial information and other disclosures including, inter alia, annual reports, interim reports, announcements, circulars, notices and Memorandum of Association and Bye-laws are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (the "Registrar") or contact the Customer Service Hotline of the Registrar at (852) 2980 1333. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the principal place of business of the Company at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

SHAREHOLDERS' RIGHTS

Under Bye-law 58 of the Bye-laws of the Company, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of the Companies Act 1981 of Bermuda.

Shareholders may send the requisition and request to the Board or the Company Secretary in written form to the principal place of business of the Company at 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

FAIR DISCLOSURE AND INVESTOR RELATIONS

The Company uses its best endeavours to distribute material information about the Group to all interested parties as widely as possible. When announcements are made through the Stock Exchange, the same information will be available to the public on the Company's website. The Company recognises its responsibility to disclose its activities to those with a legitimate interest and to respond to their questions. In all cases, great care has been taken in handling Inside Information of the Group. An Inside Information Policy was adopted by the Company which sets out guidelines to ensure Inside Information of the Group is to be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

Management of the Group maintains regular contacts with the investment community. A shareholders' communication policy was adopted by the Group.

During the Year, no amendments were made to the Company's Memorandum of Association and Bye-laws. An updated and consolidated version of the Company's Memorandum of Association and Bye-laws is available on the Company's website (www.hkchinese.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31st March, 2015, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditors are responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

The responsibilities of the auditors with respect to financial reporting are set out in the Independent Auditors' Report on pages 38 and 39.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It cares for and supports the communities where it operates. The Group has made donations for community well-being from time to time.

Independent Auditors' Report

EY 安永

To the shareholders of Hongkong Chinese Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hongkong Chinese Limited (the "Company") and its subsidiaries set out on pages 40 to 126, which comprise the consolidated statement of financial position as at 31st March, 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31st March, 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Hong Kong, 29th June, 2015

Consolidated Statement of Profit or Loss

For the year ended 31st March, 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	5	**228,679**	3,969,891
Cost of sales		**(75,967)**	(2,108,669)
Gross profit		**152,712**	1,861,222
Administrative expenses		**(93,768)**	(86,079)
Other operating expenses		**(50,307)**	(144,781)
Net fair value gain on investment properties		**31,555**	8,447
Net fair value loss on financial assets at fair value through profit or loss		**(9,464)**	(1,181)
Provisions for impairment losses on associates		**(6,986)**	(778)
Finance costs	9	**(3,478)**	(1,344)
Share of results of associates		**2,962**	34,680
Share of results of joint ventures	10	**384,786**	(346,068)
Profit before tax	6	**408,012**	1,324,118
Income tax	11	**(33,665)**	(821,147)
Profit for the year		**374,347**	502,971
Attributable to:			
Equity holders of the Company		**364,019**	313,577
Non-controlling interests		**10,328**	189,394
		374,347	502,971
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company	12		
Basic		**18.2**	15.7
Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2015

	Note	2015 HK$'000	2014 HK$'000
Profit for the year		**374,347**	502,971
Other comprehensive income/(loss)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Available-for-sale financial assets:			
Changes in fair value		**(1,980)**	(5,436)
Adjustments for disposal		**4**	323
Adjustment for impairment losses		**3,187**	–
Income tax effect		**1,025**	2,428
		2,236	(2,685)
Share of other comprehensive income/(loss) of joint ventures:			
Share of changes in fair value of available-for-sale financial assets		**25,210**	99,159
Share of effective portion of changes in fair value of cash flow hedges		**10,198**	(3,242)
Share of exchange differences on translation of foreign operations		**(545,017)**	(125,080)
		(509,609)	(29,163)
Share of exchange differences on translation of a foreign associate		**(1,482)**	–
Exchange differences on translation of foreign operations		**(66,860)**	(8,902)
Adjustments relating to disposal of foreign subsidiaries	33	**7**	(1,234)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the year, net of tax		**(575,708)**	(41,984)
Total comprehensive income/(loss) for the year		**(201,361)**	460,987
Attributable to:			
Equity holders of the Company		**(211,925)**	270,406
Non-controlling interests		**10,564**	190,581
		(201,361)	460,987

Consolidated Statement of Financial Position

As at 31st March, 2015

	Note	**2015** **HK$'000**	2014 HK$'000
Non-current assets			
Goodwill	14	**71,485**	71,485
Fixed assets	15	**65,327**	16,915
Investment properties	16	**245,178**	219,917
Interests in associates	17	**439,456**	506,968
Interests in joint ventures	18	**7,768,009**	7,978,964
Available-for-sale financial assets	19	**88,904**	104,245
Loans and advances	20	**111,256**	91,151
		8,789,615	8,989,645
Current assets			
Properties held for sale		**115,571**	173,087
Properties under development	21	**816,766**	633,422
Loans and advances	20	**280,847**	276,447
Debtors, prepayments and deposits	22	**119,355**	167,022
Available-for-sale financial assets	19	**24,047**	3,753
Financial assets at fair value through profit or loss	23	**108,760**	123,474
Tax recoverable		**223**	518
Client trust bank balances		**324,982**	311,353
Restricted cash	24	**70,099**	174,303
Treasury bills		**38,800**	33,950
Cash and bank balances		**1,748,980**	2,289,239
		3,648,430	4,186,568
Current liabilities			
Bank and other borrowings	25	**464,542**	308,387
Creditors, accruals and deposits received	26	**935,700**	1,177,804
Current, fixed, savings and other deposits of customers	27	**444,582**	332,180
Tax payable		**296,220**	611,570
		2,141,044	2,429,941
Net current assets		**1,507,386**	1,756,627
Total assets less current liabilities		**10,297,001**	10,746,272

	Note	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred tax liabilities	28	**50,742**	106,724
Net assets		**10,246,259**	10,639,548
Equity			
Equity attributable to equity holders of the Company			
Share capital	29	**1,998,280**	1,998,280
Reserves	31	**8,140,880**	8,393,235
		10,139,160	10,391,515
Non-controlling interests		**107,099**	248,033
		10,246,259	10,639,548

Stephen Riady
Director

John Lee Luen Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2015

	Attributable to equity holders of the Company												
	Share capital	Share premium account	Capital redemption reserve *(Note 31(c))*	Legal reserve *(Note 31(d))*	Regulatory reserve *(Note 31(e))*	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve *(Note 31(f))*	Exchange equalisation reserve	Distributable reserves *(Note 31(b))*	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April, 2014	**1,998,280**	**92,775**	**22,144**	**9,840**	**2,691**	**433,393**	**36,074**	**(3,242)**	**949,559**	**6,850,001**	**10,391,515**	**248,033**	**10,639,548**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**364,019**	**364,019**	**10,328**	**374,347**
Other comprehensive income/(loss) for the year:													
Available-for-sale financial assets:													
Changes in fair value	**-**	**-**	**-**	**-**	**-**	**(1,980)**	**-**	**-**	**-**	**-**	**(1,980)**	**-**	**(1,980)**
Adjustments for disposal	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**-**	**-**	**-**	**4**	**-**	**4**
Adjustment for impairment losses	**-**	**-**	**-**	**-**	**-**	**3,187**	**-**	**-**	**-**	**-**	**3,187**	**-**	**3,187**
Income tax effect	**-**	**-**	**-**	**-**	**-**	**1,025**	**-**	**-**	**-**	**-**	**1,025**	**-**	**1,025**
Share of other comprehensive income/(loss) of joint ventures	**-**	**-**	**-**	**-**	**-**	**25,210**	**-**	**10,198**	**(545,017)**	**-**	**(509,609)**	**-**	**(509,609)**
Share of exchange differences on translation of a foreign associate	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,482)**	**-**	**(1,482)**	**-**	**(1,482)**
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(67,096)**	**-**	**(67,096)**	**236**	**(66,860)**
Adjustments relating to disposal of foreign subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**7**	**-**	**7**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**27,446**	**-**	**10,198**	**(613,588)**	**364,019**	**(211,925)**	**10,564**	**(201,361)**
Share of equity movements arising on equity transactions of joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(416)**	**15**	**19,920**	**19,519**	**-**	**19,519**
Transfer of reserve	**-**	**-**	**-**	**10,274**	**-**	**-**	**-**	**-**	**-**	**(10,274)**	**-**	**-**	**-**
2013/2014 final distribution declared and paid to shareholders of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(39,966)**	**(39,966)**	**-**	**(39,966)**
2014/2015 interim distribution declared and paid to shareholders of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(19,983)**	**(19,983)**	**-**	**(19,983)**
Dividend declared and paid to non-controlling shareholder of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(151,498)**	**(151,498)**
At 31st March, 2015	**1,998,280**	**92,775**	**22,144**	**20,114**	**2,691**	**460,839**	**36,074**	**6,540**	**335,986**	**7,163,717**	**10,139,160**	**107,099**	**10,246,259**
At 1st April, 2013	1,998,280	92,775	22,144	7,854	2,691	336,919	36,074	-	1,085,962	6,693,927	10,276,626	61,768	10,338,394
Profit for the year	-	-	-	-	-	-	-	-	-	313,577	313,577	189,394	502,971
Other comprehensive income/(loss) for the year:													
Available-for-sale financial assets:													
Changes in fair value	-	-	-	-	-	(5,436)	-	-	-	-	(5,436)	-	(5,436)
Adjustments for disposal	-	-	-	-	-	323	-	-	-	-	323	-	323
Income tax effect	-	-	-	-	-	2,428	-	-	-	-	2,428	-	2,428
Share of other comprehensive income/(loss) of joint ventures	-	-	-	-	-	99,159	-	(3,242)	(125,080)	-	(29,163)	-	(29,163)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(10,089)	-	(10,089)	1,187	(8,902)
Adjustments relating to disposal of foreign subsidiaries	-	-	-	-	-	-	-	-	(1,234)	-	(1,234)	-	(1,234)
Total comprehensive income/(loss) for the year	-	-	-	-	-	96,474	-	(3,242)	(136,403)	313,577	270,406	190,581	460,987
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	-	-	-	-	(75,585)	(75,585)	-	(75,585)
Repayment to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(4,316)	(4,316)
Transfer of reserve	-	-	-	1,986	-	-	-	-	-	(1,986)	-	-	-
2012/2013 final distribution declared and paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	(39,966)	(39,966)	-	(39,966)
2013/2014 interim distribution declared and paid to shareholders of the Company	-	-	-	-	-	-	-	-	-	(39,966)	(39,966)	-	(39,966)
At 31st March, 2014	1,998,280	92,775	22,144	9,840	2,691	433,393	36,074	(3,242)	949,559	6,850,001	10,391,515	248,033	10,639,548

Consolidated Statement of Cash Flows

For the year ended 31st March, 2015

	Note	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Cash generated from/(used in) operations	34	**(235,297)**	1,752,251
Interest received		**80,651**	44,604
Dividends received from:			
Listed and unlisted investments		**3,532**	6,036
Joint ventures		**112,684**	50,875
Taxes refunded/(paid):			
Hong Kong		**71**	141
Overseas		**(404,519)**	(58,602)
Net cash flows from/(used in) operating activities		**(442,878)**	1,795,305
Cash flows from investing activities			
Proceeds from disposal of:			
Investment properties		**5,436**	–
Fixed assets		**40**	–
Available-for-sale financial assets		**3,860**	15,869
Payments to acquire:			
Fixed assets		**(55,215)**	(4,399)
Available-for-sale financial assets		**(12,745)**	(20,779)
Additions to investment properties		**–**	(8)
Repayment from associates		**39,439**	212,693
Advances to associates		**(23,311)**	–
Repayment from joint ventures		**1,544**	–
Advances to joint ventures		**(23,425)**	(261,406)
Disposal of subsidiaries, net of cash and cash equivalents disposed of	33	**2,040**	(3,394)
Decrease/(Increase) in time deposits with original maturity of more than three months		**925,397**	(719,660)
Net cash flows from/(used in) investing activities		**863,060**	(781,084)
Cash flows from financing activities			
Interest paid		**(3,047)**	(596)
Drawdown of bank and other borrowings *(Note)*		**378,120**	310,991
Repayment of bank and other borrowings *(Note)*		**(221,972)**	(517,354)
Repayment to non-controlling shareholders of subsidiaries		**–**	(4,316)
Distributions paid to shareholders of the Company		**(59,949)**	(79,932)
Dividend paid to non-controlling shareholder of a subsidiary		**(151,498)**	–
Decrease in pledged bank deposits		**25,786**	82,058
Net cash flows used in financing activities		**(32,560)**	(209,149)

	2015 HK$'000	2014 HK$'000
Net increase in cash and cash equivalents	**387,622**	805,072
Cash and cash equivalents at beginning of year	**1,398,913**	592,212
Exchange realignments	**1,245**	1,629
Cash and cash equivalents at end of year	**1,787,780**	1,398,913
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**1,748,980**	2,289,239
Treasury bills	**38,800**	33,950
Time deposits with original maturity of more than three months	**–**	(924,276)
	1,787,780	1,398,913

Note: The amounts exclude bank loans drawn down by the Group for lending to its margin clients in respect of the initial public offerings. All such bank loans were fully repaid during the year.

