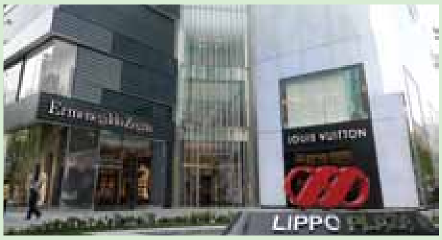
ANNUAL REPORT
2011



Lippo China Resources Limited
力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 156)

Contents

Corporate Information

Board of Directors

Executive Directors

Mr. Stephen Riady *(Chairman)*
Mr. John Luen Wai Lee, BBS, JP
(Chief Executive Officer)

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

Committees

Audit Committee

Mr. Victor Ha Kuk Yung *(Chairman)*
Mr. Leon Nim Leung Chan
Mr. Edwin Neo
Mr. King Fai Tsui

Remuneration Committee

Mr. King Fai Tsui *(Chairman)*
Mr. Leon Nim Leung Chan
Mr. Victor Ha Kuk Yung
Mr. Edwin Neo
Mr. Stephen Riady

Nomination Committee

Mr. King Fai Tsui *(Chairman)*
Mr. Leon Nim Leung Chan
Mr. Victor Ha Kuk Yung
Mr. Edwin Neo
Mr. Stephen Riady

Secretary

Ms. Millie Yuen Fun Luk

Auditors

Ernst & Young

Principal Bankers

CITIC Bank International Limited
Fubon Bank (Hong Kong) Limited
Agricultural Bank of China, Shanghai Branch
Chong Hing Bank Limited

Solicitors

Howse Williams Bowers

Registrars

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Registered Office

Room 2301, 23rd Floor
Tower One
Lippo Centre
89 Queensway
Hong Kong

Stock Code

156

Website

www.lcr.com.hk

Chairman's Statement

I am pleased to present the annual report of the Company for the year ended 31st December, 2011.

Business Review

The global economy deteriorated visibly in 2011, with seeming recovery in the US and sovereign debt crisis dragging on across the Eurozone, emerging as an imminent source of threat to the world. With consumer and investor confidence and job markets staying weak, the economic prospect in developed economies has remained sluggish. In contrast, the growth of the emerging economies, though slowing, remains strong. Mainland China continued to be Asia's economic driving force, with its gross national product grew by 9.2 per cent. from a year ago. However, inflation rose well above target levels which brought renewed monetary action by the Central Government in the first half of 2011 to restrict credit expansion and bring down inflation, through, inter alia, increases of the banks' reserve requirement and Renminbi base rates. The inflation rate of mainland China eased from its peak of 6.5 per cent. in mid 2011 to 4.1 per cent. in late 2011. Apart from mainland China, India and the South East Asian countries, including Singapore, were the main contributors to the continuing steady economic growth in Asia.

Benefiting from steady economic growth in the Asian region in which the Group had operations, the Company recorded a consolidated profit attributable to shareholders of approximately HK$288 million for the year ended 31st December, 2011, as compared with a profit of HK$478 million for the year ended 31st December, 2010 when profit from discontinued operation was excluded.

The Group's investment properties continued to enjoy satisfactory occupancy during the year under review and provided the Group with stable recurrent income. In April 2011, a subsidiary of the Company, which currently owns a majority interest in Lippo Plaza in Shanghai, had completed the capital reduction exercise (the "Completion"). Following the Completion, such subsidiary has become an indirect wholly-owned subsidiary of the Company through which it is more efficient for the Company to exercise management control and formulate business decisions. The Group's share of results in Lippo Plaza increased accordingly. With the revamp of the retail mall, the rental income and occupancy rate of Lippo Plaza have improved and provided the Group with a stable and reliable income stream.

Lippo Centre in Hong Kong

Lippo Plaza in Shanghai

Business Review *(continued)*

Retail mall in Lippo Plaza, Shanghai

To enhance its land bank in mainland China with high development potential, the Group successfully won the bid for the land use rights of a piece of land in Taizhou City, Jiangsu Province (the "Land") for a consideration of RMB145 million in June 2011. The Land is located in China Medical City (中國醫藥城) ("CMC") with a total site area of approximately 80,615 square metres and a total permissible gross floor area (above ground) of approximately 161,230 square metres. The plan is to develop a residential development comprising townhouses and residential towers on the Land. Taizhou is a traffic hub connecting the southern and northern regions of the Jiangsu Province and is a fast developing city in new industry and trade, and CMC is the only national level medical high-tech development zone (國家級醫藥高新技術產業開發區) in mainland China, with an area of approximately 25 square kilometres.

Perspective of the property development project in Taizhou, mainland China

Business Review *(continued)*

LiXuan, a Chinese restaurant, in Shanghai

Lippo Chiuchow Restaurant in Hong Kong

MEDZS, a Mediterranean restaurant in Orchard Central, Singapore

LP+Tetsu, a French-Japanese restaurant, in Singapore

During the year under review, the Group entered into agreements for the disposal of a total of 17 office units in Beijing and two residential units in Hong Kong for an aggregate consideration of RMB90.4 million and approximately HK$102.3 million respectively. Subsequent to the year end, the Group also entered into agreements for the disposal of a couple of residential units in Hong Kong for an aggregate consideration of approximately HK$270.8 million. Such disposals reflect good opportunities for the Group to realise its property portfolio at favourable market prices. The proceeds from the disposals had been/would be applied towards the general working capital and development projects of the Group.

Auric Pacific Group Limited ("APG", a listed company in Singapore in which the Group is interested in approximately 49.3 per cent. of its issued share capital, together with its subsidiaries, the "APG Group") recorded a consolidated profit attributable to shareholders of approximately S$8.6 million for the year ended 31st December, 2011, as compared with a profit of S$6.3 million for the year ended 31st December, 2010. The higher cost of raw materials and higher operating expenses will continue to be a challenge to the F&B industry. Facing cost pressures and stiff competition, the APG Group will continue to focus on streamlining its food retail division, expand its business operations through new food retail concepts and contain rising costs in its efforts to sustain and improve its profitability. In January 2011, the Company's effective interest in APG was increased from approximately 27.9 per cent. to approximately 39.4 per cent.

Business Review *(continued)*

A food court in Serangoon NEX, Singapore

A food court in Raffles City, Singapore

Food Junction Holdings Limited ("Food Junction"), a listed company in Singapore, in which the APG Group is interested in approximately 61.4 per cent. of its issued share capital (excluding treasury shares), recorded a consolidated profit attributable to shareholders of approximately S$828,000 for the year ended 31st December, 2011, as compared with a profit of approximately S$2.65 million for the year ended 31st December, 2010. Food Junction is a regional foodservice company which operates and manages food courts and restaurants in Singapore, Malaysia, Indonesia, Hong Kong and mainland China. Anticipating operating conditions challenging, Food Junction will continue to streamline its food court and F&B operations, expand business operations through the introduction of new F&B concepts and control operating costs to improve its results and financial position.

During the year, Asia Now Resources Corp. ("Asia Now"), in which the Group is interested in approximately 49.9 per cent. of its issued share capital, has focused its efforts in exploration of the site at Beiya in Yunnan Province. The exploration has made significant progress. An independent technical report prepared in accordance with the National Instrument 43–101 and the Canadian Institute of Mining, Metallurgy and Petroleum Standard Definitions for Mineral Projects on the initial mineral resource estimate for the deposit in Beiya North was obtained in January 2012. Plans are being made to bring the exploration to a mining stage. Asia Now is a company listed on the TSX Venture Exchange of Canada, and is primarily engaged in the business of exploration of mineral deposits in mainland China.

In December 2011, the Group had acquired 14,470,000 ordinary shares in, representing approximately 7.35 per cent. of the then issued share capital of, Haranga Resources Limited ("Haranga") for an aggregate consideration of A$4,051,600. Subsequent to the year end, in March 2012, the Group entered into a subscription agreement with Haranga for the subscription of 15,000,000 new ordinary shares in Haranga at an aggregate subscription price of A$6 million. Immediately after the above subscription, the Group is interested in a total of 29,470,000 shares in, representing approximately 13.92 per cent., on a non-diluted basis (and approximately 11.9 per cent., on a fully diluted basis) of, the issued share capital of Haranga. Haranga is listed on the Australian Securities Exchange and is primarily engaged in the acquisition, exploration and development of iron ore projects in Mongolia and owns a controlling interest in four separate iron ore projects in Mongolia. In addition, the Group acquired in November 2011 an attributable interest of 8 per cent. of the total issued and outstanding Class A units in Skye Mineral Partners, LLC ("Skye") for a consideration of US$4.88 million. In February 2012, the Group entered into a membership unit purchase agreement for the acquisition of a further 3,600 Class A units in, representing 8 per cent. of the total issued and outstanding Class A units and approximately 7.58 per cent. of the total issued and outstanding units in, Skye for a total consideration of US$8 million. Skye, through its majority owned subsidiary, CS Mining, LLC, owns and controls a few copper ore deposits located in the Milford Mineral Belt in Beaver County, State of Utah in the United States of America, and is expected to engage in the business of mining and processing copper and possibly other minerals following receipt of the appropriate permits. The above acquisitions have provided another opportunity for the Group to invest in the promising mineral resource industry.

Business Review *(continued)*

In November 2011, the Group entered into an agreement for the disposal of the entire issued share capital of Winnery Limited ("Winnery") for a consideration of IDR240,000,000,000. An initial payment of IDR24,000,000,000 had been received by the Group and the balance of the consideration would be received in the final completion date which is expected to be in late 2012. Winnery holds 480 million shares in PT Lippo Karawaci Tbk, a company incorporated in Indonesia and whose shares are listed on the Indonesia Stock Exchange. The above disposal represents a good opportunity for the Group to realise a gain from its investments and enable the Company to have additional capital and to, in the future, consider suitable investment opportunities if and when presented to it.

Prospects

The global economic outlook remains subdued. In the Eurozone, the uncertainties over the European debt crisis are unlikely to be resolved shortly. Consumer and investor confidence will remain volatile. In comparison, the US economy has shown signs of pick-up but the pace of recovery will be restrained by continued weakness in the property market and public spending cuts. The major Asian economies are likely to record slower growth as their export performance will be affected by the uncertainties in the developed economies. However, inflation has broadly stabilised, creating room for policy easing. In February 2012, mainland China has lowered banks' reserve requirement.

The Group will continue to focus on its existing businesses in the Asia-Pacific region for its long term growth. Management is watchful of the economic challenges ahead, and will accordingly continue to take a cautious and prudent approach in managing the Group's investment portfolio and businesses and in assessing new investment opportunities. In view of rising global commodity prices and scarcity of resources, the Group will seize suitable investment opportunities in mineral resource industry when opportunities arise.

Acknowledgement

On behalf of the Board of Directors of the Company (the "Board"), I would like to take this opportunity to thank our shareholders and all other stakeholders for their continued support and confidence in us. I would like to thank my fellow Directors for their dedication and contribution. Last but not least, I would like to offer the Board's gratitude to the management and the staff for their hard work, contribution and commitment.

Stephen Riady
Chairman

29th March, 2012

Discussion and Analysis of Annual Results

Uncertainties surrounding the US economy and the sovereign debt crises in Europe over-shadowed the global economic environment in 2011. In mainland China, the Central Government implemented more tightening policies to cool down the economy. The Group reported a profit attributable to shareholders of HK$288 million for 2011 (2010 — HK$478 million when profit from discontinued operation was excluded). Apart from the normal operating income, the Group was benefited from the fair value gain on investment properties under the Group's subsidiaries during the year. The reduction in profit was primarily attributable to lower fair value gain of investment properties as compared with last year.

Results for the Year

Turnover for the year 2011 totalled HK$244 million (2010 — HK$285 million). Property investment remained the principal source of revenue of the Group, representing 91 per cent. (2010 — 71 per cent.) of the turnover from continuing operations.

Property investment and property development

Property investment business continued to provide stable and recurring revenue to the Group. Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmarks of the Group in Hong Kong and in mainland China respectively, continued to contribute remarkable results to the Group. The shopping mall of Lippo Plaza in Shanghai re-commenced operation in the second quarter of 2010 after a revamp of the mall, which was refurbished and upgraded to provide a high-end shopping environment. Rental income from the Group's properties in mainland China increased by 23 per cent. when compared with that of last year.

In April 2011, a subsidiary of the Company, which holds a majority interest in Lippo Plaza in Shanghai, completed a capital reduction exercise (the "Completion"). Following the Completion, the subsidiary became an indirect wholly-owned subsidiary of the Company. The realignment is conducive to effective business decision making and formulation.

Given the quality and strategic location of the investment properties, the Group recorded revaluation gains on its investment properties of a total of HK$384 million (2010 — HK$673 million) during the year.