1. CORPORATE AND GROUP INFORMATION

Hongkong Chinese Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding. Its subsidiaries, associates and joint ventures are principally engaged in investment holding, property investment, property development, hotel operation, project management, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

The immediate holding company of the Company is Hennessy Holdings Limited, a company incorporated in the British Virgin Islands. In the opinion of the Directors, the ultimate holding company of the Company is Lippo Capital Limited ("Lippo Capital"), a company incorporated in the Cayman Islands.

Details of the principal subsidiaries are set out on pages 121 to 124.

2.1 BASIS OF PREPARATION

These financial statements have 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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st March, 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or distributable reserves, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements:

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

[1] Effective from 1st July, 2014

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The adoption of the above revised standards and interpretations has had no significant financial effect on these financial statements.

In addition, the Company has early adopted the amendments to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 9	*Financial Instruments* [4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception* [2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [2]
HKFRS 14	*Regulatory Deferral Accounts* [5]
HKFRS 15	*Revenue from Contracts with Customers* [3]
Amendments to HKAS 1	*Disclosure Initiative* [2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants* [2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements* [2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs [1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs [1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs [2]

[1] Effective for annual periods beginning on or after 1st July, 2014

[2] Effective for annual periods beginning on or after 1st January, 2016

[3] Effective for annual periods beginning on or after 1st January, 2017

[4] Effective for annual periods beginning on or after 1st January, 2018

[5] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1st January, 2016 and therefore is not applicable to the Group

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1st April, 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1st April, 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st April, 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1st April, 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1st April, 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate fixed assets and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st April, 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in Note 2.2, the Group expects to adopt the amendments from 1st April, 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 *Operating Segments* clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Interests in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20 per cent. of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's interests in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's interests in associates or joint ventures.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Interests in associates and joint ventures *(continued)*

If an interest in an associate becomes an interest in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Business combinations and goodwill *(continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU"), or groups of CGU, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGU) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGU) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation and the portion of the CGU retained.

(c) Fair value measurement

The Group measures its investment properties and certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Fair value measurement *(continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties, properties under development, properties held for sale and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(f) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. When an item of fixed assets is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of fixed assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of fixed assets are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciate them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Fixed assets and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land under finance leases and buildings	Over the remaining lease terms
Leasehold improvements	Over the unexpired terms of the leases or useful life, whichever is shorter
Furniture, fixtures and equipment	10 per cent. to $33^1/_3$ per cent.
Motor vehicles	20 per cent. to 25 per cent.
Yacht	10 per cent.

Where parts of an item of fixed assets have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of fixed assets including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(g) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. When fair value is not reliably determinable for the properties under development, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of investment properties are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Fixed assets and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with as movements in the other asset revaluation reserve. On disposal of the asset, the relevant portion of the other asset revaluation reserve realised in respect of previous valuations is transferred to the distributable reserves as a movement in reserves.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in fixed assets.

(i) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

The Group's financial assets at fair value through profit or loss which are under regular way of purchases or sales are recognised on the trade date, that is, the date the Group commits to purchase or sell the asset. All regular way purchases or sales of loans and receivables and available-for-sale financial assets are recognised on the settlement date, that is, the date the asset is received or delivered by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value recognised in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Investments and other financial assets *(continued)*

Subsequent measurement (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities, debt securities and investment funds. Equity investments and investment funds classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the investment revaluation reserve until the financial assets are derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss, or until the financial assets are determined to be impaired, when the cumulative gain or loss is reclassified from the investment revaluation reserve to the statement of profit or loss. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as revenue in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities, debt securities and investment funds cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that financial asset, or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities and funds are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

(i) the rights to receive cash flows from the asset have expired; or

(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred assets to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(k) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of financial assets *(continued)*

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Impairment of financial assets *(continued)*

Available-for-sale financial assets (continued)

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss — is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

(l) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include bank and other borrowings, creditors, accruals and deposits received and current, fixed, savings and other deposits of customers.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

(n) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(o) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value which is determined by reference to prevailing market prices, on an individual property basis.

(p) Properties under development

Properties under development intended for sale are classified as current assets and stated at the lower of cost and net realisable value. Properties being constructed or developed as investment properties are classified as investment properties and accounted for in accordance with the policy stated under "Investment properties". Other properties under development are stated at cost less any impairment losses. Costs comprise the cost of land, development expenditure, other attributable costs and borrowing costs capitalised. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(q) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at banks, demand deposits, treasury bills, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand, cash at banks and demand deposits which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

(s) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(s) Income tax *(continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

(i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably, on the following bases:

(i) rental income, on a straight-line basis over the lease terms;

(ii) income from the sale of properties, on the exchange of legally binding unconditional sales contracts or when the relevant completion certificates are issued by the respective government authorities, whichever is later;

(iii) dealings in securities and sale of investments, on the transaction dates when the relevant contract notes are exchanged or the settlement dates when the securities are delivered;

(iv) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instruments to the net carrying amount of the financial assets;

(v) dividend income, when the shareholders' right to receive payment has been established;

(vi) commission income, in the period when the relevant services are rendered, unless it is charged to cover the costs of a continuing service to, or risk borne for, customers, or is interest income in nature. In this case, commission income is recognised on a pro-rata basis over the relevant period; and

(vii) investment advisory, management and service fee income, when the services have been rendered.

(u) Employee benefits

Paid leave entitlement

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward at the end of each reporting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Employee benefits *(continued)*

Retirement benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In Hong Kong, the Group operates defined contribution Mandatory Provident Fund retirement benefit schemes (the "MPF Schemes") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Schemes. Contributions are made based on a percentage of the employees' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Schemes. The assets of the MPF Schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Schemes except for the Group's employer voluntary contributions forfeited when the employees leave employment prior to fully vesting in such contributions, which can be used to reduce the amount of future employer contributions or to offset against future administration expenses or to refund to the Group, in accordance with the rules of the MPF Schemes.

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. Contributions are made to the central pension scheme based on a percentage of the employees' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Singapore companies in the Group make contributions to the Central Provident Fund Scheme ("CPF") in Singapore, a defined contribution pension scheme. Contributions to the CPF are recognised as an expense in the statement of profit or loss in the period in which the related service is performed.

Share-based payments

The Company operates share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using an adjusted Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee benefits (continued)

Share-based payments (continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(v) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(w) Dividends and distributions

Final dividends and distributions proposed by the Directors after the end of the reporting period are not recognised as a liability at the end of the reporting period. When these dividends and distributions have been approved by the shareholders and declared in a general meeting, they are recognised as a liability.

Interim dividends and distributions are simultaneously proposed and declared because the Company's memorandum of association and bye-laws grant the Directors the authority to declare interim dividends and distributions. Consequently, interim dividends and distributions are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(x) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or statement of profit or loss is also recognised in other comprehensive income or the statement of profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange equalisation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows or at an approximation thereto, the weighted average exchange rates for the year. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. The Group may provide ancillary services to the occupants of properties it holds. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property. The property is an investment property only if the ancillary services are insignificant to the arrangement as a whole.

(b) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(i) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) Estimation uncertainty *(continued)*

Estimation of fair value of investment properties (continued)

(iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31st March, 2015 was HK$245,178,000 (2014 — HK$219,917,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in Note 16 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

As disclosed in Note 14 to the financial statements, the Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill arising from acquisition of a subsidiary at 31st March, 2015 was HK$71,485,000 (2014 — HK$71,485,000).

Impairment of available-for-sale financial assets

The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assessment about the decline in value to determine whether there is an impairment that should be recognised in the statement of profit or loss. Impairment loss of HK$3,187,000 (2014 — Nil) was provided for available-for-sale financial assets for the year. The carrying amount of available-for-sale financial assets as at 31st March, 2015 was HK$112,951,000 (2014 — HK$107,998,000).

4. SEGMENT INFORMATION

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

(a) the property investment segment includes 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 corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;

(f) the banking business segment engages in the provision of commercial and retail banking services;

(g) the project management segment engages in the provision of project management, marketing, sales and administrative and other related services; and

(h) the "other" segment comprises principally the development of computer hardware and software, money lending and the provision of fund management and investment advisory services.

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

Segment assets exclude deferred tax assets, tax recoverable and other head office and corporate assets which are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other head office and corporate liabilities which are managed on a group basis.

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

4. SEGMENT INFORMATION *(continued)*

Year ended 31st March, 2015

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Project management HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue										
External	11,151	116,509	37,564	9,875	20,581	22,280	–	10,719	–	228,679
Inter-segment	–	–	–	–	–	–	–	1,366	(1,366)	–
Total	11,151	116,509	37,564	9,875	20,581	22,280	–	12,085	(1,366)	228,679
Segment results	35,548	38,624	37,398	(7,738)	(10,045)	2,104	–	(9,407)	(1,366)	85,118
Unallocated corporate expenses										(61,398)
Finance costs										(3,456)
Share of results of associates	–	17,916	–	–	–	–	–	(14,954)	–	2,962
Share of results of joint ventures	369,061	15,725	–	–	–	–	–	–	–	384,786
Profit before tax										408,012
Segment assets	266,825	1,061,111	1,717,948	221,710	378,315	510,223	–	10,597	–	4,166,729
Interests in associates	6,180	433,276	–	–	–	–	–	–	–	439,456
Interests in joint ventures	7,753,772	14,237	–	–	–	–	–	–	–	7,768,009
Unallocated assets										63,851
Total assets										12,438,045
Segment liabilities	4,129	571,573	–	–	336,253	450,669	–	5,041	–	1,367,665
Unallocated liabilities										824,121
Total liabilities										2,191,786
Other segment information:										
Capital expenditure*	129	160	–	–	1,909	427	–	188	–	2,813
Depreciation	(199)	(244)	–	–	(1,044)	(1,301)	–	(43)	–	(2,831)
Interest income	–	–	37,564	6,186	–	18,566	–	6,289	–	68,605
Finance costs	–	–	–	–	(22)	–	–	–	–	(22)
Gain on disposal of subsidiaries	–	–	–	–	–	–	–	501	–	501
Gain on disposal of an investment property	395	–	–	–	–	–	–	–	–	395
Write-back of provision/(Provisions) for impairment losses on:										
An associate	–	–	–	–	–	–	–	(6,986)	–	(6,986)
A joint venture	–	233	–	–	–	–	–	–	–	233
Available-for-sale financial assets	–	–	–	(3,187)	–	–	–	–	–	(3,187)
Properties under development	–	(248)	–	–	–	–	–	–	–	(248)
Properties held for sale	465	–	–	–	–	–	–	–	–	465
Bad and doubtful debts	–	–	–	–	724	(487)	–	(2,572)	–	(2,335)
Net fair value loss on financial assets at fair value through profit or loss	–	–	–	(9,464)	–	–	–	–	–	(9,464)
Net fair value gain on investment properties	31,555	–	–	–	–	–	–	–	–	31,555
Unallocated:										
Capital expenditure*										52,402
Depreciation										(4,138)
Finance costs										(3,456)

4. SEGMENT INFORMATION *(continued)*

Year ended 31st March, 2014

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Project management HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue										
External	13,103	3,844,180	31,369	15,456	30,175	19,344	4,901	11,363	–	3,969,891
Inter-segment	–	–	–	–	–	–	297	3,567	(3,864)	–
Total	13,103	3,844,180	31,369	15,456	30,175	19,344	5,198	14,930	(3,864)	3,969,891
Segment results	13,952	1,642,230	31,249	9,523	(6,289)	1,848	(10,037)	4,552	(1,816)	1,685,212
Unallocated corporate expenses										(48,473)
Finance costs										(1,233)
Share of results of associates	–	34,759	–	–	–	–	–	(79)	–	34,680
Share of results of joint ventures	(527,017)	180,949	–	–	–	–	–	–	–	(346,068)
Profit before tax										1,324,118
Segment assets	239,028	1,052,542	2,268,204	231,472	417,333	446,050	–	21,215	–	4,675,844
Interests in associates	7,841	498,934	–	–	–	–	–	193	–	506,968
Interests in joint ventures	7,854,617	124,347	–	–	–	–	–	–	–	7,978,964
Unallocated assets										14,437
Total assets										13,176,213
Segment liabilities	2,962	795,022	–	–	361,316	336,027	–	4,544	–	1,499,871
Unallocated liabilities										1,036,794
Total liabilities										2,536,665
Other segment information:										
Capital expenditure*	486	47	–	–	173	1,622	232	–	–	2,560
Depreciation	(2)	(326)	–	–	(410)	(1,233)	(53)	(55)	–	(2,079)
Interest income	–	–	31,369	5,295	–	17,032	–	5,789	–	59,485
Finance costs	–	–	–	–	(111)	–	–	–	–	(111)
Loss on disposal of subsidiaries	–	–	–	–	–	–	(3,548)	–	–	(3,548)
Write-back of provision/(Provisions) for impairment losses on:										
An associate	–	–	–	–	(778)	–	–	–	–	(778)
A joint venture	–	(14,645)	–	–	–	–	–	–	–	(14,645)
Properties held for sale	1,086	–	–	–	–	–	–	–	–	1,086
Bad and doubtful debts	–	–	–	–	4,059	(176)	–	–	–	3,883
Net fair value loss on financial assets at fair value through profit or loss	–	–	–	(1,181)	–	–	–	–	–	(1,181)
Net fair value gain on investment properties	8,447	–	–	–	–	–	–	–	–	8,447
Unallocated:										
Capital expenditure*										1,847
Depreciation										(811)
Finance costs										(1,233)

* Capital expenditure includes additions to fixed assets and investment properties.

4. SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2015 HK$'000	2014 HK$'000
Hong Kong	**28,301**	43,998
Macau	**27,875**	24,067
Mainland China	**157,699**	3,883,816
Republic of Singapore	**9,466**	11,557
Other	**5,338**	6,453
	228,679	3,969,891

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

(b) Non-current assets

	2015 HK$'000	2014 HK$'000
Hong Kong	**4,334**	4,380
Macau	**203,233**	159,488
Mainland China	**90,123**	105,263
Republic of Singapore	**8,250,597**	8,476,354
Other	**41,168**	48,764
	8,589,455	8,794,249

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

Information about a major customer

No revenue from a single customer accounted for 10 per cent. or more of the total revenue for the year ended 31st March, 2015. Revenue of approximately HK$1,127,405,000 for the year ended 31st March, 2014 was derived from sales by the property development segment to a single customer.

5. 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 underwriting and securities broking, gross interest income, commissions, dealing income and other revenue from a banking subsidiary, gross income from project 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 by principal activity is as follows:

	2015 **HK$'000**	2014 HK$'000
Property investment	**11,151**	13,103
Property development *(Note)*	**116,509**	3,844,180
Treasury investment	**37,564**	31,369
Securities investment	**9,875**	15,456
Corporate finance and securities broking	**20,581**	30,175
Banking business	**22,280**	19,344
Project management	**–**	4,901
Other	**10,719**	11,363
	228,679	3,969,891

Note: The revenue mainly represents proceeds from sales of properties of a property development project in Beijing which was completed during the year ended 31st March, 2014.

Revenue attributable to the banking business represents revenue generated from The Macau Chinese Bank Limited ("MCB"), a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China. Revenue attributable to the banking business is analysed as follows:

	2015 **HK$'000**	2014 HK$'000
Interest income	**18,566**	17,032
Commission income	**3,714**	2,186
Other revenue	**–**	126
	22,280	19,344

6. PROFIT BEFORE TAX

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

	2015 HK$'000	2014 HK$'000
Employee benefit expense *(Note (a))*:		
Wages and salaries	**(62,900)**	(55,527)
Retirement benefit costs *(Note (b))*	**(4,416)**	(3,034)
Total staff costs	**(67,316)**	(58,561)
Interest income:		
Available-for-sale financial assets	**6,186**	5,295
Loans and advances	**6,289**	5,789
Banking business	**18,566**	17,032
Other	**37,564**	31,369
Dividend income	**3,532**	6,036
Gain/(Loss) on disposal of:		
Financial assets at fair value through profit or loss	**157**	4,125
Available-for-sale financial assets	**–**	157
An investment property	**395**	–
Fixed assets	**(11)**	–
Subsidiaries *(Note (c))*	**501**	(3,548)
Write-back of provision/(Provisions) for impairment losses on *(Note (c))*:		
Joint ventures	**233**	(14,645)
Available-for-sale financial assets	**(3,187)**	–
Properties under development	**(248)**	–
Properties held for sale	**465**	1,086
Bad and doubtful debts	**(2,335)**	3,883
Interest expense attributable to the banking business	**(5,121)**	(4,048)
Depreciation	**(6,969)**	(2,890)
Foreign exchange gains/(losses) — net	**(6,853)**	4,103
Auditors' remuneration	**(4,191)**	(4,587)
Minimum lease payments under operating lease rentals	**(15,748)**	(20,677)
Direct outgoing expenses arising on rental-earning investment properties	**(3,301)**	(3,205)
Cost of properties sold	**(60,286)**	(2,091,234)

Note:

(a) The amounts include Directors' emoluments disclosed in Note 7 to the financial statements.

(b) The amounts of forfeited voluntary contributions available to offset future employer contributions against the pension schemes were not material at the year end.

(c) The amounts are included in "Other operating expenses" in the consolidated statement of profit or loss.

7. DIRECTORS' EMOLUMENTS

Directors' emoluments for the year, disclosed pursuant to the Listing Rules and section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance, are as follows:

	2015 **HK$'000**	2014 HK$'000
Directors' fees	**1,552**	1,207
Basic salaries, allowances and benefits in kind	**3,552**	3,737
Retirement benefit costs	**37**	31
	5,141	4,975

The emoluments paid to each of the directors during the year ended 31st March, 2015 are as follows:

2015	**Directors' fees** **HK$'000**	**Basic salaries, allowances and benefits in kind** **HK$'000**	**Retirement benefit costs** **HK$'000**	**Total** **HK$'000**
Executive directors:				
Stephen Riady	51	1,256	18	1,325
John Lee Luen Wai	110	825	18	953
Kor Kee Yee	51	1,471	1	1,523
	212	3,552	37	3,801
Non-executive director:				
Leon Chan Nim Leung	361	–	–	361
Independent non-executive directors:				
Albert Saychuan Cheok	331	–	–	331
Victor Yung Ha Kuk	312	–	–	312
Tsui King Fai	336	–	–	336
	979	–	–	979
	1,552	3,552	37	5,141

7. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid to each of the directors during the year ended 31st March, 2014 are as follows:

2014	Directors' fees HK$'000	Basic salaries, allowances and benefits in kind HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive directors:				
Stephen Riady	–	1,307	15	1,322
John Lee Luen Wai	59	905	15	979
Kor Kee Yee	–	1,525	1	1,526
	59	3,737	31	3,827
Non-executive director:				
Leon Chan Nim Leung	313	–	–	313
Independent non-executive directors:				
Albert Saychuan Cheok	283	–	–	283
Victor Yung Ha Kuk	264	–	–	264
Tsui King Fai	288	–	–	288
	835	–	–	835
	1,207	3,737	31	4,975

There were no arrangements under which a Director waived or agreed to waive any emoluments during the year.

During the year, no share options were granted to the Directors.

8. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the current and prior years did not include any Director. Details of the emoluments of the five (2014 — five) non-director, highest paid employees for the year are as follows:

	2015 HK$'000	2014 HK$'000
Basic salaries, allowances and benefits in kind	**7,215**	8,268
Discretionary bonuses paid and payable	**3,479**	3,578
Retirement benefit costs	**104**	30
	10,798	11,876

The number of non-director, highest paid employees whose emoluments fell within the following bands is as follows:

Emoluments bands (HK$):	2015 Number of employees	2014 Number of employees
1,500,001 – 2,000,000	**3**	3
2,000,001 – 2,500,000	**1**	–
3,000,001 – 3,500,000	**1**	2
	5	5

9. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on bank and other borrowings	**17,250**	17,968
Less: Interest capitalised	**(13,772)**	(16,624)
	3,478	1,344

The amount excluded interest expense incurred by a banking subsidiary of the Group.

10. SHARE OF RESULTS OF JOINT VENTURES

Lippo ASM Asia Property Limited ("LAAPL") is a material joint venture of the Group, further details are given in Note 18 to the financial statements. For the year ended 31st March, 2015, the Group's share of profit in LAAPL amounted to approximately HK$369,061,000 (2014 — share of loss of HK$527,017,000). The share of profit recognised during the year was mainly attributable to the net fair value gain on investment portfolio and profit from the pre-sale units of a property development project upon completion during the year.

11. INCOME TAX

	2015 HK$'000	2014 HK$'000
Hong Kong:		
Charge for the year	**–**	–
Overprovision in prior years	**–**	(71)
	–	(71)
Overseas:		
Charge for the year	**89,192**	757,223
Overprovision in prior years	**(537)**	–
Deferred *(Note 28)*	**(54,990)**	63,995
	33,665	821,218
Total charge for the year	**33,665**	821,147

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

11. INCOME TAX *(continued)*

A reconciliation of the tax charge applicable to profit before tax at the statutory rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	2015 HK$'000	2014 HK$'000
Profit before tax	**408,012**	1,324,118
Tax at the statutory tax rate of 16.5 per cent. (2014 — 16.5 per cent.)	**67,322**	218,479
Effect of different tax rates in other jurisdictions	**6,953**	140,316
Adjustments in respect of current tax of previous years	**(537)**	(71)
Profits and losses attributable to joint ventures and associates	**(63,979)**	51,379
Income not subject to tax	**(11,301)**	(9,290)
Expenses not deductible for tax	**15,950**	17,353
Effect of withholding tax on the distributable profits of the Group's subsidiary in mainland China	**3,638**	62,327
Tax losses utilised from previous years	**(1,057)**	(18,524)
Tax losses not recognised	**8,225**	10,886
Land appreciation tax	**11,268**	464,389
Tax effect of land appreciation tax	**(2,817)**	(116,097)
Tax charge at the Group's effective rate	**33,665**	821,147

For the companies operating in the mainland China, Republic of Singapore and Macau, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 25 per cent., 17 per cent. and 12 per cent. (2014 — 25 per cent., 17 per cent. and 12 per cent.), respectively.

The share of tax charge attributable to an associate and joint ventures amounting to HK$3,711,000 (2014 — HK$7,492,000) and HK$155,894,000 (2014 — HK$117,347,000), respectively, is included in "Share of results of associates" and "Share of results of joint ventures" on the face of the consolidated statement of profit or loss.

12. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 1,998,280,000 ordinary shares (2014 — approximately 1,998,280,000 ordinary shares) in issue during the year.

(b) Diluted earnings per share

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

13. DISTRIBUTIONS

	2015 HK$'000	2014 HK$'000
Interim distribution, declared, of HK1 cent (2014 — HK2 cents) per ordinary share	**19,983**	39,966
Final distribution, proposed, of HK2 cents (2014 — HK2 cents) per ordinary share	**39,966**	39,966
	59,949	79,932

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

14. GOODWILL

	2015 HK$'000	2014 HK$'000
Cost:		
Balance at beginning and end of year	**74,815**	74,815
Accumulated impairment:		
Balance at beginning and end of year	**3,330**	3,330
Net carrying amount	**71,485**	71,485

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to the banking business CGU, which is a reportable segment, for impairment testing.