The Group continues to look for opportunities to realise the increase in value of its property assets. During the year, the Group completed the disposal of several office units in Beijing and a residential unit in Hong Kong at an aggregate consideration of approximately HK$157 million. The disposals represented a good opportunity for the Group to realise the profits.

In June 2011, the Group successfully won the bid for the land use right of a piece of land with a site area of approximately 80,615 square metres in Taizhou City, Jiangsu Province, mainland China for a consideration of RMB145 million, which is a residential development project comprising townhouses and residential towers. The Group also participated in another development project in Huai An, Jiangsu Province with a site area of approximately 41,087 square metres, which will be developed into an integrated residential, commercial and retail complex and is currently in planning and design stage. The Group will remain cautious in light of the changing market conditions and will timely adjust its development strategies accordingly.

Results for the Year *(continued)*

Treasury and securities investments

In 2011, treasury and securities investments business recorded a revenue of HK$5 million (2010 — HK$18 million), with a net loss of HK$2 million (2010 — net profit of HK$5 million). The drop was mainly attributable to the fair value loss on security investments. The global investment market is challenging and full of uncertainties. Anticipating future volatility, the Group cautiously managed its investment portfolio with a continuing focus on improving the overall asset quality. During the year, the Group acquired approximately 7 per cent. of the then issued share capital of Haranga Resources Limited ("Haranga"), a listed company in Australia engaged in the acquisition, exploration and development of iron ores in Mongolia for an aggregate consideration of approximately A$4 million, and an attributable interest of 8 per cent. of the total issued and outstanding Class A units in Skye Mineral Partners, LLC ("Skye"), which has interests in a few copper ore deposits in State of Utah in the United States of America for a consideration of US$4.88 million. Subsequent to year end, the Group further invested in Haranga for a total consideration of approximately A$6 million. Moreover, the Group entered into an agreement for the acquisition of 8 per cent. interests in Skye for an aggregate consideration of US$8 million.

Other businesses

In November 2010, the Group disposed of a Chinese restaurant in Hong Kong to an associate which led to the decrease in revenue from other businesses.

In January 2011, the Group acquired the interest of Pantogon Holdings Pte Ltd from Jeremiah Holdings Limited, a 60 per cent. subsidiary of the Company. Following the completion of the transaction, the Company increased its effective interest in Auric Pacific Group Limited ("APG"), a listed company in Singapore, from approximately 27.9 per cent. to approximately 39.4 per cent. APG is mainly engaged in food manufacturing, wholesale and distribution, food retail and food court operation as well as property and securities investment. The Group recorded a share of profit of HK$26 million (2010 — HK$18 million) from APG during the year.

The Group also owns approximately 49.9 per cent. interests in Asia Now Resources Corp. ("Asia Now"), a company listed on the TSX Venture Exchange of Canada and is primarily engaged in the business of exploration of mineral deposits in mainland China. Asia Now is currently focusing on the exploration of the site at Beiya in Yunnan Province. An independent technical report was released in January 2012, which was prepared in accordance with the National Instrument 43–101 and the Canadian Institute of Mining, Metallurgy and Petroleum Standard Definitions for Mineral Projects on the initial mineral resource estimate for the deposit.

Financial Position

As at 31st December, 2011, the Group's total assets amounted to HK$6.8 billion (2010 — HK$6.6 billion). Property-related assets increased to HK$5.0 billion (2010 — HK$4.6 billion), representing 74 per cent. (2010 — 70 per cent.) of the total assets. The cash and cash equivalents of the Group increased to HK$558 million (2010 — HK$460 million). Total liabilities slightly increased to HK$2.4 billion (2010 — HK$2.3 billion). The Group's financial position remained healthy and the current ratio (measured as current assets to current liabilities) was 2.0 to 1 (2010 — 2.4 to 1). The net asset value of the Group remained strong and increased to HK$4.4 billion (2010 — HK$4.1 billion). This was equivalent to HK47 cents per share (2010 — HK45 cents per share).

As at 31st December, 2011, bank loans of the Group increased to HK$1,396 million (2010 — HK$1,364 million). All the bank loans were secured by certain properties of the Group and denominated in Hong Kong dollars and Renminbi. All bank loans carried interest at floating rates. Approximately 9 per cent. (2010 — 8 per cent.) of the bank loans were repayable within one year. At the end of the year, the gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) improved to 32.1 per cent. (2010 — 32.8 per cent.).

Financial Position *(continued)*

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 foreign exchange exposure.

Apart from the abovementioned, there were no charges on the Group's assets at the end of the year (2010 — Nil). The Group had no material contingent liabilities outstanding (2010 — Nil).

As at 31st December, 2011, the Group's total capital commitment increased to HK$230 million (2010 — HK$126 million), mainly attributable to the property development projects held by the Group. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had approximately 187 employees as at 31st December, 2011 (2010 — 145 employees). The increase in the number of employees was mainly due to the expansion of the property development team in mainland China. Staff costs (including directors' emoluments) charged to the income statement during the year amounted to HK$71 million (2010 — HK$129 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under the share option scheme of the Company.

Outlook

2012 will continue to be a challenging year, as the European sovereign debt crises have not only caused turmoil in Eurozone economies, but also upset the global economy. There is growing concern that the world economy may face deepening volatility, unless the European debt problems can be resolved. Though inflationary pressure and tightening monetary measures in mainland China are lessened, the business environment is still challenging. However, the Group remains positive of the prospects of the Asia Pacific region over the medium term and will continue to focus on business development in the region. The Group will anticipate and respond to the fast changing market conditions, refine its existing businesses and prudently seek new investment opportunities with long-term growth potential.

Corporate Governance Practices

The Company is committed to ensuring high standards of corporate governance practices. The Company's Board of Directors (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.

In 2011, 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 in the Code on Corporate Governance Practices (the "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 Code for the year ended 31st December, 2011.

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 of 2011.

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

On 25th March, 2011, the Board had the following changes:

1. Dr. Mochtar Riady resigned as a non-executive Director and relinquished his position as the Honorary Chairman;

2. Mr. James Tjahaja Riady resigned as an executive Director and the Chairman of the Board;

3. Mr. Stephen Riady was appointed the Chairman of the Board and as a result resigned as the Deputy Chairman, Managing Director and Chief Executive Officer; and

4. Mr. John Luen Wai Lee was appointed the Chief Executive Officer.

Dr. Mochtar Riady is the father of Messrs. James Tjahaja Riady and Stephen Riady and Mr. James Tjahaja Riady is a brother of Mr. Stephen Riady.

Following the above changes to the Board, the Board currently comprises six members (the composition of the Board is shown on page 20), including two 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 21 to 23), of which Mr. Stephen Riady is the Chairman of the Board and Mr. John Luen Wai Lee is the Chief Executive Officer. A list containing the names of the Directors and their roles and functions can also be found in the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

Board of Directors *(continued)*

Save as disclosed herein, 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 half of the Board. Two 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.

Mr. Edwin Neo has served as an independent non-executive Director of the Company for more than nine years. In addition to his confirmation of independence in accordance with Rule 3.13 of the Listing Rules, Mr. Edwin Neo continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice and there is no evidence that his tenure has had any impact on his independence. The Directors are of the opinion that Mr. Edwin Neo remains independent notwithstanding the length of his service and they believe that his valuable knowledge and experience in the Group's business and his external experience continue to generate significant contribution to the Company and its shareholders as a whole.

Under the Company's Articles of Association, 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.

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. 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, significant changes in accounting policies, material contracts and major investments. 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.

Board of Directors *(continued)*

The Board meets regularly to review the financial and operating performance of the Group and other business units, and formulate future strategy. Four Board meetings were held in 2011. Individual attendance of each Director at the Board meetings and each committee member at meetings of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2011 are set out below:

	Attendance/Number of Meetings			
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Non-executive Directors				
Dr. Mochtar Riady *(resigned as a non-executive Director and relinquished the position as the Honorary Chairman on 25th March, 2011)*	0/0*	N/A	N/A	N/A
Mr. Leon Nim Leung Chan *(ceased to be the Chairman of the Remuneration Committee and Nomination Committee on 29th March, 2012 but remains as a member of both Committees)*	4/4	3/3	2/2	2/2
Executive Directors				
Mr. James Tjahaja Riady *(resigned as an executive Director and the Chairman of the Board on 25th March, 2011)*	0/0*	N/A	N/A	N/A
Mr. Stephen Riady *(appointed as the Chairman of the Board and resigned as the Deputy Chairman, Managing Director and Chief Executive Officer on 25th March, 2011)*	3/4	N/A	1/2	1/2
Mr. John Luen Wai Lee *(appointed as the Chief Executive Officer on 25th March, 2011)*	4/4	N/A	N/A	N/A
Independent non-executive Directors				
Mr. Victor Ha Kuk Yung *(Chairman of the Audit Committee)*	4/4	3/3	2/2	2/2
Mr. King Fai Tsui *(appointed as the Chairman of the Remuneration Committee and Nomination Committee on 29th March, 2012)*	4/4	3/3	2/2	2/2
Mr. Edwin Neo	3/4	2/3	1/2	1/2

* number of meeting held from the beginning of 2011 to the date of resignation as a Director

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer of the Company are segregated. Their respective roles and responsibilities are set out in writing which have been approved by the Board.

Mr. James Tjahaja Riady was the Chairman of the Board until his resignation as an executive Director on 25th March, 2011. Mr. Stephen Riady was appointed as the Chairman of the Board to take up the vacancy on 25th March, 2011. 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. Stephen Riady was the Chief Executive Officer until 25th March, 2011. Following his appointment as the Chairman of the Board on 25th March, 2011, Mr. Stephen Riady resigned as the Chief Executive Officer of the Company and Mr. John Luen Wai Lee was appointed as the Chief Executive Officer of the Company to take up the vacancy on 25th March, 2011. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

Non-executive Directors

As at 1st January, 2011, there were five non-executive Directors. Following the resignation of Dr. Mochtar Riady as a non-executive Director on 25th March, 2011, there are currently four non-executive Directors of whom three are independent. Under the Company's Articles of Association, every Director, including the non-executive Directors, shall be subject to retirement by rotation at least once every three years. This means that the specific term of appointment of a Director cannot exceed 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 in the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). In order to comply with the forthcoming amendments to the Listing Rules (the "Amendments"), the terms of reference the Remuneration Committee had been revised in March 2012. The principal role of the Committee is to exercise the powers of the Board to determine and review the remuneration packages of individual Directors and senior management, 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 approved, inter alia, (i) the remuneration packages of the Directors and senior management; and (ii) service contracts of certain Directors.

Majority of the Committee members are non-executive Directors and three of them are independent. To comply with the Amendments, on 29th March, 2012, Mr. King Fai Tsui, an independent non-executive Director, was appointed as the Chairman of the Remuneration Committee and Mr. Leon Nim Leung Chan, a non-executive Director, ceased to be the Chairman of the Remuneration Committee but remains as a member of the Remuneration Committee. The Remuneration Committee currently comprises five members including three independent non-executive Directors, namely Messrs. King Fai Tsui (being the Chairman of the Remuneration Committee), Edwin Neo and Victor Ha Kuk Yung, a non-executive Director, namely Mr. Leon Nim Leung Chan, and an executive Director, namely Mr. Stephen Riady. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. Two meetings were held in 2011 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(t) to the financial statements, respectively.

Nomination of Directors

The Board has the power to appoint Director(s) pursuant to the Company's Articles of Association. No new Director was appointed in 2011.

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 in the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). In order to comply with the Amendments, the terms of reference of the Nomination Committee had been revised in March 2012. The principal role of the Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge and experience) 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. During the year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the last annual general meeting and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition and efficiency of the Board.

Majority of the Committee members are non-executive Directors and three of them are independent. To comply with the Amendments, on 29th March, 2012, Mr. King Fai Tsui, an independent non-executive Director, was appointed as the Chairman of the Nomination Committee and Mr. Leon Nim Leung Chan, a non-executive Director, ceased to be the Chairman of the Nomination Committee but remains as a member of the Nomination Committee. The Nomination Committee currently comprises five members including three independent non-executive Directors, namely, Messrs. King Fai Tsui (being the Chairman of the Nomination Committee), Edwin Neo and Victor Ha Kuk Yung, a non-executive Director, namely Mr. Leon Nim Leung Chan, and an executive Director, namely Mr. Stephen Riady. Two meetings were held in 2011 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 Articles of Association of the Company. The procedures for such proposal are published on the Company's website (www.lcr.com.hk).

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 accounts 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$1.8 million (2010 — HK$2.0 million) and approximately HK$15,000 (2010 — HK$263,000), respectively. The non-statutory audit service provided in 2011 was to review the continuing connected transactions of the Group.

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 in the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). In order to comply with the Amendments, the terms of reference of the Audit Committee had been revised in March 2012. 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. Victor Ha Kuk Yung (being the Chairman of the Audit Committee), Edwin Neo and King Fai Tsui and a non-executive Director, namely Mr. Leon Nim Leung Chan. Three meetings were held in 2011 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. Senior management and auditors shall normally attend the meetings.

During the year, the Audit Committee discharged its duties by reviewing the financial and audit matters of the Group, including management accounts, financial statements, internal audit reports, and interim and annual reports and discussing with executive Directors, management, external auditors and internal audit department (the "IA Department") regarding the financial matters and/or internal audit, control and risk management matters of the Group, and making recommendations to the Board on financial-related matters.

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.

Also, 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 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.

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.

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, decides to allow a resolution which relates purely to a procedural or administrative matter 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.lcr.com.hk).

To provide effective communication, the Company maintains a website at www.lcr.com.hk. All the financial information and other disclosures, including, inter alia, the annual reports, interim reports, announcements, circulars, notices and memorandum and articles of association are available on the Company's website.

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 to ensure that no price sensitive information is disclosed to such parties.

Management of the Group maintains regular contacts with the investment community, and participated in investor conferences and analyst meetings to keep the public abreast of the latest development of the Group.

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 December, 2011, 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 auditor is 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 36 and 37.

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 wellbeing from time to time, and supported the Group's volunteer team in serving the disadvantaged groups and the community as a whole.

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st December, 2011.

Principal Activities

The principal activity of the Company is investment holding. Its subsidiaries, associates and jointly controlled entities are principally engaged in investment holding, property investment, property development, food business, property management, mineral exploration, 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 jointly controlled entities are set out in the financial statements on pages 117 to 122, page 123 and page 124, respectively.

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

Segment Information

An analysis of the Group's revenue and results by principal activity and geographical area for the year ended 31st December, 2011 is set out in Note 4 to the financial statements.

Results and Dividends

The results and details of cash flows of the Group for the year ended 31st December, 2011 and the state of affairs of the Group and the Company as at 31st December, 2011 are set out in the financial statements on pages 38 to 124.

An interim dividend of HK0.2 cent per share (2010 — HK0.3 cent per share) for the six months ended 30th June, 2011 was paid on 18th October, 2011. The Directors have resolved to recommend the payment of a final dividend of HK0.5 cent per share (2010 — HK0.5 cent per share) and a special final dividend of HK1.5 cent per share (2010 — Nil) amounting to a total of approximately HK$183.8 million for the year ended 31st December, 2011 (2010 — approximately HK$46 million). Total dividends for the year ended 31st December, 2011 will be HK2.2 cents per share (2010 — HK0.8 cent per share) amounting to approximately HK$202.2 million (2010 — approximately HK$73.5 million).

Summary of Group 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 ended 31st December, 2011 is set out on page 128.

Fixed Assets

Details of movements in the fixed assets during the year are set out in Note 15 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.

Bank Loans

Details of bank loans are summarised in Note 24 to the financial statements.

Share Capital

Details of the share capital of the Company are set out in Note 27 to the financial statements.

Share Option Scheme

Details of the share option scheme of the Company are set out in Note 28 to the financial statements.

Reserves and Distributable Reserves

Details of movements in the reserves during the year and details of the distributable reserves are set out in Note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

Events after the Reporting Period

Details of the significant events after the reporting period of the Group are set out in Note 41 to the financial statements.

Subsidiaries

Particulars of the Company's principal subsidiaries are set out in the financial statements on pages 117 to 122.

Donations

Charitable and other donations made by the Group during the year amounted to HK$14,104,000 (2010 — HK$22,603,000).

Directors

The Directors of the Company during the year were:

Non-executive Directors

Dr. Mochtar Riady *(Note a)*
Mr. Leon Nim Leung Chan

Executive Directors

Mr. James Tjahaja Riady *(Note b)*
Mr. Stephen Riady *(Chairman) (Note c)*
Mr. John Luen Wai Lee, BBS, JP *(Chief Executive Officer) (Note d)*

Independent non-executive Directors

Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Victor Ha Kuk Yung

Note:

a. Dr. Mochtar Riady resigned as a non-executive Director and relinquished his position as the Honorary Chairman on 25th March, 2011.

b Mr. James Tjahaja Riady resigned as an executive Director and the Chairman of the board of Directors on 25th March, 2011.

c. Mr. Stephen Riady was appointed the Chairman of the board of Directors on 25th March, 2011 and as a result resigned as the Deputy Chairman, Managing Director and Chief Executive Officer on 25th March, 2011.

d. Mr. John Luen Wai Lee was appointed the Chief Executive Officer on 25th March, 2011.

In accordance with Article 120 of the Company's Articles of Association (the "Articles"), Messrs. Stephen Riady, John Luen Wai Lee and Leon Nim Leung Chan will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors *(continued)*

Each of Messrs. King Fai Tsui and Victor Ha Kuk Yung 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 30th September, 2010. Following the expiry of the term under their respective former letter agreement with the Company, each of Messrs. Leon Nim Leung Chan and Edwin Neo 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 1st January, 2012. All the above letter agreements will be terminable by either party by giving three months' prior written notice. Their terms of services are also subject to the provisions of the Articles. Mr. John Luen Wai Lee has an employment agreement with the Company, which will be terminable by either party by giving three months' prior written notice. Mr. Stephen Riady do not have any service contract with the Company and/or its subsidiaries. In accordance with the Articles, 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.

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.

Brief Biographical Details of Directors and Senior Management

Mr. Stephen Riady, aged 51, was appointed a Director of the Company in 1992. On 25th March, 2011, Mr. Riady resigned as the Deputy Chairman, Managing Director and Chief Executive Officer of the Company and was appointed the Chairman of the Company. He is also the Chairman of the board of directors of Lippo Limited ("Lippo") and an executive director of Hongkong Chinese Limited ("HKC"), both are public listed company in Hong Kong. On 25th March, 2011, Mr. Riady resigned as the Chief Executive Officer of HKC and was appointed the Chairman of the board of directors of HKC. Mr. Riady is a director of Lanius Limited, Lippo Capital Limited, First Tower Corporation ("First Tower") and Skyscraper Realty Limited ("Skyscraper"). He is a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. Mr. Riady also holds directorship in certain subsidiaries of the Company, Lippo and HKC. He is also the Executive Chairman of Overseas Union Enterprise Limited and an executive director of Auric Pacific Group Limited ("APG"), both are public listed companies in Singapore. He is a graduate of the University of Southern California and holds an Honorary Degree of Doctor of Business Administration from Napier University in the United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Mr. Riady is 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.

Brief Biographical Details of Directors and Senior Management *(continued)*

Mr. John Luen Wai Lee, BBS, JP, aged 63, was appointed a Director of the Company in 1992. Mr. Lee was appointed the Chief Executive Officer of the Company on 25th March, 2011. He is also the Managing Director and Chief Executive Officer of Lippo. Mr. Lee is an executive director of HKC and was appointed the Chief Executive Officer of HKC on 25th March, 2011. He is also a director of First Tower and Skyscraper. Mr. Lee is an authorised representative of the Company, Lippo and HKC. In addition, Mr. Lee holds directorship in certain subsidiaries of the Company, Lippo and HKC. 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. Mr. Lee is a non-executive director of Asia Now Resources Corp., a company listed on TSX Venture Exchange of Canada. Mr. Lee was a non-executive director of Medco Holdings, Inc. and Export and Industry Bank, Inc., both are public listed companies in the Republic of Philippines. Mr. Lee is a Fellow Member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and an Associate Member of The Institute of Chartered Accountants in England and Wales. He was a partner of Pricewaterhouse in Hong Kong and has extensive experience in corporate finance and capital markets. He is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He serves as a member on a number of Hong Kong Government Boards and Committees including a member of the Hospital Authority and the Chairman of its Finance Committee. He is also the Chairman of the Board of Trustees of the Hospital Authority Provident Fund Scheme as well as the Chairman of the Queen Elizabeth Hospital Governing Committee. In addition, Mr. Lee serves as a member of Non-local Higher and Professional Education Appeal Board and a member of the Appeal Boards Panel (Education). Mr. Lee was awarded the Bronze Bauhinia Star by Hong Kong Government in 2011.

Mr. Leon Nim Leung Chan, aged 56, was appointed an independent non-executive Director of the Company in 1997 and was re-designated as a 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 HKC. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. He was the Chairman of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC until 29th March, 2012. He is also a director of a subsidiary of HKC and the chairman of the supervisory board member of a subsidiary of HKC.

Mr. Edwin Neo, aged 62, was appointed an independent non-executive Director of the Company in March 2002. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is also an independent non-executive director of Lippo. He was appointed an independent non-executive director of APG on 15th March, 2011. Mr. Neo is a member of the Remuneration Committee, Nomination Committee and Audit Committee of each of the Company and Lippo.

Brief Biographical Details of Directors and Senior Management *(continued)*

Mr. King Fai Tsui, aged 62, 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 HKC. He is the Chairman of the Audit Committee of HKC and a member of the Audit Committee of each of the Company and Lippo. He is also a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC and was appointed as the Chairman of such Committees on 29th March, 2012.

Mr. Victor Ha Kuk Yung, aged 58, 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 HKC. Mr. Yung is the Chairman of the Audit Committee of each of the Company and Lippo and a member of the Audit Committee of HKC. He is also a member of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC. Mr. Yung is an independent non-executive director of Travel Expert (Asia) Enterprises Limited, the shares of which are listed on The Stock Exchange of Hong Kong Limited on 30th September, 2011.

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.

Brief Biographical Details of Other Officers

Mr. Alex Shiu Leung Au, was appointed the chief financial officer of the Company in July 2011. Mr. Au was the chief financial officer of the Company during the period from January 2000 to March 2006. He was an executive director and company secretary of Asia Commercial Holdings Limited, a public listed company in Hong Kong, up till his resignation in July 2011. Mr. Au holds a Bachelor of Commerce (Accounting) degree with honours from the University of Birmingham. He is a member of The Institute of Chartered Accountants in England and Wales and an associate of The Hong Kong Institute of Certified Public Accountants. Mr. Au has over 25 years' experience in accounting and finance.

Ms. Millie Yuen Fun Luk, was appointed the company secretary of the Company in December 1992. She is also an authorised representative of the Company. Ms. Luk is a fellow member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. She is also a member of Hong Kong Securities Institute. She has over 20 years' experience in the company secretarial field.

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, commitment, contribution and their duties and responsibilities within the Group.

The fees payable to the non-executive Directors is HK$160,000 per annum. 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 Chairmen and/or members of various board committees of the Company per annum are as follows:

	HK$
Audit Committee	
Chairman	40,000
Member	20,000
Other Committees	
Chairman	20,000
Member	15,000

Save for the discretionary bonus paid to Mr. John Luen Wai Lee ("Mr. Lee") in an amount of HK$3,000,000 and the fringe benefits of Mr. Lee in the total amount of approximately HK$184,000, the emoluments of the Directors (except for Messrs. James Tjahaja Riady and Stephen Riady who did/does not have any service contract) for the year have been covered by their respective letter agreement (as supplemented (as the case may be)) or employment agreement (as applicable) with the Company and/or paid under the relevant statutory requirement.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

As at 31st December, 2011, 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

(a) The Company

Name of Director	Number of ordinary shares of HK$0.10 each in the Company — Other interests	Number of underlying ordinary shares of HK$0.10 each in the Company — Personal interests (held as beneficial owner)	Total interests	Approximate percentage of total interests in the issued share capital
		Options#		
Stephen Riady	6,544,696,389 *Notes (i) and (ii)*	—	6,544,696,389	71.21
John Luen Wai Lee	—	22,000,000	22,000,000	0.24
Leon Nim Leung Chan	—	3,000,000	3,000,000	0.03
Edwin Neo	—	2,300,000	2,300,000	0.03
King Fai Tsui	—	2,300,000	2,300,000	0.03
Victor Ha Kuk Yung	—	2,300,000	2,300,000	0.03

\# The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by the Company (the "Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Share Option Scheme to subscribe for ordinary shares of HK$0.10 each in the Company at an exercise price of HK$0.267 per share (subject to adjustment). None of the options were exercised by any of the above Directors during the year. Further details of the interests of Directors in the options are disclosed in Note 28 to the financial statements.