The recoverable amount of the banking business CGU is determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to the cash flow projection is 6.5 per cent. (2014 — 6.0 per cent.). The growth rate used to extrapolate the cash flows of the banking business beyond the five-year period is assumed to be nil.

15. FIXED ASSETS

	Leasehold land and buildings HK$'000	Leasehold improvements, furniture, fixtures, equipment and motor vehicles HK$'000	Yacht HK$'000	Total HK$'000
2015				
Cost:				
At 1st April, 2014	8,051	78,909	–	86,960
Additions during the year	–	2,953	52,262	55,215
Disposals during the year	–	(32,797)	–	(32,797)
Exchange adjustments	–	(14)	–	(14)
At 31st March, 2015	8,051	49,051	52,262	109,364
Accumulated depreciation:				
At 1st April, 2014	830	69,215	–	70,045
Depreciation provided for the year	83	3,597	3,289	6,969
Disposals during the year	–	(32,746)	–	(32,746)
Exchange adjustments	–	(15)	(216)	(231)
At 31st March, 2015	913	40,051	3,073	44,037
Net book value:				
At 31st March, 2015	7,138	9,000	49,189	65,327

15. FIXED ASSETS *(continued)*

	Leasehold land and buildings HK$'000	Leasehold improvements, furniture, fixtures, equipment and motor vehicles HK$'000	Total HK$'000
2014			
Cost:			
At 1st April, 2013	8,051	77,480	85,531
Additions during the year	–	4,399	4,399
Disposal of a subsidiary	–	(1,857)	(1,857)
Disposals during the year	–	(1,003)	(1,003)
Exchange adjustments	–	(110)	(110)
At 31st March, 2014	8,051	78,909	86,960
Accumulated depreciation:			
At 1st April, 2013	749	69,053	69,802
Depreciation provided for the year	81	2,809	2,890
Disposal of a subsidiary	–	(1,529)	(1,529)
Disposals during the year	–	(1,003)	(1,003)
Exchange adjustments	–	(115)	(115)
At 31st March, 2014	830	69,215	70,045
Net book value:			
At 31st March, 2014	7,221	9,694	16,915

16. INVESTMENT PROPERTIES

	2015 HK$'000	2014 HK$'000
Balance at beginning of year	**219,917**	210,172
Additions during the year	**–**	8
Disposal during the year	**(5,041)**	–
Fair value adjustments	**31,555**	8,447
Exchange adjustments	**(1,253)**	1,290
Balance at end of year	**245,178**	219,917

As at 31st March, 2014, certain investment properties had been mortgaged to secure banking facilities made available to the Group as set out in Note 25 to the financial statements.

16. INVESTMENT PROPERTIES *(continued)*

The Group engages external, independent and professionally qualified valuers to determine the fair value of the Group's investment properties for financial reporting purposes. The Group's management has reviewed the valuation results by verifying the major inputs and assumptions made by the independent valuers and assessing the reasonableness of property valuation.

Based on professional valuations as at 31st March, 2015 made by Asian Appraisal Company, Inc., CBRE, Inc. and RHL Appraisal Limited, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK$245,178,000 (2014 — HK$219,917,000).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Completed investment properties in mainland China and overseas				
At 31st March, 2015	**–**	**–**	**245,178**	**245,178**
At 31st March, 2014	–	–	219,917	219,917

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014 — Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	2015 HK$'000	2014 HK$'000
Carrying amount at beginning of year	**219,917**	210,172
Additions	**–**	8
Disposal	**(5,041)**	–
Net gain from fair value adjustments	**31,555**	8,447
Exchange adjustments	**(1,253)**	1,290
Carrying amount at end of year	**245,178**	219,917

16. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and key inputs to the valuation of investment properties:

Class of property	Valuation techniques	Significant unobservable inputs	Range
Completed properties	Market approach	Price per square metre	HK$7,500 to HK$53,500 (2014 — HK$11,500 to HK$43,000)
	Income approach	Rental per square metre per month	HK$126 to HK$258 (2014 — HK$125 to HK$240)
		Capitalisation rate	4.5 per cent. to 5.0 per cent. (2014 — 5.5 per cent. to 6.0 per cent.)

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by referring to comparable sales transactions as available in the market. The key input was the market price per square metre, with a significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the investment properties.

Under the income approach, fair value is estimated on the basis of capitalisation of the net income and have allowed for outgoings and, in appropriate case, made provisions for reversionary income potential. The key inputs were market rent and the capitalisation rate, with a significant increase/decrease in the market rent in isolation would result in a significant increase/decrease in the fair value of the investment properties and a significant increase/decrease in the capitalisation rate in isolation would result in a significant decrease/increase in the fair value of the investment properties.

17. INTERESTS IN ASSOCIATES

	2015 **HK$'000**	2014 HK$'000
Share of net assets	**389,401**	424,342
Due from associates	**72,805**	98,390
	462,206	522,732
Provisions for impairment losses	**(22,750)**	(15,764)
	439,456	506,968

The balances with the associates are unsecured, interest-free and have no fixed terms of repayment and are considered as quasi-equity investments in the associates.

17. INTERESTS IN ASSOCIATES *(continued)*

During the year, the Directors reviewed the carrying amount of the associates with reference to their business performances prepared by the investees' management. Impairment loss of HK$6,986,000 (2014 — HK$778,000) has been charged to the consolidated statement of profit or loss for the year.

Details of the principal associates are set out on page 125.

Greenix Limited and its subsidiaries, which are considered material associates of the Group, engage in property development in Singapore and are accounted for using the equity method.

The following table illustrates the summarised consolidated financial information of Greenix Limited adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	2015 **HK$'000**	2014 HK$'000
Current assets	**887,452**	1,029,138
Current liabilities	**(20,900)**	(31,269)
Non-current liabilities	**(86,628)**	(181,099)
Net assets	**779,924**	816,770
Reconciliation to the Group's interest in the associate:		
Group's share of net assets of the associate	**389,962**	408,385
Due from associate	**43,314**	90,549
Carrying amount of the investment	**433,276**	498,934
Revenue for the year	**110,074**	243,893
Profit and total comprehensive income for the year	**35,832**	69,518

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2015 **HK$'000**	2014 HK$'000
Share of the associates' loss for the year	**(14,954)**	(79)
Share of the associates' other comprehensive loss for the year	**(1,482)**	–
Share of the associates' total comprehensive loss for the year	**(16,436)**	(79)
Aggregate carrying amount of the Group's interests in the associates	**6,180**	8,034

18. INTERESTS IN JOINT VENTURES

	2015 **HK$'000**	2014 HK$'000
Share of net assets	**7,660,297**	7,889,893
Due from joint ventures	**124,343**	105,935
	7,784,640	7,995,828
Provisions for impairment losses	**(16,631)**	(16,864)
	7,768,009	7,978,964

The balances with the joint ventures include a loan of HK$58,112,000 (2014 — HK$63,587,000), which is unsecured, bears interest at 9.5 per cent. per annum and is repayable in 2015. The remaining balances with the joint ventures are unsecured, interest-free and have no fixed terms of repayment and are considered as quasi-equity investments in the joint ventures.

During the year, the Directors reviewed the carrying amount of the joint ventures with reference to their business performances prepared by the investees' management. Reversal of impairment loss of HK$233,000 (2014 — impairment loss of HK$14,645,000) has been credited to the consolidated statement of profit or loss for the year.

Details of the principal joint ventures are set out on page 126.

LAAPL is considered a material joint venture of the Group and is accounted for using the equity method. LAAPL is a joint venture set up to hold the controlling stake in OUE Limited ("OUE"), a listed company in Singapore. OUE focuses its business across commercial, hospitality, retail and residential property segments. Certain bank facilities under LAAPL were secured by certain listed shares held under it.

18. INTERESTS IN JOINT VENTURES *(continued)*

The following table illustrates the summarised financial information of LAAPL adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	2015 **HK$'000**	2014 HK$'000
Non-current assets	**35,282,940**	35,034,704
Cash and cash equivalents	**1,891,722**	5,884,277
Other current assets	**7,063,661**	5,451,687
Current assets	**8,955,383**	11,335,964
Financial liabilities, excluding trade and other payables	**(6,374,791)**	(2,877,982)
Other current liabilities	**(1,602,066)**	(1,330,981)
Current liabilities	**(7,976,857)**	(4,208,963)
Non-current financial liabilities, excluding trade and other payables and provisions	**(14,760,601)**	(20,178,300)
Other non-current liabilities	**(719,957)**	(786,443)
Non-current liabilities	**(15,480,558)**	(20,964,743)
Net assets	**20,780,908**	21,196,962
Reconciliation to the Group's interest in the joint venture:		
Net assets	**20,780,908**	21,196,962
Less : Non-controlling interests	**(12,664,381)**	(12,952,179)
Net assets attributable to equity holders of the joint venture	**8,116,527**	8,244,783
Group's share of net assets of the joint venture	**7,651,954**	7,772,983
Due from the joint venture	**101,818**	81,634
Carrying amount of the investment	**7,753,772**	7,854,617
Revenue	**3,341,666**	2,370,925
Interest income	**53,026**	23,509
Depreciation and amortisation	**(139,976)**	(169,921)
Interest expenses	**(793,844)**	(890,190)
Tax	**(258,903)**	(137,006)
Profits/(Loss) for the year attributable to equity holders of the joint venture	**391,542**	(559,120)
Other comprehensive loss for the year attributable to equity holders of the joint venture	**(540,642)**	(30,939)
Total comprehensive loss for the year attributable to equity holders of the joint venture	**(149,100)**	(590,059)

18. INTERESTS IN JOINT VENTURES *(continued)*

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2015 HK$'000	2014 HK$'000
Share of the joint ventures' profit and total comprehensive income for the year	**15,725**	180,949
Aggregate carrying amount of the Group's interests in the joint ventures	**14,237**	124,347

As at 31st March, 2015, the Group's share of joint ventures' own capital commitment amounted to HK$840,282,000 (2014 — HK$784,146,000).

The Group's trade receivable balance due from joint ventures is disclosed in Note 22 to the financial statements.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Financial assets stated at fair value:		
Equity securities	**55**	51
Debt securities	**86,068**	84,021
Investment funds	**7,478**	7,400
	93,601	91,472
Financial assets stated at cost:		
Equity securities	**80,275**	77,451
Debt securities	**3,165**	3,165
	83,440	80,616
Provisions for impairment losses	**(64,090)**	(64,090)
	19,350	16,526
	112,951	107,998
Less: Amount classified under current portion	**(24,047)**	(3,753)
Non-current portion	**88,904**	104,245

The debt securities bear interest at effective rates ranging from nil to 14 per cent. (2014 — nil to 14 per cent.) per annum.

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(continued)*

During the year, the gross loss in respect of the Group's available-for-sale financial assets recognised in consolidated other comprehensive income amounted to HK$1,980,000 (2014 — HK$5,436,000), of which loss of HK$4,000 (2014 — HK$323,000) was reclassified from consolidated other comprehensive income to the consolidated statement of profit or loss for the year upon disposal.

The available-for-sale financial assets consist of investments in equity securities and investment funds which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

Apart from the above, certain available-for-sale financial assets issued by private entities are measured at cost less impairment at the end of the reporting period. The Directors consider that information to be applied in the valuation techniques cannot be reliably obtained on a continuous basis. The fair values of these available-for-sale financial assets cannot be reliably measured.

During the year, the Directors reviewed the carrying amount of available-for-sale financial assets with reference to their business performances prepared by the investees' management. Impairment loss of HK$3,187,000 (2014 — Nil), which included a reclassification from other comprehensive income of HK$3,187,000 (2014 — Nil) has been charged to the consolidated statement of profit or loss for the year.

20. LOANS AND ADVANCES

The loans and advances to customers of the Group bear interest at effective rates ranging from 1.8 per cent. to 14.0 per cent. (2014 — 3.0 per cent. to 9.0 per cent.) per annum. Certain balances arising from securities broking and banking operations are secured by clients' properties, deposits and securities being held as collaterals with a carrying amount of HK$895,374,000 (2014 — HK$871,194,000).

At the end of the reporting period, the overdue or impaired balances are related to securities broking, banking and money lending operations. Movements in the allowance for bad and doubtful debts during the year are as follows:

	2015 **HK$'000**	2014 HK$'000
Balance at beginning of year	**6,845**	6,770
Allowance for bad and doubtful debts	**487**	176
Impairment allowance released	**(10)**	(101)
Amount written off as uncollectible	**(32)**	–
Balance at end of year	**7,290**	6,845

Except for the above, the remaining balances are neither overdue nor impaired and are related to a range of customers for whom there is no recent history of default.

21. PROPERTIES UNDER DEVELOPMENT

	2015 HK$'000	2014 HK$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	**645,002**	2,423,055
Additions during the year	**188,144**	448,936
Reclassified to properties held for sale	**–**	(2,254,236)
Exchange adjustments	**(6,225)**	27,247
Balance at end of year	**826,921**	645,002
Provisions for impairment losses:		
Balance at beginning of year	**(11,580)**	(12,653)
Impairment during the year	**(248)**	–
Exchange adjustments	**1,673**	1,073
Balance at end of year	**(10,155)**	(11,580)
	816,766	633,422

Certain properties under development have been mortgaged to secure banking facilities made available to the Group as set out in Note 25 to the financial statements.

22. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	2015 HK$'000	2014 HK$'000
Outstanding balances with ages:		
Repayable on demand	**10,293**	45,580
Within 30 days	**19,849**	15,106
Between 31 and 60 days	**37**	–
Between 61 and 90 days	**–**	8
	30,179	60,694

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.

22. DEBTORS, PREPAYMENTS AND DEPOSITS *(continued)*

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing.

Included in the trade debtors is an amount of HK$683,000 (2014 — Nil) due from joint ventures of the Group. The amount due from the joint ventures arose from management services provided to the joint ventures, and is unsecured, non-interest-bearing and repayable within normal trade credit terms and is to be settled in cash.

At the end of the reporting period, the individually impaired receivables relate to securities broking operation and property development projects with an aggregate carrying amount of HK$20,376,000 (2014 — HK$19,580,000). The Group does not hold sufficient collateral or other credit enhancements over these balances. Movements in the allowance for bad and doubtful debts for these individually impaired receivables during the year are as follows:

	2015 **HK$'000**	2014 HK$'000
Balance at beginning of year	**17,917**	21,875
Allowance for bad and doubtful debts	**2,572**	–
Impairment allowance released	**(714)**	(3,958)
Amount written off as uncollectible	**(53)**	–
Balance at end of year	**19,722**	17,917

Except for the above, the remaining balances are neither overdue nor impaired and are related to a range of customers for whom there is no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 **HK$'000**	2014 HK$'000
Held for trading:		
Equity securities	**95,968**	104,208
Investment funds	**12,792**	19,266
	108,760	123,474

24. RESTRICTED CASH

The balance includes bank deposits pledged to secure banking facilities made available to the Group as set out in Note 25 to the financial statements.

The balance as at 31st March, 2014 also included certain amounts of the sale proceeds received by a subsidiary of the Group engaging in property development that were placed with designated bank accounts under supervision pursuant to relevant rules and regulations. Such balance was fully released during the year ended 31st March, 2015.

25. BANK AND OTHER BORROWINGS

	2015 **HK$'000**	2014 HK$'000
Current portion:		
Secured bank loans *(Note (a))*	**362,583**	308,387
Unsecured other borrowings *(Note (b))*	**101,959**	–
	464,542	308,387
Bank and other borrowings by currency:		
Hong Kong dollar	**464,542**	302,082
Renminbi	**–**	6,305
	464,542	308,387
Bank loans repayable:		
Within one year	**362,583**	308,387
Other borrowings repayable:		
Within one year	**101,959**	–

Note:

(a) At the end of the reporting period, the bank loans were secured by first legal mortgages over certain properties under development of the Group and certain bank deposits of the Group with carrying amounts of HK$790,041,000 (2014 — HK$602,118,000) and HK$70,099,000 (2014 — HK$95,885,000), respectively.

The bank loans as at 31st March, 2014 were also secured by first legal mortgages over certain investment properties of the Group with carrying amount of HK$104,659,000.

(b) The Group's other borrowings as at 31st March, 2015 comprised unsecured loans advanced from Lippo Limited ("Lippo"), an intermediate holding company of the Company, of HK$101,959,000 (2014 — Nil).

The Group's bank and other borrowings bear interest at floating rates ranging from 2.8 per cent. to 3.7 per cent. (2014 — 3.6 per cent. to 7.3 per cent.) per annum.

26. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received mainly comprised of pre-sale proceeds received from the property development projects of the Group of HK$429,809,000 (2014 — HK$408,735,000) and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK$333,434,000 (2014 — HK$357,899,000). As at 31st March, 2015, total client trust bank balances amounted to HK$324,982,000 (2014 — HK$311,353,000).

An aged analysis of trade creditors, based on the invoice date, are as follows:

	2015 HK$'000	2014 HK$'000
Outstanding balances with ages:		
Repayable on demand	**308,577**	343,953
Within 30 days	**24,857**	38,788
	333,434	382,741

Trade creditors are generally settled on their normal trade terms. Except for certain client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation which are interest-bearing, the balances of creditors are non-interest-bearing.

27. CURRENT, FIXED, SAVINGS AND OTHER DEPOSITS OF CUSTOMERS

The current, fixed, savings and other deposits of customers attributable to banking operation bear interest at effective rates ranging from 0.01 per cent. to 3.0 per cent. (2014 — 0.01 per cent. to 3.0 per cent.) per annum.

28. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Fair value gains on available-for-sale financial assets HK$'000	Others HK$'000	Total HK$'000
2015					
At 1st April, 2014	**3,132**	**39,323**	**1,909**	**62,360**	**106,724**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(Note 11)*	**68**	**1,843**	**–**	**(56,901)**	**(54,990)**
Deferred tax credited to equity during the year	**–**	**–**	**(1,025)**	**–**	**(1,025)**
Exchange adjustments	**5**	**9**	**–**	**19**	**33**
At 31st March, 2015	**3,205**	**41,175**	**884**	**5,478**	**50,742**
2014					
At 1st April, 2013	3,230	37,607	4,337	–	45,174
Deferred tax charged to the statement of profit or loss during the year *(Note 11)*	149	1,519	–	62,327	63,995
Deferred tax credited to equity during the year	–	–	(2,428)	–	(2,428)
Exchange adjustments	(247)	197	–	33	(17)
At 31st March, 2014	3,132	39,323	1,909	62,360	106,724

The Group has tax losses of HK$479,849,000 (2014 — HK$429,409,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses at the end of the reporting period due to the unpredictability of future profit streams.

Pursuant to the People's Republic of China Corporate Income Tax Law, a 10 per cent. withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement has become effective from 1st January, 2008 and applies to earnings after 31st December, 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of earnings generated from 1st January, 2008.

28. DEFERRED TAX *(continued)*

At 31st March, 2015, except for withholding tax provided for under deferred tax liabilities, there were no significant unrecognised deferred tax liabilities (2014 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payments of dividends of the Company to its shareholders.

29. SHARE CAPITAL

	2015 HK$'000	2014 HK$'000
Authorised:		
4,000,000,000 (2014 — 4,000,000,000) ordinary shares of HK$1.00 each	**4,000,000**	4,000,000
Issued and fully paid:		
1,998,280,097 (2014 — 1,998,280,097) ordinary shares of HK$1.00 each	**1,998,280**	1,998,280

There were no movements in share capital during the years ended 31st March, 2015 and 2014.

30. SHARE OPTION SCHEME

Pursuant to the share option scheme of the Company (the "Share Option Scheme") adopted and approved by the shareholders of the Company, Lippo, an intermediate holding company of the Company, and Lippo China Resources Limited ("LCR"), a fellow subsidiary of the Company and formerly an intermediate holding company of the Company, on 7th June, 2007 (the "Adoption Date"), the board of the Directors of the Company (the "Board") may, at its discretion, offer to grant to any eligible employee (including director, officer and/or employee of the Group or any member of it); or any consultant, adviser, supplier, customer or sub-contractor of the Group or any member of it; or any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Group or any member of it or as having spent any material time in or about the promotion of the Group or its business (together, the "Eligible Persons") an option to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide Eligible Persons with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. Under the rules of the Share Option Scheme, no further options shall be granted on and after the tenth anniversary of the Adoption Date. The options can be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which shall not be later than the day last preceding the tenth anniversary of the date of grant. The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such term(s) on the grant of an option. No grantee of option is required to pay for the grant of the relevant option.

30. SHARE OPTION SCHEME *(continued)*

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30 per cent. of the issued shares of the Company from time to time. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any shares subject to options granted after the Adoption Date pursuant to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company on the Adoption Date, that is, 134,682,909 shares (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed one per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); (ii) the average closing price of the shares of the Company for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

At the beginning and end of the year, there were no outstanding options granted under the Share Option Scheme to subscribe for ordinary shares of HK$1.00 each in the Company.

No option of the Company was granted, exercised, cancelled or lapsed during the year.

31. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 44.

Note:

(a) Cancellation of the share premium account and transfer to distributable reserves:
Pursuant to a special resolution passed at a special general meeting of the Company on 2nd December,1997, the entire amount standing to the credit of the share premium account of HK$3,630,765,000 was cancelled (the "Cancellation"). The credit arising from the Cancellation was transferred to distributable reserves. The balance of the reserves arising from the Cancellation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company.

(b) Distributable reserves of the Group as at 31st March, 2015 comprised retained profits of HK$6,358,793,000 (2014 — HK$5,985,128,000) and the remaining balance arising from the Cancellation of HK$804,924,000 (2014 — HK$864,873,000). Included in the distributable reserves of the Group as at 31st March, 2015 were an amount of final distribution for the year then ended of HK$39,966,000 (2014 — HK$39,966,000) proposed after the end of the reporting period.

(c) The capital redemption reserve is not available for distribution to shareholders.

(d) The legal reserve represents the part of reserve generated by a banking subsidiary of the Company which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which the subsidiary operates.

(e) The regulatory reserve represents the part of reserve generated by a banking subsidiary of the Company arising from the difference between the impairment allowance made under HKAS 39 and for regulatory purpose.

(f) The hedging reserve relates to the Group's share of the hedging reserve under joint ventures.