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)*

(b) Lippo Limited ("Lippo")

Name of Director	Number of ordinary shares of HK$0.10 each in Lippo: Personal interests (held as beneficial owner)	Number of ordinary shares of HK$0.10 each in Lippo: Other interests	Number of underlying ordinary shares of HK$0.10 each in Lippo: Personal interests (held as beneficial owner)	Total interests	Approximate percentage of total interests in the issued share capital
			Options*		
Stephen Riady	–	319,322,219 *Note (i)*	–	319,322,219	63.81
John Luen Wai Lee	1,031,250	–	1,125,000	2,156,250	0.43
Leon Nim Leung Chan	–	–	193,750	193,750	0.04
Edwin Neo	–	–	162,500	162,500	0.03
King Fai Tsui	–	–	162,500	162,500	0.03
Victor Ha Kuk Yung	–	–	162,500	162,500	0.03

* The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by Lippo (the "Lippo Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Lippo Share Option Scheme to subscribe for ordinary shares of HK$0.10 each in Lippo at an initial exercise price of HK$6.98 per share (subject to adjustment). Pursuant to the rights issue of new shares of Lippo in June 2008 on the basis of one rights share for every four shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK$6.98 per share to HK$5.58 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the year. Further details of the Directors' interests in underlying shares in respect of the options are disclosed in Note (v) below.

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)*

(c) Hongkong Chinese Limited ("HKC")

Name of Director	Number of ordinary shares of HK$1.00 each in HKC: Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Number of underlying ordinary shares of HK$1.00 each in HKC: Personal interests (held as beneficial owner)	Total interests	Approximate percentage of total interests in the issued share capital
				Options^		
Stephen Riady	–	–	1,120,987,842 *Notes (i) and (iii)*	–	1,120,987,842	55.96
John Luen Wai Lee	270	270	–	4,590,000	4,590,540	0.23
King Fai Tsui	–	75,000	–	607,500	682,500	0.03
Leon Nim Leung Chan	–	–	–	810,000	810,000	0.04
Victor Ha Kuk Yung	–	–	–	607,500	607,500	0.03

^ The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by HKC (the "HKC Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the HKC Share Option Scheme to subscribe for ordinary shares of HK$1.00 each in HKC at an initial exercise price of HK$1.68 per share (subject to adjustment). Pursuant to the rights issue of new shares of HKC in June 2008 on the basis of seven rights shares for every twenty shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK$1.68 per share to HK$1.24 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the year. Further details of the Directors' interests in underlying shares in respect of the options are disclosed in Note (vi) below.

Note:

(i) As at 31st December, 2011, Lippo Capital Limited ("Lippo Capital"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in an aggregate of 319,322,219 ordinary shares of HK$0.10 each in, representing approximately 63.81 per cent. of the issued share capital of, Lippo. 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 share capital 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 share capital of Lanius. The beneficiaries of the trust included, inter alia, Mr. Stephen Riady and other members of the family. Mr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.

(ii) As at 31st December, 2011, Lippo was indirectly interested in 6,544,696,389 ordinary shares of HK$0.10 each in, representing approximately 71.21 per cent. of the issued share capital of, the Company.

(iii) As at 31st December, 2011, Lippo was indirectly interested in 1,120,987,842 ordinary shares of HK$1.00 each in, representing approximately 55.96 per cent. of the then issued share capital of, HKC.

(iv) The percentages of issued share capital stated in this section were arrived at based on the issued share capital of each of the Company, Lippo and HKC (as the case may be) as at 31st December, 2011.

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)*

Note: (continued)

(v) Details of Directors' interests in underlying shares in respect of the options granted under the Lippo Share Option Scheme are summarised as follows:

Name of Director	Exercise price per share	Number of underlying ordinary shares of HK$0.10 each in Lippo in respect of which options have been granted Balance as at 1st January, 2011 and 31st December, 2011
	HK$	
John Luen Wai Lee	5.58	1,125,000
Leon Nim Leung Chan	5.58	193,750
Edwin Neo	5.58	162,500
King Fai Tsui	5.58	162,500
Victor Ha Kuk Yung	5.58	162,500

(vi) Details of Directors' interests in underlying shares in respect of the options granted under the HKC Share Option Scheme are summarised as follows:

Name of Director	Exercise price per share	Number of underlying ordinary shares of HK$1.00 each in HKC in respect of which options have been granted Balance as at 1st January, 2011 and 31st December, 2011
	HK$	
John Luen Wai Lee	1.24	4,590,000
Leon Nim Leung Chan	1.24	810,000
King Fai Tsui	1.24	607,500
Victor Ha Kuk Yung	1.24	607,500

The above interests in the underlying shares of the Company and its associated corporations in respect of options were held pursuant to unlisted physically settled equity derivatives.

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 interests in Lippo Capital as mentioned in Note (i) above, Mr. Stephen Riady was also taken to be interested in the share capital 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 share capital
Abital Trading Pte. Limited	Ordinary shares	2	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
East Winds Food Pte Ltd.	Ordinary shares	400,000	88.88
First Tower Corporation	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
J & S Company Limited	Ordinary shares	1	100
Kingaroy Limited	Ordinary shares	1	100
Kingtrend International 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 Pacific Limited	Ordinary shares	1	100
Lippo Realty Limited	Ordinary shares	2	100
Manneton Limited	Ordinary shares	1	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
SCR Ltd.	Ordinary shares	1	100
Sabotty Investment Company Limited	Ordinary shares	1,000	100
Sinotrend Global Holdings Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	70,000	70
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100
Worldlink Resources 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 December, 2011, Mr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares of HK$1.00 each in, representing 25 per cent. of the issued share capital of, Lanius which is the holder of the entire issued share capital of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Mr. Stephen Riady), who does not have any interest in the share capital of Lanius. The beneficiaries of the trust included, inter alia, Mr. Stephen Riady and other members of the family.

As at 31st December, 2011, Mr. Stephen Riady was interested in 27,493,311 ordinary shares in Auric Pacific Group Limited ("APG"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, held by Goldstream Capital Limited, which in turn is a wholly-owned subsidiary of Bravado International Ltd. ("Bravado"). Mr. Stephen Riady is the beneficial owner of the entire issued capital of Bravado. For the reasons outlined above, through his deemed interest in Lippo Capital, Mr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in APG. Accordingly, Mr. Stephen Riady was interested and taken to be interested in an aggregate of 89,420,646 ordinary shares in, representing approximately 71.16 per cent. of the issued share capital of, APG.

As at 31st December, 2011, save as disclosed herein, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of 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 December, 2011, 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.

Save as disclosed herein, as at 31st December, 2011, 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

Save as disclosed herein, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements 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 December, 2011, so far as is known to the Directors of the Company, the following persons (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") as follows:

Interests of substantial shareholders in shares of the Company

Name	Number of ordinary shares of HK$0.10 each	Approximate percentage of the issued share capital
Lippo Limited ("Lippo")	6,544,696,389	71.21
Lippo Capital Limited ("Lippo Capital")	6,544,696,389	71.21
Lanius Limited ("Lanius")	6,544,696,389	71.21
Dr. Mochtar Riady	6,544,696,389	71.21
Madam Lidya Suryawaty	6,544,696,389	71.21

Note:

1. 6,544,696,389 ordinary shares of the Company were held by Skyscraper Realty Limited directly as beneficial owner which in turn is a wholly-owned subsidiary of First Tower Corporation ("First Tower"). First Tower is a wholly-owned subsidiary of Lippo. Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in ordinary shares representing approximately 63.81 per cent. of the issued share capital of Lippo.

2. Lanius is the holder of the entire issued share capital 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 share capital of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in the shares of the Company under the provisions of the SFO.

3. Lippo's interests in the ordinary shares of the Company were recorded as the interests of Lippo Capital, Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above ordinary shares in the Company related to the same block of shares that Mr. 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".

All the interests stated above represent long positions. Save as disclosed herein, as at 31st December, 2011, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or 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 Mr. 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 December, 2011, 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, Messrs. Stephen Riady, John Luen Wai Lee and Leon Nim Leung Chan are also directors of Lippo Limited ("Lippo"), an intermediate holding company of the Company, and Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company. Dr. Mochtar Riady, a former Director, was also a director of HKC until 25th March, 2011. Further details of the Directors' interests in Lippo and HKC 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 HKC are also engaged in property investment and property development.

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 Articles of Association 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 interests in any business which competes or is likely to compete, either directly or indirectly, with the businesses 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 14th September, 2010, a tenancy agreement was entered into between Porbandar Limited ("Porbandar"), a wholly-owned subsidiary of the Company, and Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company, pursuant to which HKC agreed to lease from Porbandar 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, 2010 to 15th September, 2012, both days inclusive, at a monthly rental of HK$230,000 (equivalent to HK$2,760,000 per annum), exclusive of rates, service charges and all other outgoings or HK$253,260 (equivalent to HK$3,039,120 per annum), inclusive of monthly service charge of HK$23,260, for office use. The service charge of HK$23,260 per calendar month (subject to adjustment) payable by HKC 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$30,000 per calendar month unless agreed by both parties in writing (the "HKC Maximum Service Charge"). The maximum estimated annual rental, inclusive of the HKC Maximum Service Charge, was HK$3,120,000 for the year ended 31st December, 2011. The rental was determined by reference to the then prevailing open market rentals.

    Further details of the above tenancy are disclosed in Note 37(b) to the financial statements.

Continuing Connected Transactions *(continued)*

(B) On 29th December, 2010, a tenancy agreement was entered into between Superform Investment Limited ("Superform"), a wholly-owned subsidiary of the Company, and Lippo Limited ("Lippo"), an intermediate holding company of the Company, pursuant to which Lippo agreed to lease from Superform a portion of 24th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong, with a gross floor area of approximately 11,028 square feet, for a term of two years from 1st January, 2011 to 31st December, 2012, both days inclusive, at a monthly rental of HK$551,400 (equivalent to HK$6,616,800 per annum), exclusive of rates, service charges and all other outgoings or HK$600,378 (equivalent to HK$7,204,536 per annum), inclusive of monthly service charge of HK$48,978, for office use. The service charge of HK$48,978 per calendar month (subject to adjustment) payable by Lippo to Superform shall be applied by Superform 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$70,000 per calendar month unless agreed by both parties in writing (the "Lippo Maximum Service Charge"). The maximum estimated annual rental, inclusive of the Lippo Maximum Service Charge, was HK$7,456,800 for the year ended 31st December, 2011. The rental was determined by reference to the then prevailing open market rentals.

Further details of the above tenancy are disclosed in Note 37(a) to the financial statements.

(C) On 7th October, 2011, a tenancy agreement was entered into between Bondlink Investment Limited ("Bondlink"), a wholly-owned subsidiary of the Company, and Lippo Investments Management Limited ("LIM"), an indirect wholly-owned subsidiary of Lippo, pursuant to which LIM agreed to lease from Bondlink Room 4201, 42nd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong, with a gross floor area of approximately 1,633 square feet, for a term of two years from 9th October, 2011 to 8th October, 2013, both days inclusive, at a monthly rental of HK$97,980 (equivalent to HK$1,175,760 per annum), exclusive of rates, service charges and all other outgoings or HK$106,625 (equivalent to HK$1,279,500 per annum), inclusive of monthly service charge of HK$8,645, for office use. The service charge of HK$8,645 per calendar month (subject to adjustment) payable by LIM to Bondlink shall be applied by Bondlink 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$10,000 per calendar month unless agreed by both parties (the "LIM Maximum Service Charge"). The maximum estimated annual rental, inclusive of the LIM Maximum Service Charge, was approximately HK$296,074 for the period from 9th October, 2011 to 31st December, 2011. The rental was determined by reference to the then prevailing open market rentals.

Further details of the above tenancy are disclosed in Note 37(d) to the financial statements.

The independent non-executive Directors have confirmed that the above tenancies had been entered into (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) in accordance with the above tenancy agreements 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. 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 in accordance with Rule 14A.38 of the Listing Rules. A copy of the above auditors' letter has been provided by the Company to the Stock Exchange.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions disclosed herein.

Directors' and Controlling Shareholders' Interest in Contracts

Save as disclosed above and in Note 37 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.

Directors' Service Contracts

No Director of the Company 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).

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 purchases attributable to the Group's five largest suppliers combined and that of sales attributable to the Group's five largest customers combined were less than 30 per cent. of the Group's aggregate purchases and sales, respectively.

Retirement Benefits Schemes

Details of the retirement benefits schemes of the Group and the employer's retirement benefits costs charged to the consolidated income statement for the year are set out in Notes 2.4(t) and 6 to the financial statements, respectively.

Audit Committee

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the audited financial statements for the year ended 31st December, 2011.

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 11 to 18.

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.