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Beijing Lippo Century Realty Co., Ltd. is considered a subsidiary that has material non-controlling interests. The percentage of equity interest held by its non-controlling interests as at 31st March, 2015 is 20 per cent. (2014 — 20 per cent.). Details of the Group's subsidiary that has material non-controlling interests is set as below:

	2015 **HK$'000**	2014 HK$'000
Profit for the year allocated to non-controlling interests	**11,609**	188,302
Dividend paid to non-controlling interests	**151,498**	–
Accumulated balances of non-controlling interests at the end of the reporting period	**111,942**	251,514

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2015 **HK$'000**	2014 HK$'000
Current assets	**1,550,961**	2,324,276
Non-current assets	**392**	473
Current liabilities	**(991,133)**	(1,066,716)
Revenue	**188,612**	3,876,133
Total expenses	**(130,566)**	(2,934,621)
Profit for the year	**58,046**	941,512
Total comprehensive income for the year	**59,429**	947,684
Net cash flows from/(used in) operating activities	**(1,416,772)**	2,603,710
Net cash flows from/(used in) investing activities	**925,238**	(721,310)
Net cash flows used in financing activities	**(151,498)**	(184,287)
Net increase/(decrease) in cash and cash equivalents	**(643,032)**	1,698,113

33. DISPOSAL OF SUBSIDIARIES

	2015 **HK$'000**	2014 HK$'000
Net assets disposed of:		
Fixed assets	**–**	328
Debtors, prepayments and deposits	**1,534**	1,085
Cash and bank balances	**–**	3,394
Other payables, accruals and deposits received	**(2)**	(25)
	1,532	4,782
Release of cumulative exchange difference on translation of foreign operations	**7**	(1,234)
	1,539	3,548
Gain/(Loss) on disposal	**501**	(3,548)
	2,040	–
Satisfied by:		
Cash consideration received	**2,040**	–

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

	2015 **HK$'000**	2014 HK$'000
Cash consideration received	**2,040**	–
Cash and bank balances disposed of	**–**	(3,394)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	**2,040**	(3,394)

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from/(used in) operations

	Note	2015 HK$'000	2014 HK$'000
Profit before tax		**408,012**	1,324,118
Adjustments for:			
Share of results of associates		**(2,962)**	(34,680)
Share of results of joint ventures		**(384,786)**	346,068
Loss/(Gain) on disposal of:			
Fixed assets	6	**11**	–
An investment property	6	**(395)**	–
Available-for-sale financial assets	6	**–**	(157)
Subsidiaries	33	**(501)**	3,548
Provisions/(Write-back of provision) for impairment losses on:			
Associates		**6,986**	778
Joint ventures	6	**(233)**	14,645
Available-for-sale financial assets	6	**3,187**	–
Properties under development	6	**248**	–
Properties held for sale	6	**(465)**	(1,086)
Bad and doubtful debts	6	**2,335**	(3,883)
Net fair value loss on financial assets at fair value through profit or loss		**9,464**	1,181
Net fair value gain on investment properties		**(31,555)**	(8,447)
Finance costs	9	**3,478**	1,344
Interest income		**(68,605)**	(59,485)
Dividend income	6	**(3,532)**	(6,036)
Depreciation	6	**6,969**	2,890
		(52,344)	1,580,798
Increase in properties under development		**(188,144)**	(448,936)
Decrease in properties held for sale		**58,175**	2,091,234
Increase in loans and advances		**(24,982)**	(35,192)
Decrease in debtors, prepayments and deposits		**32,619**	126,873
Decrease/(Increase) in financial assets at fair value through profit or loss		**5,250**	(55,628)
Decrease/(Increase) in client trust bank balances		**(13,753)**	44,411
Decrease in restricted cash		**78,476**	815,912
Decrease in creditors, accruals and deposits received		**(242,996)**	(2,432,615)
Increase in current, fixed, savings and other deposits of customers		**112,402**	65,394
Cash generated from/(used in) operations		**(235,297)**	1,752,251

35. CONTINGENT LIABILITIES

As at 31st March, 2015, the Group had contingent liabilities relating to its banking subsidiary of HK$36,247,000 (2014 — HK$18,063,000) comprising guarantees and other endorsements of HK$34,273,000 (2014 — HK$15,328,000) and liabilities under letters of credit on behalf of customers of HK$1,974,000 (2014 — HK$2,735,000).

36. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties under operating lease arrangements with leases negotiated for terms ranging from one to five years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition.

As at 31st March, 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 **HK$'000**	2014 HK$'000
Within one year	**13,581**	8,494
In the second to fifth years, inclusive	**16,594**	11,198
After five years	**–**	164
	30,175	19,856

(b) As lessee

The Group leases certain properties under operating lease agreements which are non-cancellable. The leases expire on various dates up to 15th September, 2017 and the leases for properties contain the provision for rental adjustments.

As at 31st March, 2015, the Group had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	2015 **HK$'000**	2014 HK$'000
Within one year	**12,392**	6,946
In the second to fifth years, inclusive	**10,290**	1,078
	22,682	8,024

37. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	2015 **HK$'000**	2014 HK$'000
Commitments in respect of properties under development:		
Contracted, but not provided for	**55,666**	216,488
Other commitments:		
Contracted, but not provided for *(Note)*	**67,667**	73,988
	123,333	290,476

Note: The balance included the Group's capital commitments in respect of the joint ventures for certain property projects in the Republic of Singapore of approximately HK$20 million (2014 — HK$22 million).

38. RELATED PARTY TRANSACTIONS

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

(a) During the year, the Company paid rental expenses (including service charges) of HK$1,366,000 (2014 — HK$2,981,000) to Porbandar Limited, a fellow subsidiary of the Company, in respect of office premises occupied by the Company. The rental was determined by reference to the then prevailing open market rentals. Such lease expired on 15th September, 2014.

(b) During the year, the Company paid rental expenses (including service charges) of HK$1,562,000 (2014 — Nil) to LCR Management Limited, a fellow subsidiary of the Company, in respect of office premises occupied by the Company. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 15th September, 2017. The Company expects the total future minimum lease payments for the years ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 to be approximately HK$2,580,000, HK$2,580,000 and HK$1,183,000, respectively.

(c) During the year, the Group paid rental expenses (including service charges) of HK$2,074,000 (2014 — HK$3,421,000) to certain joint ventures of the Group. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31st May, 2017. The Group expects the total future minimum lease payments for the years ending 31st March, 2016, 31st March, 2017 and 31st March, 2018 to be approximately HK$3,472,000, HK$3,472,000 and HK$579,000, respectively.

38. RELATED PARTY TRANSACTIONS *(continued)*

(d) During the year, the Group received trading commissions, brokerage service fees, collection fees and/or other incidental fees (the "Fee") in the total amount of HK$735,000, HK$784,000 and HK$20,000 (2014 — HK$1,280,000, HK$12,000 and HK$20,000) from LCR and its subsidiaries, Lippo and its subsidiaries (other than the Group and LCR and its subsidiaries) and Lippo Capital and its subsidiaries (other than Lippo and its subsidiaries), respectively. The Fees were determined by reference to the prevailing fees offered to relevant market customers of comparable standing.

(e) During the year, the Group received project management income of HK$731,000 (2014 — HK$1,777,000) and interest income of HK$5,911,000 (2014 — HK$4,711,000) from certain joint ventures of the Group. During the year ended 31st March, 2014, the Group received project management income of HK$3,149,000 from certain associates of the Group.

(f) During the year, the Company paid finance cost to Lippo of HK$3,013,000 (2014 — HK$294,000) in respect of the loans advanced to the Company.

(g) During the year ended 31 March, 2014, a joint venture of the Group paid service fees to a fellow subsidiary of the Company in the total amount of HK$8,119,000 for management of a restaurant and operation of the French cuisine segment and Japanese cuisine segment of a restaurant. The service fee was determined by reference to the market rates comparable to that of other service providers. The agreements were terminated in May 2014 and no service fees were paid during the year.

(h) During the year, certain joint ventures of the Group received rental income (including service charge) in the total amount of HK$4,727,000 (2014 — HK$3,509,000) from certain fellow subsidiaries of the Company. The rentals were determined by reference to the then prevailing open market rentals.

(i) During the year, a joint venture of the Group purchased food and beverage products of HK$1,218,000 (2014 — HK$1,967,000) from certain fellow subsidiaries of the Company. The purchases were made on normal commercial terms in line with, and by reference to, the industry practice.

(j) As at 31st March, 2015, the Group had balances with its associates and joint ventures, further details of which are set out in Notes 17, 18 and 22 to the financial statements.

(k) The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 7 to the financial statements.

The transactions in respect of items (a) and (d) above are also continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules. Further details of these transactions are disclosed in the section headed "Continuing Connected Transactions" in the Report of the Directors. The transaction referred to in item (b) above was a continuing connected transaction exempted from reporting, annual review and independent shareholders' approval under Chapter 14A of the Listing Rules.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
At 31st March, 2015				
Amount due from a joint venture	**–**	**58,112**	**–**	**58,112**
Available-for-sale financial assets	**–**	**–**	**112,951**	**112,951**
Financial assets at fair value through profit or loss	**108,760**	**–**	**–**	**108,760**
Loans and advances	**–**	**392,103**	**–**	**392,103**
Financial assets included in debtors, prepayments and deposits	**–**	**114,917**	**–**	**114,917**
Client trust bank balances	**–**	**324,982**	**–**	**324,982**
Restricted cash	**–**	**70,099**	**–**	**70,099**
Treasury bills	**–**	**38,800**	**–**	**38,800**
Cash and bank balances	**–**	**1,748,980**	**–**	**1,748,980**
	108,760	**2,747,993**	**112,951**	**2,969,704**
At 31st March, 2014				
Amount due from a joint venture	–	63,587	–	63,587
Available-for-sale financial assets	–	–	107,998	107,998
Financial assets at fair value through profit or loss	123,474	–	–	123,474
Loans and advances	–	367,598	–	367,598
Financial assets included in debtors, prepayments and deposits	–	163,895	–	163,895
Client trust bank balances	–	311,353	–	311,353
Restricted cash	–	174,303	–	174,303
Treasury bills	–	33,950	–	33,950
Cash and bank balances	–	2,289,239	–	2,289,239
	123,474	3,403,925	107,998	3,635,397

39. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: *(continued)*

Financial liabilities

	Financial liabilities at amortised cost	
	2015	2014
	HK$'000	HK$'000
Bank and other borrowings	**464,542**	308,387
Financial liabilities included in creditors, accruals and deposits received	**501,296**	769,069
Current, fixed, savings and other deposits of customers	**444,582**	332,180
	1,410,420	1,409,636

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments carried at fair value, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Available-for-sale financial assets	**93,601**	91,472	**93,601**	91,472
Financial assets at fair value through profit or loss	**108,760**	123,474	**108,760**	123,474
	202,361	214,946	**202,361**	214,946

Management has assessed that the fair values of cash and bank balances, treasury bills, restricted cash, client trust bank balances, financial assets included in debtors, prepayments and deposits, loans and advances, financial liabilities included in creditors, payables and accruals and current, fixed, savings and other deposits of customers approximate to their carrying amounts largely due to the short term maturity of these instruments. In addition, the fair values of interest-bearing bank and other borrowings with floating interest rates approximate to their carrying amounts.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

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

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

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

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

The fair values of unlisted investments funds are assessed to approximate the net asset values indicated on the net asset value statements issued by the investment fund managers, which take into consideration the fair value of the underlying properties and assets held under the investments. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.

Below is a summary of significant observable inputs to the valuation of financial instruments used in Level 3 fair value measurements as at 31st March, 2015 and 2014.

	Valuation techniques	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Available-for-sale investment funds	Discounted cash flow method	Discount rate	8 per cent. to 21 per cent. (2014 — 8 per cent. to 21 per cent.)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value
Investment funds at fair value through profit or loss	Discounted cash flow method	Discount rate	5 per cent. (2014 — 5 per cent.)	Increase/(Decrease) in discount rate would result in (decrease)/increase in fair value

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31st March, 2015				
Available-for-sale financial assets:				
Equity securities	**55**	**–**	**–**	**55**
Debt securities	**86,068**	**–**	**–**	**86,068**
Investment funds	**2,605**	**–**	**4,873**	**7,478**
Financial assets at fair value through profit or loss:				
Equity securities	**95,968**	**–**	**–**	**95,968**
Investment funds	**–**	**294**	**12,498**	**12,792**
	184,696	**294**	**17,371**	**202,361**
At 31st March, 2014				
Available-for-sale financial assets:				
Equity securities	51	–	–	51
Debt securities	84,021	–	–	84,021
Investment funds	–	–	7,400	7,400
Financial assets at fair value through profit or loss:				
Equity securities	104,208	–	–	104,208
Investment funds	–	363	18,903	19,266
	188,280	363	26,303	214,946

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The movements in fair value measurements in Level 3 during the year are as follows:

	Available-for-sale investment funds HK$'000	Investment funds at fair value through profit or loss HK$'000
2015		
At 1st April, 2014	**7,400**	**18,903**
Total losses recognised in the statement of profit or loss	**(3,187)**	**(1,412)**
Total gains recognised in other comprehensive income	**907**	**–**
Disposals	**(247)**	**(4,986)**
Exchange adjustments	**–**	**(7)**
At 31st March, 2015	**4,873**	**12,498**
2014		
At 1st April, 2013	12,646	29,543
Total gains recognised in the statement of profit or loss	–	966
Total losses recognised in other comprehensive income	(4,933)	–
Purchases	126	–
Disposals	(431)	(11,486)
Exchange adjustments	(8)	(120)
At 31st March, 2014	7,400	18,903

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014 — Nil).

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group, which are summarised below.

(a) Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from lending, treasury, investment and other activities undertaken by the Group.

The credit policies for banking and margin lending businesses set out in details the credit approval and monitoring mechanism, the loan classification criteria and provision policy. Credit approval is conducted in accordance with the credit policies, taking into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Day-to-day credit management is performed by management of individual business units.

The Group has established guidelines to ensure that all new debt investments are properly made, taking into account factors such as the credit rating requirements and the maximum exposure limit to a single corporate or issuer. All relevant departments within the Group are involved to ensure that appropriate processes, systems and controls are set in place before and after the investments are acquired.

The Group's exposure to credit risk arising from loans and advances and trade debtors at the end of the reporting period based on the information provided to key management is as follows:

	2015 **HK$'000**	2014 HK$'000
By geographical area:		
Hong Kong	**119,242**	129,205
Macau	**294,683**	288,705
Others	**8,357**	10,382
	422,282	428,292

The bank balances are deposited with creditworthy banks with no recent history of default.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for the minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. As at 31st March, 2015, all (2014 — all) of the Group's debts would mature in less than one year based on the carrying values of bank and other borrowings.

An analysis of the maturity profile of assets and liabilities of the Group analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

	Repayable on demand HK$'000	3 months or less HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	After 5 years HK$'000	Undated HK$'000	Total HK$'000
At 31st March, 2015							
Assets							
Amount due from a joint venture	–	–	58,112	–	–	–	58,112
Debt securities:							
Available-for-sale financial assets	–	20,325	3,722	47,435	5,459	12,202	89,143
Loans and advances	179,538	73,490	27,819	65,308	45,948	–	392,103
Debtors and deposits	76,480	8,530	16	–	–	29,891	114,917
Client trust bank balances	314,853	10,129	–	–	–	–	324,982
Restricted cash	70,099	–	–	–	–	–	70,099
Treasury bills	–	38,800	–	–	–	–	38,800
Cash and bank balances	427,014	1,321,966	–	–	–	–	1,748,980
	1,067,984	1,473,240	89,669	112,743	51,407	42,093	2,837,136
Liabilities							
Bank and other borrowings	–	–	464,542	–	–	–	464,542
Creditors, accruals and deposits received	316,773	138,015	601	–	–	45,907	501,296
Current, fixed, savings and other deposits of customers	155,195	210,579	78,808	–	–	–	444,582
	471,968	348,594	543,951	–	–	45,907	1,410,420

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk *(continued)*

	Repayable on demand HK$'000	3 months or less HK$'000	1 year or less but over 3 months HK$'000	5 years or less but over 1 year HK$'000	After 5 years HK$'000	Undated HK$'000	Total HK$'000
At 31st March, 2014							
Assets							
Amount due from a joint venture	–	–	–	63,587	–	–	63,587
Debt securities:							
Available-for-sale financial assets	–	–	3,753	57,688	13,550	12,105	87,096
Loans and advances	172,545	65,680	38,222	69,984	21,167	–	367,598
Debtors and deposits	107,143	25,747	3,026	–	–	27,979	163,895
Client trust bank balances	287,301	24,052	–	–	–	–	311,353
Restricted cash	173,942	361	–	–	–	–	174,303
Treasury bills	–	33,950	–	–	–	–	33,950
Cash and bank balances	320,162	1,743,367	225,710	–	–	–	2,289,239
	1,061,093	1,893,157	270,711	191,259	34,717	40,084	3,491,021
Liabilities							
Bank and other borrowings	6,305	–	302,082	–	–	–	308,387
Creditors, accruals and deposits received	351,068	341,617	1,023	–	–	75,361	769,069
Current, fixed, savings and other deposits of customers	81,816	188,059	62,305	–	–	–	332,180
	439,189	529,676	365,410	–	–	75,361	1,409,636

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury, banking and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by senior management of the Group.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk *(continued)*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax and equity (through the impact on interest-bearing monetary assets and liabilities).

	2015			2014		
	Increase/ (Decrease) in basis points	**Increase/ (Decrease) in profit before tax HK$'000**	**Increase/ (Decrease) in equity HK$'000**	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity HK$'000
Hong Kong dollar	**+50**	**(1,125)**	**(1,125)**	+50	(414)	(414)
United States dollar	**+50**	**152**	**(1,229)**	+50	118	(1,407)
Singapore dollar	**+50**	**71**	**71**	+50	5	5
Renminbi	**+50**	**6,882**	**6,678**	+50	10,460	10,207
Hong Kong dollar	**-50**	**1,125**	**1,125**	-50	414	414
United States dollar	**-50**	**(152)**	**1,343**	-50	(118)	1,528
Singapore dollar	**-50**	**(71)**	**(71)**	-50	(5)	(5)
Renminbi	**-50**	**(6,882)**	**(6,675)**	-50	(10,460)	(10,204)

(d) Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its banking activities, foreign exchange dealings and other investment activities.

The Group monitors the relative foreign exchange positions of its assets and liabilities and allocates accordingly to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar, Singapore dollar and Renminbi exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(Decrease) in profit before tax	
	2015	2014
	HK$'000	HK$'000
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (2014 — 3 per cent.)	**3,696**	3,715
— weakened 3 per cent. (2014 — 3 per cent.)	**(3,696)**	(3,715)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (2014 — 3 per cent.)	**2,515**	2,312
— weakened 3 per cent. (2014 — 3 per cent.)	**(2,515)**	(2,312)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (2014 — 3 per cent.)	**1,131**	1,137
— weakened 3 per cent. (2014 — 3 per cent.)	**(1,131)**	(1,137)

The Group has a banking subsidiary in Macau with certain monetary assets and liabilities denominated in Hong Kong dollar and United States dollar. Since both Hong Kong dollar and the subsidiary's functional currency, Macau Pataca ("MOP"), are pegged to United States dollar, no material fluctuation of exchange rates between MOP and Hong Kong dollar and between MOP and United States dollar is expected.

At the end of the reporting period, the cash and bank balances of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK$1,370,024,000 (2014 — HK$2,013,291,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets classified as available-for-sale financial assets (Note 19) and financial assets at fair value through profit or loss (Note 23) as at 31st March, 2015. The Group's listed financial assets are mainly listed on the Hong Kong and Singapore stock exchanges and are valued at quoted market prices at the end of the reporting period.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Equity price risk *(continued)*

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31st March, 2015	High/Low 2015	31st March, 2014	High/Low 2014
Hong Kong — Hang Seng Index	24,901	25,363/21,680	22,151	24,039/19,813
Republic of Singapore				
— Straits Times Index	3,447	3,469/3,150	3,189	3,455/2,960

The senior management of the Group regularly reviews and monitors the mix of securities in its investment portfolio based on its fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

The following table demonstrates the sensitivity to every 3 per cent. change in the fair values of the equity investments and investment funds, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the available-for-sale equity investments, the impact is deemed to be on the investment revaluation reserve and no account is given for factors such as impairment which might impact on the statement of profit or loss.

	2015		2014	
	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity* HK$'000	Increase/ (Decrease) in profit before tax HK$'000	Increase/ (Decrease) in equity* HK$'000
Available-for-sale financial assets				
Global and other	–	226	–	224
Financial assets at fair value through profit or loss				
Hong Kong	791	–	816	–
Republic of Singapore	2,088	–	2,310	–
Global and other	384	–	578	–
	3,263	–	3,704	–

* Excluding retained profits

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(f) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Certain subsidiaries of the Company are regulated by the Securities and Futures Commission (the "SFC") and are required to comply with certain minimum capital requirements according to the rules of the SFC. Management monitors, on a daily basis, these subsidiaries' liquid capital to ensure they meet the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rule.

Under the terms of Macau banking legislation, MCB is required to transfer to a legal reserve an amount equal to a minimum of 20 per cent. of its annual profit after tax until the amount of the reserve is equal to 50 per cent. of its issued and fully paid up share capital. Thereafter, transfers must continue at a minimum annual rate of 10 per cent. of its annual profit after tax until the reserve is equal to MCB's issued and fully paid up share capital. This reserve is only distributable in accordance with certain limited circumstances prescribed by statute. MCB monitors solvency ratio under the requirement of Autoridade Monetária de Macau, the Monetary Authority of Macau, and keeps the ratio at not less than 8 per cent. throughout the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March, 2015 and 2014.

The Group monitors capital using a gearing ratio, which is calculated by dividing its total borrowings, net of non-controlling interests, by total shareholders' equity. Total borrowings include current and non-current bank and other borrowings. Total shareholders' equity represents equity attributable to equity holders of the Company.

	2015 **HK$'000**	2014 HK$'000
Bank and other borrowings, net of non-controlling interests *(Note 25)*	**464,542**	308,387
Equity attributable to equity holders of the Company	**10,139,160**	10,391,515
Gearing ratio	**4.6 per cent.**	3.0 per cent.

42. EVENT AFTER THE REPORTING PERIOD

(a) In May 2015, the Group further advanced a loan of approximately S$53,921,000 (equivalent to approximately HK$309,829,000) to a subsidiary of LAAPL and made equity subscription in LAAPL in proportion to its existing interest in LAAPL for a consideration of approximately S$23,426,000 (equivalent to approximately HK$134,607,000). The proceeds have been applied to repay part of the indebtedness under LAAPL and for working capital purposes.

(b) In June 2015, the Group entered into sale and purchase agreements with 南粵(集團)有限公司 (Nam Yue (Group) Company Limited) and Mr. Yang Jun (together, the "Purchasers") for the disposal of an aggregate of 49 per cent. interest in the issued share capital of MCB for an aggregate consideration of MOP441,000,000 (equivalent to approximately HK$427,770,000) (the "Disposal"). Upon completion, the Group will own 51 per cent. of the issued share capital of MCB and will enter into a shareholders' agreement with the Purchasers and MCB to, among other things, regulate the relationships between shareholders of MCB. After entering into such shareholders' agreement, as a result of the proposed composition of the board of directors of MCB and other terms and in compliance with the current accounting standards, MCB will be accounted for as an associate of the Company and its results, assets and liabilities will cease to be consolidated in the accounts of the Company.

The Disposal is expected to give rise to a non-recurring gain on disposal of approximately HK$211,000,000 (subject to the completion of the Disposal and before expenses and taxes), which is calculated based on the difference between the consideration of the Disposal and the audited net asset value of MCB as at 31st December, 2014, after taking into account the release of investment revaluation reserve and relevant goodwill but before the inclusion of the value of the put option granted under the shareholders' agreement. The value of the put option will be determined as at the completion date of the Disposal by a valuer. The exact amount of gain on disposal to be recorded in the consolidated statement of profit or loss of the Group for the year ending 31st March, 2016 will be calculated based on net asset value of MCB and the value of the put option as at the date of completion of the Disposal and net of any incidental expenses and therefore, will vary from the figures provided above.

43. COMPARATIVE AMOUNTS

As further explained in Note 2.2 to the financial statements, due to the early adoption of the amendments to the Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosure of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Non-current assets		
Fixed assets	**2,657**	3,447
Interests in subsidiaries	**3,104,277**	3,075,467
Available-for-sale financial assets	**3,075**	3,075
	3,110,009	3,081,989
Current assets		
Debtors, prepayments and deposits	**1,246**	1,250
Financial assets at fair value through profit or loss	**4,742**	4,935
Cash and bank balances	**30,753**	8,351
	36,741	14,536
Current liabilities		
Bank and other borrowings	**101,959**	–
Creditors, accruals and deposits received	**9,763**	7,037
	111,722	7,037
Net current assets/(liabilities)	**(74,981)**	7,499
Net assets	**3,035,028**	3,089,488
Equity		
Share capital	**1,998,280**	1,998,280
Reserves *(Note)*	**1,036,748**	1,091,208
	3,035,028	3,089,488

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Capital redemption reserve *(Note 31(c))* HK$'000	Distributable reserves HK$'000	Total HK$'000
2015				
At 1st April, 2014	**92,275**	**22,144**	**976,789**	**1,091,208**
Profit for the year and total comprehensive income for the year	**–**	**–**	**5,489**	**5,489**
2013/2014 final distribution declared and paid to shareholders of the Company	**–**	**–**	**(39,966)**	**(39,966)**
2014/2015 interim distribution declared and paid to shareholders of the Company	**–**	**–**	**(19,983)**	**(19,983)**
At 31st March, 2015	**92,275**	**22,144**	**922,329**	**1,036,748**
2014				
At 1st April, 2013	92,275	22,144	1,040,902	1,155,321
Profit for the year and total comprehensive income for the year	–	–	15,819	15,819
2012/2013 final distribution declared and paid to shareholders of the Company	–	–	(39,966)	(39,966)
2013/2014 interim distribution declared and paid to shareholders of the Company	–	–	(39,966)	(39,966)
At 31st March, 2014	92,275	22,144	976,789	1,091,208

Distributable reserves of the Company as at 31st March, 2015 comprised contributed surplus of HK$134,329,000 (2014 — HK$134,329,000), accumulated losses of HK$16,924,000 (2014 — HK$22,413,000) and the remaining balance arising from the Cancellation of HK$804,924,000 (2014 — HK$864,873,000).