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 Luen Wai Lee
Chief Executive Officer

Hong Kong, 29th March, 2012

Independent Auditors' Report

ERNST & YOUNG
安 永

To the shareholders of Lippo China Resources Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Lippo China Resources Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 124, which comprise the consolidated and company statements of financial position as at 31st December, 2011, and the consolidated income statement, 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 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 141 of the Hong Kong Companies Ordinance, 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 the 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 state of affairs of the Company and of the Group as at 31st December, 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

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

Hong Kong, 29th March, 2012

Consolidated Income Statement

For the year ended 31st December, 2011

	Note	2011 HK$'000	2010 HK$'000
Continuing Operations			
Revenue	5	**244,372**	284,936
Cost of sales		**(18,915)**	(37,624)
Gross profit		**225,457**	247,312
Administrative expenses		**(84,448)**	(128,857)
Other operating expenses		**(77,192)**	(91,708)
Fair value gains on investment properties		**384,316**	673,359
Gain on disposal of fixed assets		**1,193**	35,841
Gain/(Loss) on disposal of subsidiaries	32	**(15,776)**	21,294
Net fair value gain/(loss) on financial assets at fair value through profit or loss		**(6,989)**	677
Provisions for impairment losses:			
Properties under development		**(27,071)**	—
Associates		**(419)**	(21,065)
Available-for-sale financial assets		**—**	(13,417)
Finance costs	9	**(49,651)**	(43,118)
Share of results of associates		**25,041**	7,853
Share of results of jointly controlled entities		**1,597**	(514)
Profit before tax from continuing operations	6	**376,058**	687,657
Income tax	10	**(82,289)**	(175,371)
Profit for the year from continuing operations		**293,769**	512,286
Discontinued Operation			
Profit for the year from discontinued operation	11	**—**	248,811
Profit for the year		**293,769**	761,097
Attributable to:			
Equity holders of the Company	12	**288,457**	727,183
Non-controlling interests		**5,312**	33,914
		293,769	761,097
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company	13		
Basic			
— For profit for the year		**3.14**	7.91
— For profit from continuing operations		**3.14**	5.20
Diluted			
— For profit for the year		**3.14**	7.91
— For profit from continuing operations		**3.14**	5.20

Details of the dividends payable and proposed for the year are disclosed in Note 14 to the financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31st December, 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**293,769**	761,097
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	**(80,857)**	98,978
Derecognition of available-for-sale financial assets	**—**	(23,636)
	(80,857)	75,342
Share of other comprehensive loss of associates	**(5,841)**	(20,243)
Exchange differences on translation of foreign operations	**105,321**	125,520
Reclassification adjustments relating to disposal of foreign operations	**—**	(4,826)
Other comprehensive income for the year, net of tax	**18,623**	175,793
Total comprehensive income for the year	**312,392**	936,890
Attributable to:		
Equity holders of the Company	**310,392**	880,875
Non-controlling interests	**2,000**	56,015
	312,392	936,890

Consolidated Statement of Financial Position

As at 31st December, 2011

	Note	**2011 HK$'000**	2010 HK$'000
Non-current assets			
Fixed assets	15	**114,364**	116,496
Investment properties	16	**4,599,721**	4,215,948
Properties under development	17	**—**	75,459
Interests in associates	18	**763,032**	762,349
Interests in jointly controlled entities	19	**8,783**	7,276
Available-for-sale financial assets	20	**360,412**	400,926
Loans and advances	21	**—**	5,100
Deposits paid for long term investments		**192,624**	119,720
		6,038,936	5,703,274
Current assets			
Properties held for sale		**68,557**	13,121
Financial assets at fair value through profit or loss	22	**125,042**	101,189
Loans and advances	21	**5,100**	15,698
Debtors, prepayments and deposits	23	**42,178**	258,270
Cash and bank balances		**558,233**	460,068
		799,110	848,346
Current liabilities			
Bank loans	24	**126,340**	109,008
Other payables, accruals and deposits received	25	**220,217**	187,272
Tax payable		**52,147**	53,612
		398,704	349,892
Net current assets		**400,406**	498,454
Total assets less current liabilities		**6,439,342**	6,201,728

	Note	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Bank loans	24	**1,269,956**	1,254,737
Deferred tax liabilities	26	**775,400**	675,709
		2,045,356	1,930,446
Net assets		**4,393,986**	4,271,282
Equity			
Equity attributable to equity holders of the Company			
Issued capital	27	**919,125**	919,125
Reserves	29	**3,432,858**	3,178,120
		4,351,983	4,097,245
Non-controlling interests		**42,003**	174,037
		4,393,986	4,271,282

John Luen Wai Lee
Director

Stephen Riady
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2011

	Attributable to equity holders of the Company										
	Issued capital HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Investment revaluation reserve HK$'000	Other asset revaluation reserve HK$'000	Exchange equalisation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
2011											
At 1st January, 2011	919,125	785,257	10,462	984	212,043	40,901	248,123	1,880,350	4,097,245	174,037	4,271,282
Profit for the year	–	–	–	–	–	–	–	288,457	288,457	5,312	293,769
Other comprehensive income/(loss) for the year:											
Changes in fair value of available-for-sale financial assets	–	–	–	–	(80,857)	–	–	–	(80,857)	–	(80,857)
Share of other comprehensive loss of associates	–	–	–	–	–	–	(4,432)	–	(4,432)	(1,409)	(5,841)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	107,224	–	107,224	(1,903)	105,321
Total comprehensive income/(loss) for the year	–	–	–	–	(80,857)	–	102,792	288,457	310,392	2,000	312,392
Changes in non-controlling interests without change in control *(Note 33)*	–	–	–	–	–	–	–	6,245	6,245	(131,648)	(125,403)
Share of equity movements arising on equity transactions of associates	–	–	1,453	–	–	–	–	987	2,440	248	2,688
2010 final dividend, declared and paid to shareholders of the Company	–	–	–	–	–	–	–	(45,956)	(45,956)	–	(45,956)
2011 interim dividend, declared and paid to shareholders of the Company	–	–	–	–	–	–	–	(18,383)	(18,383)	–	(18,383)
Dividend, declared and paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	(2,634)	(2,634)
At 31st December, 2011	919,125	785,257	11,915	984	131,186	40,901	350,915	2,111,700	4,351,983	42,003	4,393,986

	Attributable to equity holders of the Company										
	Issued capital HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Investment revaluation reserve HK$'000	Other asset revaluation reserve HK$'000	Exchange equalisation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
2010											
At 1st January, 2010	919,125	785,257	10,462	984	148,969	40,901	154,961	1,225,802	3,286,461	117,459	3,403,920
Profit for the year	–	–	–	–	–	–	–	727,183	727,183	33,914	761,097
Other comprehensive income/(loss) for the year:											
Changes in fair value of available-for-sale financial assets	–	–	–	–	98,978	–	–	–	98,978	–	98,978
Derecognition of available-for-sale financial assets	–	–	–	–	(21,092)	–	–	(2,544)	(23,636)	–	(23,636)
Share of other comprehensive loss of associates	–	–	–	–	(14,812)	–	(3,070)	–	(17,882)	(2,361)	(20,243)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	101,058	–	101,058	24,462	125,520
Reclassification adjustments relating to disposal of foreign operations	–	–	–	–	–	–	(4,826)	–	(4,826)	–	(4,826)
Total comprehensive income for the year	–	–	–	–	63,074	–	93,162	724,639	880,875	56,015	936,890
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(1,080)	(1,080)
Share of equity movements arising on equity transactions of associates	–	–	–	–	–	–	–	3,439	3,439	2,643	6,082
2009 final dividend, declared and paid to shareholders of the Company	–	–	–	–	–	–	–	(45,956)	(45,956)	–	(45,956)
2010 interim dividend, declared and paid to shareholders of the Company	–	–	–	–	–	–	–	(27,574)	(27,574)	–	(27,574)
Dividend, declared and paid to non-controlling shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	(1,000)	(1,000)
At 31st December, 2010	919,125	785,257	10,462	984	212,043	40,901	248,123	1,880,350	4,097,245	174,037	4,271,282

Consolidated Statement of Cash Flows

For the year ended 31st December, 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Cash generated from operations	31	**63,021**	104,337
Interest received		**3,351**	2,834
Dividends received from:			
An associate		**11,483**	7,471
A jointly controlled entity		**—**	51,333
Listed investments		**2,034**	1,631
Unlisted investments		**358**	—
Taxes paid:			
Hong Kong		**(3,454)**	(5,947)
Overseas		**(12,849)**	(45,844)
Net cash flows from operating activities		**63,944**	115,815
Cash flows from investing activities			
Proceeds from disposals of:			
Fixed assets		**4,649**	44,021
Investment properties		**152,842**	2,899
Payments to acquire:			
Fixed assets		**(2,122)**	(28,546)
Available-for-sale financial assets		**(40,343)**	—
Additions to properties under development		**(6,469)**	(18,621)
Additions to investment properties		**(19,086)**	(40,086)
Increase in deposits paid for long term investments		**(66,964)**	(119,720)
Advance to associates		**(419)**	—
Increase in interests in an associate		**—**	(94,786)
Repayment from/(Advance to) a jointly controlled entity		**(16)**	2,852
Increase in interests in a jointly controlled entity		**—**	(900)
Deferred consideration received		**209,000**	—
Deposits received		**20,300**	—
Disposal of subsidiaries, net of cash and cash equivalents disposed of	32	**100**	89,395
Net cash flows from/(used in) investing activities		**251,472**	(163,492)

	2011 HK$'000	2010 HK$'000
Cash flows from financing activities		
Interest paid	**(47,066)**	(44,286)
Drawdown of bank loans	**1,000,000**	80,000
Repayment of bank loans	**(985,211)**	(87,908)
Payment relating to change in non-controlling interests	**(125,403)**	—
Dividends paid to shareholders of the Company	**(64,339)**	(73,530)
Dividends paid to non-controlling shareholders of a subsidiary	**(2,634)**	(1,000)
Net cash flows used in financing activities	**(224,653)**	(126,724)
Net increase/(decrease) in cash and cash equivalents	**90,763**	(174,401)
Cash and cash equivalents at beginning of year	**460,068**	626,228
Exchange realignments	**7,402**	8,241
Cash and cash equivalents at end of year	**558,233**	460,068
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**558,233**	460,068

Statement of Financial Position

As at 31st December, 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Fixed assets	15	**1,743**	1,727
Interests in subsidiaries	30	**3,122,061**	3,155,750
Interests in an associate	18	**1**	1
Interests in a jointly controlled entity	19	**4,900**	4,900
Available-for-sale financial assets	20	**7,298**	7,298
		3,136,003	3,169,676
Current assets			
Debtors, prepayments and deposits	23	**7,520**	3,669
Cash and bank balances		**331,424**	262,882
		338,944	266,551
Current liabilities			
Bank loans	24	**77,000**	62,000
Other payables, accruals and deposits received	25	**30,180**	28,299
Tax payable		**297**	297
		107,477	90,596
Net current assets		**231,467**	175,955
Total assets less current liabilities		**3,367,470**	3,345,631
Non-current liabilities			
Bank loans	24	**969,000**	921,000
Net assets		**2,398,470**	2,424,631
Equity			
Issued capital	27	**919,125**	919,125
Reserves	29	**1,479,345**	1,505,506
		2,398,470	2,424,631

John Luen Wai Lee
Director

Stephen Riady
Director

1. Corporate Information

Lippo China Resources Limited is a limited liability company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China. The registered office of the Company is located at Room 2301, 23rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

The principal activity of the Company is investment holding. Its subsidiaries, associates and jointly controlled entities are principally engaged in investment holding, property investment, property development, food business, property management, mineral exploration, securities investment, treasury investment, money lending, banking and other related financial services.

The immediate holding company of the Company is Skyscraper Realty Limited which is incorporated in the British Virgin Islands. In the opinion of the Directors, Lippo Cayman Limited ceased to be the ultimate holding company of the Company and Lippo Capital Limited ("Lippo Capital"), a company incorporated in the Cayman Islands and a former intermediate holding company, became the ultimate holding company of the Company on 20th June, 2011.

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 Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial assets, 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 December, 2011. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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 retained profits, as appropriate.

2.2 Changes in Accounting Policy and Disclosures

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

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

The adoption of the above new and revised HKFRSs has had no significant financial effect on these 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 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* [1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets* [1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities* [4]
HKFRS 9	*Financial Instruments* [6]
HKFRS 10	*Consolidated Financial Statements* [4]
HKFRS 11	*Joint Arrangements* [4]
HKFRS 12	*Disclosure of Interests in Other Entities* [4]
HKFRS 13	*Fair Value Measurement* [4]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income* [3]
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets* [2]
HKAS 19 (2011)	*Employee Benefits* [4]
HKAS 27 (2011)	*Separate Financial Statements* [4]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [4]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities* [5]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine* [4]

1 Effective for annual periods beginning on or after 1st July, 2011
2 Effective for annual periods beginning on or after 1st January, 2012
3 Effective for annual periods beginning on or after 1st July, 2012
4 Effective for annual periods beginning on or after 1st January, 2013
5 Effective for annual periods beginning on or after 1st January, 2014
6 Effective for annual periods beginning on or after 1st January, 2015

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(continued)*

Further information about those changes that are expected to significantly affect the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt HKFRS 9 from 1st January, 2015.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in HK(SIC)-Int 12.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

HKFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to HKAS 27 and HKAS 28 as a result of the issuance of HKFRS 10, HKFRS 11 and HKFRS 12. The Group expects to adopt HKFRS 10, HKFRS 11, HKFRS 12, and the consequential amendments to HKAS 27 and HKAS 28 from 1st January, 2013.