Included in the distributable reserves of the Company as at 31st March, 2015 was an amount of final distribution for the year then ended of HK$39,966,000 (2014 — HK$39,966,000) proposed after the end of the reporting period.

45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 29th June, 2015.

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31ST MARCH, 2015 ARE AS SET OUT BELOW.

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Allyield Limited	British Virgin Islands	US$1	–	100	Investment holding
Beaming Empire Limited	British Virgin Islands	US$1	–	100	Investment holding
Capital Place International Limited**	British Virgin Islands/ Republic of the Philippines	US$50,000	–	100	Property investment
成都力寶置業有限公司 (Chengdu Lippo Realty Limited)**	People's Republic of China	US$3,000,000*	–	100	Property investment and management
Conrich Inc.	British Virgin Islands	US$1	–	100	Investment holding
Cyberspot Limited	British Virgin Islands	US$1	–	100	Investment holding
Cyfield Limited	British Virgin Islands	US$1	–	100	Property investment
Dragonjoy Investment Limited	Hong Kong	HK$10,000	–	100	Securities trading
Everwin Pacific Ltd.	British Virgin Islands	US$1	–	100	Property investment
Fairseas 1 Pte. Ltd.**	Republic of Singapore	S$1	–	100	Owner of a motor yacht
Fiatsco Limited	British Virgin Islands	US$1	–	100	Investment holding
Firstclass Real Estate Development Limited	Macau	MOP25,000	–	100	Property development
Golden Stellar Limited	British Virgin Islands	US$1	100	100	Investment holding
Green Assets Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
HCL Management Limited	Hong Kong	HK$1	–	100	Management services

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
HKC Property Investment Holdings Limited	British Virgin Islands/ Hong Kong	US$1	100	100	Investment holding
HKC Realty LLC**	United States of America	US$2,250,000*	–	100	Property investment
Hong Kong Housing Loan Limited	Hong Kong	HK$40,000,000	–	100	Money lending
ImPac Asset Management (HK) Limited	Hong Kong	HK$8,500,000	–	100	Investment advisory and asset management
ImPac Asset Management (Holdings) Ltd.	British Virgin Islands	US$2,000,100	–	100	Investment holding
Lippo Asia Limited	Hong Kong	HK$120,000,000	–	100	Investment holding
Lippo Asset Management (HK) Limited	Hong Kong	HK$400,000	–	100	Fund management
Lippo Futures Limited	Hong Kong	US$2,000,000	–	100	Commodities brokerage
Lippo Securities Holdings Limited	Hong Kong	US$23,000,000	–	100	Investment holding
Lippo Securities, Inc.**	Republic of the Philippines	Pesos 69,500,000	–	100	Investment holding
Lippo Securities Limited	Hong Kong	HK$220,000,000	–	100	Securities brokerage
L.S. Finance Limited	Hong Kong	HK$5,000,000	–	100	Money lending
Masta Limited	British Virgin Islands	US$1	–	100	Investment holding
Masuda Limited	British Virgin Islands	US$10,000	–	100	Investment holding

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
MGS Ltd.	British Virgin Islands	US$1	–	100	Investment holding
Norfyork International Limited	Hong Kong	HK$25,000,000	–	100	Investment holding
Okio Ltd.	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
One Realty Pte. Limited**	Republic of Singapore	S$2	–	100	Investment holding and provision of project and management services
Pacific Bond Limited	British Virgin Islands	US$1	–	100	Investment holding
Pacific Landmark Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Peakmillion Asia Limited	British Virgin Islands	US$1	–	100	Investment
Sinogain Asia Limited	British Virgin Islands	US$1	–	100	Property investment
Sinorite Limited	British Virgin Islands/ Hong Kong	US$1	100	100	Investment
Stargala Limited	British Virgin Islands	US$1	–	100	Property investment
The Macau Chinese Bank Limited**	Macau	MOP260,000,000	–	100	Banking
Topbest Asia Inc.	British Virgin Islands/ Hong Kong	US$1	–	100	Investment
Uchida Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Wealtop Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Investment holding
Winluck Asia Limited	British Virgin Islands	US$1	–	100	Property investment
Winluck Pacific Limited	British Virgin Islands	US$1	–	100	Property investment
Winrider Limited	British Virgin Islands	US$1	–	100	Investment holding

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Wonder Plan Holdings Limited	British Virgin Islands	US$1	–	100	Investment
Yield Point Limited	British Virgin Islands	US$1	–	100	Investment holding
北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.)**	People's Republic of China	US$36,000,000*	–	80	Property development
TechnoSolve Limited	Hong Kong	HK$26,296,000	–	68.65	Development of computer hardware and software
科慧（珠海）軟件有限公司**	People's Republic of China	RMB800,000*	–	68.65	Development and sale of banking software and technical advisory
Kingtek Limited	British Virgin Islands	US$100	–	60	Investment holding

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

* *paid up registered capital*

** *audited by certified public accountants other than Ernst & Young, Hong Kong*

Note:

MOP — Macau patacas
Pesos — Philippines pesos
RMB — People's Republic of China renminbi
S$ — Singapore dollars
US$ — United States dollars

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31ST MARCH, 2015 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Approximate percentage of equity attributable to the Group#	Principal activities
Greenix Limited	Corporate	British Virgin Islands	US$100,000	50	Investment holding
Lippo Marina Collection Pte. Ltd.	Corporate	Republic of Singapore	S$1,000,000	50	Property development
Goldfix Pacific Ltd.	Corporate	British Virgin Islands	US$16,286.6	36.84	Investment holding
Rebound Power Limited	Corporate	British Virgin Islands	US$300	*Note (b)*	Investment holding
Proton Power Asia Limited	Corporate	Hong Kong	HK$90	*Note (c)*	Investment holding
Proton Power Pte. Ltd.	Corporate	Republic of Singapore	S$1	*Note (c)*	Green energy development

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

Note:

(a) S$ — Singapore dollars
US$ — United States dollars

(b) Its issued share capital comprised of (i) 100 voting, non-participating class "A" shares of US$1.00 each; (ii) 100 non-voting, participating class "B" shares of US$1.00 each; (iii) 50 non-voting, participating class "C" shares of US$1.00 each; and (iv) 50 non-voting, participating class "D" shares of US$1.00 each. The Group was interested in 50 per cent. of all the class "A" shares in issue, 100 per cent. of all the class "B" shares in issue and approximately 36.06 per cent. of all the class "C" shares in issue which entitled the Group to 50 per cent. of the voting rights and approximately 75.41 per cent. of the profit sharing of this company.

(c) This company is a wholly-owned subsidiary of Rebound Power Limited.

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31ST MARCH, 2015 ARE AS SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Percentage of equity attributable to the Group (unless otherwise stated)#	Principal activities
Sunning Asia Limited	Corporate	British Virgin Islands	US$50,000	50	Investment holding
Lippo Real Estate Pte. Limited	Corporate	Republic of Singapore	S$1,000,000	50	Property development
Yamoo Bay Project Limited	Corporate	British Virgin Islands	US$2	50	Investment holding
Lippo ASM Asia Property Limited	Corporate	Cayman Islands	US$1,000	*Note (b)*	Investment holding
Wealthy Place Limited	Corporate	British Virgin Islands	US$2	30	Investment holding
Lippo Project Pte. Limited	Corporate	Republic of Singapore	S$2	30	Property development

\# *based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein*

Note:

(a) *S$ — Singapore dollars*
US$ — United States dollars

(b) *Its issued share capital comprised of (i) 800 voting, non-participating class "A" shares of US$1.00 each; (ii) 100 non-voting, participating class "B" shares of US$1.00 each; and (iii) 100 non-voting, participating class "C" shares of US$1.00 each. The Group was interested in 50 per cent. of all the class "A" shares in issue and 100 per cent. of all the class "B" shares in issue which entitled the Group to 50 per cent. of the voting rights and approximately 94.26 per cent. of the profit sharing of this company.*

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2015

Description	Use	Approximate gross floor area	Status	Percentage of the Group's interest
		(square metres)		
People's Republic of China				
5 floors of Unit 1 Building 1, Lippo Tower No. 62 North Kehua Road Wuhou District Chengdu	Commercial	5,421	Rental	100
The above property is held under medium term lease.				
2nd to 6th Floors The Macau Chinese Bank Building Avenida da Praia Grande No. 101 Macau	Commercial	2,590	Rental	100
The above property is held as propriedade privada.				
Overseas				
31st Floor Rufino Pacific Tower Ayala Avenue Corner Herrera Street, Makati Metropolitan Manila Republic of the Philippines	Commercial	885	Rental	100
522 S. Sepulveda Boulevard Los Angeles, CA 90049 United States of America	Commercial	925	Rental	100
The above properties are freehold.				

(2) PROPERTY HELD AS FIXED ASSET AS AT 31ST MARCH, 2015

Description	Use	Approximate gross floor area	Percentage of the Group's interest
		(square metres)	
People's Republic of China			
Basement, Ground Floor and 1st Floor The Macau Chinese Bank Building Avenida da Praia Grande No. 101 Macau	Commercial	1,558	100

The above property is held as propriedade privada.

(3) PROPERTIES HELD FOR DEVELOPMENT AS AT 31ST MARCH, 2015

Description	Use	Approximate site area	Approximate gross floor area	Percentage of the Group's interest	Estimated completion date	Stage of development at 31st March, 2015
		(square metres)	*(square metres)*			
People's Republic of China						
83 Estrada de Cacilhas Macau	Residential	3,398	26,025 (total saleable area)	100	Third quarter of 2015	Site works substantially completed
Overseas						
3 pieces of land at Minakami Heights Golf Residence Gumma Japan	Residential	12,484	N/A	100	N/A	Vacant land

(4) PROPERTIES HELD FOR SALE AS AT 31ST MARCH, 2015

Description	Use	Approximate gross floor area	Percentage of the Group's interest
		(square metres)	
People's Republic of China			
Certain units and car parking spaces at No. 8 Ronghua Middle Road Yizhuang Beijing Economic-Technological Development Area (北京經濟技術開發區) Beijing	Commercial/ Residential	16,191	80
Overseas			
854 West Adams Boulevard Los Angeles, CA 90007 United States of America	Residential	723	100

Summary of Financial Information

	Year ended 31st March, 2015 HK$'000	Year ended 31st March, 2014 HK$'000	Fifteen-month ended 31st March, 2013 HK$'000 (Restated)	Year ended 31st December, 2011 HK$'000	Year ended 31st December, 2010 HK$'000
Profit/(Loss) attributable to equity holders of the Company	**364,019**	313,577	(209,464)	1,022,294	2,614,827
Total assets	**12,438,045**	13,176,213	14,747,736	12,369,201	10,409,228
Total liabilities	**(2,191,786)**	(2,536,665)	(4,409,342)	(2,356,375)	(1,578,922)
Net assets	**10,246,259**	10,639,548	10,338,394	10,012,826	8,830,306
Non-controlling interests	**(107,099)**	(248,033)	(61,768)	(89,153)	(112,592)
Equity attributable to equity holders of the Company	**10,139,160**	10,391,515	10,276,626	9,923,673	8,717,714

The financial information for the years ended 31st December, 2010 and 2011 are not restated with the effect of the adoption of HKFRS 10 *Consolidated Financial Statements*, which was effective for the financial years beginning on or after 1st April, 2013 as it would involve delay and expenses out of proportion to the benefits of the shareholders.