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards *(continued)*

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. The Group expects to adopt HKFRS 13 prospectively from 1st January, 2013.

Amendments to HKAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1st January, 2013.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. The Group expects to adopt HKAS 12 Amendments from 1st January, 2012 and anticipates that the adoption of HKAS 12 Amendments may result in adjustments to the amounts of deferred tax liabilities recognised in prior years with respect to investment properties. The Group is in the process of making an assessment of the impact of the application of the amendments.

2.4 Summary of Significant Accounting Policies

(a) Subsidiaries

A subsidiary is an entity in which the Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its Board of Directors; or over which the Company has a contractual right to exercise a dominant influence with respect to that entity's financial and operating policies.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. Interests in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses.

(b) Joint ventures

A joint venture is an entity set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits or losses from the joint venture's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

2.4 Summary of Significant Accounting Policies *(continued)*

(b) Joint ventures *(continued)*

A joint venture is treated as:

(i) a subsidiary, if the Group/Company, directly or indirectly, controls more than half of its voting power or issued share capital or controls the composition of its Board of Directors; or over which the Group/Company has a contractual right to exercise a dominant influence with respect to the joint venture's financial and operating policies;

(ii) a jointly controlled entity, if the Group/Company does not have unilateral control, but has joint control, directly or indirectly, over the joint venture;

(iii) an associate, if the Group/Company does not have unilateral or joint control, but holds, directly or indirectly, generally not less than 20 per cent. of the joint venture's registered capital and is in a position to exercise significant influence over the joint venture; or

(iv) an equity investment accounted for in accordance with HKAS 39, if the Group/Company holds, directly or indirectly, less than 20 per cent. of the joint venture's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture.

(c) Jointly controlled entities

A jointly controlled entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly controlled entity.

The Group's interests in jointly controlled entities 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. The Group's share of the post-acquisition results and reserves of jointly controlled entities is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interests in the jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of jointly controlled entities is included as part of the Group's interests in jointly controlled entities. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of jointly controlled entities are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in jointly controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

2.4 Summary of Significant Accounting Policies *(continued)*

(d) Associates

An associate is an entity, not being a subsidiary or a jointly controlled 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.

The Group's interests in associates 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. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's interests in associates and is not individually tested for impairment. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

(e) 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 acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition 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 acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled 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 of the subsidiary 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)*

(e) 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. The Group performs its annual impairment test of goodwill as at 31st December. 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, or groups of cash-generating units, 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 cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) 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 forms part of a cash-generating unit (group of cash-generating units) 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 disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(f) 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 held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, 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 cash-generating unit 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 income statement 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 any 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 income statement 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)*

(g) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. 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 income statement 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 depreciation.

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	10 per cent. to 20 per cent.
Furniture, fixtures, plant and equipment	10 per cent. to $33^1/_3$ per cent.
Motor vehicles	12 per cent. to 25 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 and 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 income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(h) 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 income statement in the year in which they arise.

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

2.4 Summary of Significant Accounting Policies *(continued)*

(h) Investment properties *(continued)*

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 retained profits as a movement in reserves.

(i) Properties under development

Properties under development intended 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. Properties under development intended for sale, and are expected to be completed within one year from the end of the reporting period, are classified as current assets. 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.

(j) Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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 held-to-maturity financial assets, 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.

The Group's financial assets include cash and bank balances, debtors and deposits, loans and advances and quoted and unquoted financial instruments.

2.4 Summary of Significant Accounting Policies *(continued)*

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

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. 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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. 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.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity financial assets depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using FVO at designation.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are subsequently measured at amortised cost less any allowance for impairment. 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 the income statement. The loss arising from impairment is recognised in the income statement.

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 income statement. The loss arising from impairment is recognised in the income statement.

2.4 Summary of Significant Accounting Policies *(continued)*

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

Subsequent measurement (continued)

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 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 income statement, or until the financial assets are determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement and removed from the investment revaluation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement 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 the Group is unable to trade these financial assets due to inactive markets and management’s intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, 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 expected cash flows 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 income statement.

2.4 Summary of Significant Accounting Policies *(continued)*

(k) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has 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 individually whether objective evidence of impairment exists 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.

If there is objective evidence that an impairment loss has been incurred, 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 (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). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. 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 future write-off is later recovered, the recovery is credited to the income statement.

2.4 Summary of Significant Accounting Policies *(continued)*

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

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 income statement, is removed from other comprehensive income and recognised in the income statement.

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. The determination of what is "significant" or "prolonged" requires judgement. "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 income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

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 income statement. 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 income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.4 Summary of Significant Accounting Policies *(continued)*

(l) 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 derecognised 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, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. 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.

(m) Financial liabilities

Initial recognition and measurement

The Group's financial liabilities include other payables, accruals and deposits received and bank loans. The Group determines the classification of its financial liabilities at initial recognition.

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

Subsequent measurement

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

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 income statement 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 income statement.

2.4 Summary of Significant Accounting Policies *(continued)*

(m) Financial liabilities *(continued)*

Subsequent measurement (continued)

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.

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 income statement.

(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, and only 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) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

(p) 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.

2.4 Summary of Significant Accounting Policies *(continued)*

(q) Revenue recognition

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

(i) rental income, in the period in which the properties are let and on the straight-line basis over the lease terms. Contingent rent, which is determined based on a factor other than just the passage of time, is recognised when the Group's entitlement to receive payment has been established in accordance with the terms of the agreements;

(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) sale from food business, on dispatch of goods to customers;

(iv) 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;

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

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

(vii) net income from concession sales, upon the sales of goods by the relevant stores; and

(viii) management and service fee income, when the services have been rendered.

(r) 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 for the current and prior periods 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.

2.4 Summary of Significant Accounting Policies *(continued)*

(r) Income tax *(continued)*

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.

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

(s) 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 income statement.

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.

2.4 Summary of Significant Accounting Policies *(continued)*

(t) 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.

Retirement benefits

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 income statement 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, 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 income statement as they become payable in accordance with the rules of the central pension scheme.

Share-based payment transactions

The Company operates a 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 payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

In situations where equity instruments are issued and some or all of the goods or services received by the Group as consideration cannot be specifically identified, the unidentifiable goods or services are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identifiable goods or services received at the grant date.

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. 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 income statement 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)*

(t) Employee benefits *(continued)*

Share-based payment transactions (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 payment transaction, 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. All cancellations of equity-settled transaction awards are treated equally.

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

(u) 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.

(v) 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 income statement on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement 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.

2.4 Summary of Significant Accounting Policies *(continued)*

(w) 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 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.

The carrying amounts of cash and banks balances approximate to their fair values.

(x) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation 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 ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. 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 determined.

The functional currencies of certain overseas subsidiaries, jointly controlled entities 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 presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements 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 income statement.

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.

2.4 Summary of Significant Accounting Policies *(continued)*

(y) 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).

(z) 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 and articles 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.

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 the disclosure of contingent liabilities, at the end of the reporting period. However, 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.

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.

(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

The best evidence of fair value is the current prices in an active market for similar lease terms and other contracts. In the absence of such information, the Group considers information from a variety of sources, including (i) by reference to independent valuations; (ii) the current prices in an active market for properties of a different nature, condition and location (or subject to different leases or other contracts), adjusted to reflect those differences; (iii) the recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and (iv) 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.

3. Significant Accounting Judgements and Estimates *(continued)*

(b) Estimation uncertainty *(continued)*

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 income statement. No impairment loss has been recognised for available-for-sale financial assets for the year (2010 — HK$13,417,000). The carrying amount of available-for-sale financial assets as at 31st December, 2011 was HK$360,412,000 (2010 — HK$400,926,000).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all 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 cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell 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 cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

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 cash and bond markets;

(d) the securities investment segment includes dealings in securities and disposals of investments;

(e) the "other" segment comprises principally food business, the provision of commercial and retail banking services, money lending and the provision of property management services; and

(f) the retail business segment engaged in operation of department stores. At the end of the prior reporting period, the retail business segment is classified as discontinued operation of the Group.

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 finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

4. Segment Information *(continued)*

Year ended 31st December, 2011

	Continuing operations							Discontinued operation	
	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000	Retail business HK$'000	Consolidated HK$'000
Revenue									
External	221,521	—	3,096	2,392	17,363	—	244,372	—	244,372
Inter-segment	—	—	—	—	—	—	—	—	—
Total	221,521	—	3,096	2,392	17,363	—	244,372	—	244,372
Segment results	554,124 *(Note)*	(34,147)	2,585	(4,597)	(10,554)	—	507,411	—	507,411
Unallocated corporate expenses							(108,340)	—	(108,340)
Finance costs							(49,651)	—	(49,651)
Share of results of associates	(3)	—	—	—	25,044	—	25,041	—	25,041
Share of results of jointly controlled entities	—	1,606	—	—	(9)	—	1,597	—	1,597
Profit before tax							376,058	—	376,058
Segment assets	4,740,043	288,938	521,400	488,718	11,481	—	6,050,580	—	6,050,580
Interests in associates	—	—	—	—	763,032	—	763,032	—	763,032
Interests in jointly controlled entities	—	4,488	—	—	4,295	—	8,783	—	8,783
Unallocated assets							15,651	—	15,651
Total assets							6,838,046	—	6,838,046
Segment liabilities	1,869,052	61,902	—	232,561	285,487	(2,304,054)	144,948	—	144,948
Unallocated liabilities							2,299,112	—	2,299,112
Total liabilities							2,444,060	—	2,444,060
Other segment information:									
Capital expenditure	49	934	—	—	582	—	1,565	—	1,565
Depreciation	(1,485)	(136)	—	—	(390)	—	(2,011)	—	(2,011)
Provisions for impairment losses:									
Properties under development	—	(27,071)	—	—	—	—	(27,071)	—	(27,071)
Associates	—	—	—	—	(419)	—	(419)	—	(419)
A jointly control entity	—	—	—	—	(16)	—	(16)	—	(16)
Net fair value loss on financial assets at fair value through profit or loss	—	—	—	(6,989)	—	—	(6,989)	—	(6,989)
Fair value gains on investment properties	384,316	—	—	—	—	—	384,316	—	384,316
Unallocated:									
Capital expenditure							557	—	557
Depreciation							(2,025)	—	(2,025)

Note: The amount included fair value gains on investment properties of HK$384,316,000 (2010 — HK$673,359,000).

4. Segment Information *(continued)*

Year ended 31st December, 2010

	Continuing operations							Discontinued operation	
	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000	Retail business HK$'000	Consolidated HK$'000
Revenue									
External	202,591	–	2,501	15,763	64,081	–	284,936	126,031	410,967
Inter-segment	3,276	–	–	–	–	(3,276)	–	–	–
Total	205,867	–	2,501	15,763	64,081	(3,276)	284,936	126,031	410,967
Segment results	849,170 *(Note)*	–	2,364	2,511	19,739	(3,276)	870,508	248,811	1,119,319
Unallocated corporate expenses							(147,072)	–	(147,072)
Finance costs							(43,118)	–	(43,118)
Share of results of associates	(9)	–	–	–	7,862	–	7,853	–	7,853
Share of results of jointly controlled entities	–	81	–	–	(595)	–	(514)	–	(514)
Profit before tax							687,657	248,811	936,468
Segment assets	4,359,399	195,269	460,069	502,115	29,260	–	5,546,112	209,000	5,755,112
Interests in associates	38	–	–	–	762,311	–	762,349	–	762,349
Interests in jointly controlled entities	–	2,972	–	–	4,304	–	7,276	–	7,276
Unallocated assets							26,883	–	26,883
Total assets							6,342,620	209,000	6,551,620
Segment liabilities	1,785,498	56,944	–	335,242	377,899	(2,434,835)	120,748	–	120,748
Unallocated liabilities							2,159,590	–	2,159,590
Total liabilities							2,280,338	–	2,280,338
Other segment information:									
Capital expenditure	187	–	–	–	104	–	291	28,129	28,420
Depreciation	(1,749)	–	–	–	(978)	–	(2,727)	(23,033)	(25,760)
Allowance for bad and doubtful debts	–	–	–	–	(26,645)	–	(26,645)	–	(26,645)
Provisions for impairment losses:									
Associates	–	–	–	–	(21,065)	–	(21,065)	–	(21,065)
Available-for-sale financial assets	–	–	–	(13,417)	–	–	(13,417)	–	(13,417)
Net fair value gain on financial assets at fair value through profit or loss	–	–	–	677	–	–	677	–	677
Fair value gains on investment properties	673,359	–	–	–	–	–	673,359	–	673,359
Unallocated:									
Capital expenditure							126	–	126
Depreciation							(2,277)	–	(2,277)

4. Segment Information *(continued)*

Geographical information

(a) Revenue from external customers

	Group	
	2011	2010
	HK$'000	HK$'000
Hong Kong	**66,759**	104,109
Mainland China	**174,142**	139,534
Republic of Singapore	**492**	40,985
Other	**2,979**	308
Attributable to continuing operations	**244,372**	284,936
Mainland China attributable to discontinued operation	**—**	126,031
	244,372	410,967

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

(b) Non-current assets

	Group	
	2011	2010
	HK$'000	HK$'000
Hong Kong	**1,721,110**	1,558,120
Mainland China	**3,290,065**	3,029,158
Republic of Singapore	**667,296**	714,713
Other	**53**	357
Attributable to continuing operations	**5,678,524**	5,302,348
Mainland China attributable to discontinued operation	**—**	—
	5,678,524	5,302,348

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

Information about a major customer

No customer accounted for 10 per cent. or more of the total revenue for the years ended 31st December, 2011 and 2010.

5. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, gross proceeds from sales of properties, gross rental income and commissions from concessionaire sales generated from department stores, gross income on treasury investment which includes interest income on bank deposits and debt securities, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, sales income from food business, gross income from property management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

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

	Group	
	2011 **HK$'000**	2010 HK$'000
Property investment	**221,521**	202,591
Treasury investment	**3,096**	2,501
Securities investment	**2,392**	15,763
Other	**17,363**	64,081
Attributable to continuing operations	**244,372**	284,936
Retail business attributable to discontinued operation *(Note 11)*	**—**	126,031
	244,372	410,967

6. Profit before Tax

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

	Group	
	2011 **HK$'000**	2010 HK$'000
Gross rental income *(Note (a))*	**221,521**	185,343
Less: Outgoings	**(18,915)**	(16,510)
Net rental income	**202,606**	168,833
Employee benefits expense *(Note (b))*:		
Wages and salaries	**(69,691)**	(124,230)
Retirement benefits costs *(Note (c))*	**(1,517)**	(4,995)
Total staff costs	**(71,208)**	(129,225)
Interest income:		
Loans and advances	**178**	442
Other	**3,096**	2,501
Dividend income:		
Listed investments	**2,034**	1,631
Unlisted investments	**358**	—
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**—**	14,132
Unlisted available-for-sale financial assets	**—**	(512)
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	**1,606**	70
Unlisted	**(8,595)**	607
Provision for impairment losses on unlisted available-for-sale financial assets	**—**	(13,417)
Allowance for bad and doubtful debts	**—**	(26,645)
Depreciation	**(4,036)**	(28,037)
Gain/(Loss) on disposal of fixed assets:		
Leasehold land and buildings	**1,394**	35,837
Other items of fixed assets	**(201)**	4
Loss on disposal of investment properties	**(784)**	(754)
Foreign exchange gains — net	**1,838**	16,542
Cost of inventories sold	**—**	(21,114)
Auditors' remuneration	**(2,076)**	(2,430)
Minimum lease payments under operating lease rentals in respect of land and buildings	**(6,524)**	(121,942)

Note:

(a) The amounts include contingent rents under operating leases of HK$12,953,000 (2010 — HK$9,212,000).

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

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

(d) The disclosures presented in this note include those amounts charged/credited in respect of the discontinued operation.

7. Directors' Emoluments

Directors' emoluments for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Section 161 of the Hong Kong Companies Ordinance, are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Directors' fees	**906**	1,030
Basic salaries, housing and other allowances and benefits in kind	**7,065**	7,293
Discretionary bonuses paid and payable	**11,000**	27,000
Retirement benefits costs	**12**	12
	18,983	35,335

The emoluments paid to each of the individual directors during the year are as follows:

2011	**Directors' fees HK$'000**	**Basic salaries, housing and other allowances and benefits in kind HK$'000**	**Discretionary bonuses paid and payable HK$'000**	**Retirement benefits costs HK$'000**	**Total HK$'000**
Executive directors:					
James Tjahaja Riady	**—**	**245**	**—**	**—**	**245**
Stephen Riady	**—**	**5,736**	**8,000**	**—**	**13,736**
John Luen Wai Lee	**—**	**1,084**	**3,000**	**12**	**4,096**
	—	**7,065**	**11,000**	**12**	**18,077**
Non-executive directors:					
Mochtar Riady	**36**	**—**	**—**	**—**	**36**
Leon Nim Leung Chan	**220**	**—**	**—**	**—**	**220**
	256	**—**	**—**	**—**	**256**
Independent non-executive directors:					
Edwin Neo	**210**	**—**	**—**	**—**	**210**
King Fai Tsui	**210**	**—**	**—**	**—**	**210**
Victor Ha Kuk Yung	**230**	**—**	**—**	**—**	**230**
	650	**—**	**—**	**—**	**650**
	906	**7,065**	**11,000**	**12**	**18,983**

7. Directors' Emoluments *(continued)*

The emoluments paid to each of the individual directors during the year are as follows: *(continued)*

2010	Directors' fees HK$'000	Basic salaries, housing and other allowances and benefits in kind HK$'000	Discretionary bonuses paid and payable HK$'000	Retirement benefits costs HK$'000	Total HK$'000
Executive directors:					
James Tjahaja Riady	—	785	—	—	785
Stephen Riady	—	5,424	16,000	—	21,424
John Luen Wai Lee	—	1,084	3,000	12	4,096
	—	7,293	19,000	12	26,305
Non-executive directors:					
Mochtar Riady	160	—	8,000	—	8,160
Leon Nim Leung Chan	220	—	—	—	220
	380	—	8,000	—	8,380
Independent non-executive directors:					
Edwin Neo	210	—	—	—	210
King Fai Tsui	210	—	—	—	210
Victor Ha Kuk Yung	230	—	—	—	230
	650	—	—	—	650
	1,030	7,293	27,000	12	35,335

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

Details of share options granted to Directors are set out in Note 28 to the financial statements.

8. Five Highest Paid Employees' Emoluments

The five highest paid employees during the year included two Directors (2010 — two Directors), details of whose emoluments are set out in Note 7 to the financial statements. Details of the emoluments of the remaining three (2010 — three) non-director, highest paid employees for the year are as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Basic salaries, housing and other allowances and benefits in kind	**5,340**	4,049
Discretionary bonuses paid and payable	**11,729**	25,500
Retirement benefits costs	**12**	24
	17,081	29,573

8. Five Highest Paid Employees' Emoluments *(continued)*

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

Emoluments bands (HK$):	Group 2011 Number of employees	Group 2010 Number of employees
3,500,001 — 4,000,000	**1**	—
4,500,001 — 5,000,000	**1**	1
6,500,001 — 7,000,000	**—**	1
8,000,001 — 8,500,000	**1**	—
18,000,001 — 18,500,000	**—**	1
	3	3

9. Finance Costs

	Group 2011 HK$'000	Group 2010 HK$'000
Interest on bank loans wholly repayable within five years	**26,238**	21,174
Interest on other loans	**23,413**	21,944
	49,651	43,118

10. Income Tax

	Group 2011 HK$'000	Group 2010 HK$'000
Hong Kong:		
Charge for the year	**3,856**	4,559
Overprovision in prior years	**(5,056)**	(2,937)
Deferred	**28,641**	34,800
	27,441	36,422
Overseas:		
Charge for the year	**14,879**	10,498
Underprovision in prior years	**—**	777
Deferred	**39,969**	127,674
	54,848	138,949
Total charge for the year	**82,289**	175,371

10. Income Tax *(continued)*

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2010 — 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.

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:

	Group	
	2011 HK$'000	2010 HK$'000
Profit before tax (including profit before tax from discontinued operation)	**376,058**	936,468
Tax at the statutory tax rate of 16.5 per cent. (2010 — 16.5 per cent.)	**62,050**	154,517
Effect of different tax rates in other jurisdictions	**24,421**	57,327
Adjustments in respect of current tax of previous years	**(5,056)**	(2,160)
Profits and losses attributable to jointly controlled entities and associates	**(4,395)**	(1,211)
Income not subject to tax	**(16,255)**	(9,066)
Expenses not deductible for tax	**14,021**	23,917
Effect of withholding tax of 10 per cent. on the distributable profits of the Group's subsidiary in mainland China	**(1,317)**	1,620
Tax losses utilised from previous years	**(510)**	(85,146)
Tax losses not recognised	**9,330**	35,573
Tax charge at the Group's effective rate	**82,289**	175,371
Represented by:		
Tax charge attributable to continuing operations	**82,289**	175,371
Tax charge attributable to discontinued operation	**—**	—
	82,289	175,371

For the companies operating in the Republic of Singapore and mainland China, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 17 per cent. and 25 per cent. (2010 — 17 per cent. and 25 per cent.), respectively.

The share of tax charge attributable to associates amounting to HK$7,624,000 (2010 — HK$5,701,000) and the share of tax charge attributable to a jointly controlled entity of HK$199,000 (2010 — credit of HK$72,000) are included in "Share of results of associates" and "Share of results of jointly controlled entities" on the face of the consolidated income statement, respectively.

11. Discontinued Operation

On 15th October, 2010, the Group completed the sale of the retail business (specifically being the operations of three department stores in Tianjin, Chengdu and Yangzhou) for an aggregate cash consideration of HK$345,000,000 (the "Disposal"). In connection with the Disposal, the Group was granted an option to buy back 20 per cent. of the interest in the retail business within three years from completion of the Disposal. Following the completion of the Disposal, all the retail business operation was discontinued.

(a) Profit for the year ended 31st December, 2010 from retail business is presented below:

	Note	2010 HK$'000
Revenue	5	126,031
Cost of sales		(116,561)
Gross profit		9,470
Administrative expenses		(40,193)
Other operating expenses		(60,996)
Loss before tax		(91,719)
Income tax	10	—
		(91,719)
Gain on disposal of discontinued operation (including HK$4,826,000 reclassification of cumulative exchange differences on translation of foreign operations from equity to profit or loss on disposal of the operation *(Note 32)*)		340,530
Profit for the year (attributable to equity holders of the Company)		248,811
		HK cents
Earnings per share		
Basic, from discontinued operation		2.71
Diluted, from discontinued operation		2.71

(b) The net cash flow generated by retail business is presented below:

	2010 HK$'000
Operating activities	(31,132)
Investing activities	(28,172)
Financing activities	99,347
Net cash inflow	40,043

12. Profit Attributable to Equity Holders of the Company

The consolidated profit attributable to equity holders of the Company for the year includes a profit of HK$38,178,000 (2010 — HK$295,874,000) which has been dealt with in the financial statements of the Company as set out in Note 29 to the financial statements.

13. 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 9,191,253,000 ordinary shares (2010 — 9,191,253,000 ordinary shares) in issue during the year.

	2011 **HK$'000**	2010 HK$'000
Consolidated profit attributable to equity holders of the Company:		
From continuing operations	**288,457**	478,372
From discontinued operation	**—**	248,811
	288,457	727,183

(b) Diluted earnings per share

Diluted 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 9,192,983,000 ordinary shares (2010 — 9,193,066,000 ordinary shares), calculated as follows:

	Number of shares	
	2011	2010
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**9,191,253,000**	9,191,253,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**1,730,000**	1,813,000
	9,192,983,000	9,193,066,000

14. Dividends

	Group and Company	
	2011	2010
	HK$'000	HK$'000
Interim dividend, declared, of HK0.2 cent (2010 — HK0.3 cent) per ordinary share	**18,383**	27,574
Final dividend, proposed, of HK0.5 cent (2010 — HK0.5 cent) per ordinary share	**45,956**	45,956
Special final dividend, proposed, of HK1.5 cent (2010 — Nil) per ordinary share	**137,869**	—
	202,208	73,530

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

15. Fixed Assets

Group

2011	**Leasehold land and buildings HK$'000**	**Leasehold improvements HK$'000**	**Furniture, fixtures, plant and equipment HK$'000**	**Motor vehicles HK$'000**	**Total HK$'000**
Cost:					
At 1st January, 2011	**329,852**	**31,337**	**36,273**	**12,962**	**410,424**
Additions during the year	**—**	**469**	**1,269**	**384**	**2,122**
Reclassified from investment properties	**3,123**	**—**	**—**	**—**	**3,123**
Disposals during the year	**(3,123)**	**(44)**	**(251)**	**(1,062)**	**(4,480)**
Exchange adjustments	**209**	**—**	**127**	**126**	**462**
At 31st December, 2011	**330,061**	**31,762**	**37,418**	**12,410**	**411,651**
Accumulated depreciation and impairment losses:					
At 1st January, 2011	**217,773**	**31,222**	**35,290**	**9,643**	**293,928**
Depreciation provided for the year	**2,822**	**92**	**462**	**660**	**4,036**
Disposals during the year	**(32)**	**(18)**	**(179)**	**(795)**	**(1,024)**
Exchange adjustments	**131**	**1**	**98**	**117**	**347**
At 31st December, 2011	**220,694**	**31,297**	**35,671**	**9,625**	**297,287**
Net book value:					
At 31st December, 2011	**109,367**	**465**	**1,747**	**2,785**	**114,364**

15. Fixed Assets *(continued)*

Group

2010	Leasehold land and buildings HK$'000	Leasehold improve-ments HK$'000	Furniture, fixtures, plant and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:					
At 1st January, 2010	375,314	297,430	43,249	12,831	728,824
Additions during the year	—	26,508	2,033	5	28,546
Disposal of subsidiaries	—	(282,839)	(7,988)	(113)	(290,940)
Disposals during the year	(45,602)	(14,712)	(1,202)	—	(61,516)
Exchange adjustments	140	4,950	181	239	5,510
At 31st December, 2010	329,852	31,337	36,273	12,962	410,424
Accumulated depreciation and impairment losses:					
At 1st January, 2010	252,335	99,515	37,565	8,408	397,823
Depreciation provided for the year	2,780	22,780	1,346	1,131	28,037
Disposal of subsidiaries	—	(77,777)	(2,511)	(38)	(80,326)
Disposals during the year	(37,426)	(14,712)	(1,198)	—	(53,336)
Exchange adjustments	84	1,416	88	142	1,730
At 31st December, 2010	217,773	31,222	35,290	9,643	293,928
Net book value:					
At 31st December, 2010	112,079	115	983	3,319	116,496

Certain leasehold land and buildings have been mortgaged to secure banking facilities made available to the Group as set out in Note 24 to the financial statements.

The net book value of the leasehold land and buildings comprises:

	Group	
	2011 HK$'000	2010 HK$'000
Long term leasehold land and buildings situated in Hong Kong	**107,735**	110,334
Medium term leasehold land and buildings situated outside Hong Kong	**1,632**	1,745
	109,367	112,079

15. Fixed Assets *(continued)*

Company

2011	**Leasehold improvements HK$'000**	**Furniture, fixtures, plant and equipment HK$'000**	**Motor vehicles HK$'000**	**Total HK$'000**
Cost:				
At 1st January, 2011	**2,289**	**5,834**	**5,917**	**14,040**
Additions during the year	**—**	**557**	**—**	**557**
Disposals during the year	**—**	**(16)**	**—**	**(16)**
At 31st December, 2011	**2,289**	**6,375**	**5,917**	**14,581**
Accumulated depreciation:				
At 1st January, 2011	**2,259**	**5,434**	**4,620**	**12,313**
Depreciation provided for the year	**12**	**190**	**339**	**541**
Disposals during the year	**—**	**(16)**	**—**	**(16)**
At 31st December, 2011	**2,271**	**5,608**	**4,959**	**12,838**
Net book value:				
At 31st December, 2011	**18**	**767**	**958**	**1,743**

2010	Leasehold improvements HK$'000	Furniture, fixtures, plant and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1st January, 2010	2,289	5,774	5,917	13,980
Additions during the year	—	78	—	78
Disposals during the year	—	(18)	—	(18)
At 31st December, 2010	2,289	5,834	5,917	14,040
Accumulated depreciation:				
At 1st January, 2010	2,245	5,275	4,282	11,802
Depreciation provided for the year	14	177	338	529
Disposals during the year	—	(18)	—	(18)
At 31st December, 2010	2,259	5,434	4,620	12,313
Net book value:				
At 31st December, 2010	30	400	1,297	1,727

16. Investment Properties

	Group	
	2011	2010
	HK$'000	HK$'000
Long term leasehold land and buildings		
situated in Hong Kong:		
Balance at beginning of year	**1,436,400**	1,245,600
Disposals during the year	**(51,500)**	—
Fair value adjustments	**222,350**	190,800
Balance at end of year	**1,607,250**	1,436,400
Medium term leasehold land and buildings		
situated outside Hong Kong:		
Balance at beginning of year	**2,779,548**	2,113,499
Additions during the year	**19,086**	101,185
Reclassified to fixed assets	**(3,123)**	—
Disposals during the year	**(102,126)**	(3,653)
Fair value adjustments	**161,966**	482,559
Exchange adjustments	**137,120**	85,958
Balance at end of year	**2,992,471**	2,779,548
	4,599,721	4,215,948

Based on professional valuations as at 31st December, 2011 made by Vigers Appraisal and Consulting Limited, an independent qualified valuer, on an open market, existing use basis and by reference to the actual disposal value of investment properties which were disposed of to an independent third party subsequent to the end of the reporting period, the investment properties in Hong Kong were revalued at HK$1,607,250,000 (2010 — HK$1,436,400,000).

Based on professional valuations as at 31st December, 2011 made by RHL Appraisal Ltd., an independent qualified valuer, the investment properties situated outside Hong Kong were revalued on an open market, existing use basis at HK$2,992,471,000 (2010 — HK$2,779,548,000).

Certain investment properties have been mortgaged to secure banking facilities made available to the Group as set out in Note 24 to the financial statements.

17. Properties under Development

	Group	
	2011	2010
	HK$'000	HK$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	**180,540**	154,117
Additions during the year	**6,469**	18,621
Reclassified to properties held for sale	**(55,480)**	—
Exchange adjustments	**5,389**	7,802
Balance at end of year	**136,918**	180,540
Provisions for impairment losses:		
Balance at beginning of year	**(105,081)**	(101,553)
Impairment during the year	**(27,071)**	—
Exchange adjustments	**(4,766)**	(3,528)
Balance at end of year	**(136,918)**	(105,081)
	—	75,459
Land and buildings situated outside Hong Kong held under the following lease terms:		
Long term lease	**—**	51,025
Medium term lease	**—**	24,434
	—	75,459

18. Interests in Associates

	Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets in listed investments	**752,504**	753,318
Share of net assets in unlisted investments	**4,649**	3,117
Goodwill	**45,905**	45,905
Due from associates	**92,917**	95,729
	895,975	898,069
Provisions for impairment losses	**(132,943)**	(135,720)
	763,032	762,349
Market value of listed investments at 31st December	**330,265**	361,042

The balances with the associates include a loan of HK$4,500,000 (2010 — HK$4,500,000), which bears interest at Hong Kong dollar prime rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited and has no fixed terms of repayment. At the end of the reporting period, such balance was impaired and provided for.

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

The following table illustrates the summarised financial information of the Group's associates:

	Group	
	2011	2010
	HK$'000	HK$'000
Assets	**7,080,070**	7,998,016
Liabilities	**(5,344,994)**	(6,098,820)
Revenues	**2,484,586**	2,530,852
Loss	**(145,070)**	(168,887)

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**1**	1

Details of the principal associates are set out on page 123.

19. Interests in Jointly Controlled Entities

	Group	
	2011 **HK$'000**	2010 HK$'000
Share of net assets in unlisted investments	**8,783**	7,276

The following table illustrates the summarized financial information of the Group's jointly controlled entities:

	Group	
	2011 **HK$'000**	2010 HK$'000
Share of the jointly controlled entities' assets and liabilities:		
Current assets	**18,318**	27,765
Non-current assets	**623**	221
Current liabilities	**(10,158)**	(20,710)
Net assets	**8,783**	7,276
Share of the jointly controlled entities' results:		
Revenue	**1,840**	18,850
Total expenses	**(243)**	(19,054)
Profit/(Loss) after tax	**1,597**	(204)

	Company	
	2011 **HK$'000**	2010 HK$'000
Unlisted shares, at cost	**4,900**	4,900

Details of the principal jointly controlled entities are set out on page 124.

20. Available-for-sale Financial Assets

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Financial assets stated at fair value:				
Equity securities listed overseas	**300,925**	381,782	**—**	—
Unlisted investment funds	**38,007**	—	**—**	—
	338,932	381,782	**—**	—
Financial assets stated at cost:				
Unlisted equity securities	**34,218**	31,882	**—**	—
Unlisted debt securities	**7,298**	7,298	**7,298**	7,298
Unlisted investment funds	**15,461**	15,461	**—**	—
	56,977	54,641	**7,298**	7,298
Provisions for impairment losses	**(35,497)**	(35,497)	**—**	—
	21,480	19,144	**7,298**	7,298
	360,412	400,926	**7,298**	7,298

The debt securities are non-interest-bearing.

An analysis of the issuers of available-for-sale financial assets is as follows:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Equity securities:				
Corporate entities	**335,143**	413,664	**—**	—
Debt securities:				
Club debentures	**7,298**	7,298	**7,298**	7,298

20. 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$80,857,000 (2010 — gain of HK$98,978,000).

The above 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 unlisted 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 unlisted 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. No impairment loss has been charged to the consolidated income statement for the year (2010 — HK$13,417,000).

21. Loans and Advances

The loans and advances to customers of the Group have effective interest rates at 3 per cent. (2010 — ranging from 2.29 per cent. to 3 per cent.) per annum. The carrying amounts of loans and advances approximate to their fair values. As at the end of the reporting period, the loans and advances are neither overdue nor impaired and are related to a range of customers for whom there are no recent history of default.

22. Financial Assets at Fair Value through Profit or Loss

	Group	
	2011 HK$'000	2010 HK$'000
Held for trading:		
Equity securities listed overseas	**32,879**	431
Unlisted investment funds	**73,538**	77,560
	106,417	77,991
Derivative financial assets:		
Call option	**18,625**	23,198
	125,042	101,189

An analysis of the issuers of financial assets at fair value through profit or loss is as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Equity securities:		
Corporate entities	**32,879**	431

23. Debtors, Prepayments and Deposits

Included in the balances are trade debtors with an aged analysis as follows:

	Group	
	2011 **HK$'000**	2010 HK$'000
Outstanding balances with ages:		
Within 30 days	**2,306**	2,426
Between 31 and 60 days	**513**	—
Between 61 and 90 days	**14**	—
	2,833	2,426

Trading terms with customers are either on a cash basis or 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.

At the end of the reporting period, other receivables of HK$26,645,000 (2010 — HK$26,645,000) related to an investment project were impaired and provided for. Except for this, the remaining balances are neither overdue nor impaired and are related to a range of customers for whom there are no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

The balances of trade debtors are non-interest-bearing. The carrying amounts of debtors and deposits approximate to their fair values.

The balance as at 31st December, 2010 mainly comprised consideration receivables in respect of the disposal of the retail business of HK$209,000,000, which was fully settled in 2011.

24. Bank Loans

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Secured bank loans *(Note)*	**1,396,296**	1,363,745	**1,046,000**	983,000
Less: Amount classified under current portion	**(126,340)**	(109,008)	**(77,000)**	(62,000)
Non-current portion	**1,269,956**	1,254,737	**969,000**	921,000
Bank loans by currency:				
Hong Kong dollar	**1,046,000**	983,000	**1,046,000**	983,000
Renminbi	**350,296**	380,745	**—**	—
	1,396,296	1,363,745	**1,046,000**	983,000
Bank loans repayable:				
Within one year	**126,340**	109,008	**77,000**	62,000
In the second year	**121,340**	899,008	**72,000**	852,000
In the third to fifth years, inclusive	**1,045,020**	210,023	**897,000**	69,000
After five years	**103,596**	145,706	**—**	—
	1,396,296	1,363,745	**1,046,000**	983,000

Note: At the end of the reporting period, the bank loans were secured by first legal mortgages over certain investment properties and leasehold land and buildings of the Group with carrying amounts of HK$4,028,611,000 (2010 — HK$3,632,830,000) and HK$107,735,000 (2010 — HK$87,345,000), respectively.

The Group's and Company's bank loans bear interest at floating rates ranging from 1.8 per cent. to 6.4 per cent. (2010 — 1.7 per cent. to 5.8 per cent.) per annum. The carrying amounts of the Group's and Company's bank loans approximate to their fair values.

25. Other Payables, Accruals and Deposits Received

The balances of other payables are non-interest-bearing. The carrying amounts of other payables, accruals and deposits received approximate to their fair values.

26. Deferred Tax

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

Group

	Depreciation allowance in excess of related depreciation HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
2011					
At 1st January, 2011	**7,611**	**677,702**	**(10,888)**	**1,284**	**675,709**
Deferred tax charged/(credited) to the income statement during the year	**622**	**69,546**	**(241)**	**(1,317)**	**68,610**
Exchange adjustments	**—**	**31,048**	**—**	**33**	**31,081**
At 31st December, 2011	**8,233**	**778,296**	**(11,129)**	**—**	**775,400**
2010					
At 1st January, 2010	4,564	498,402	(11,090)	2,026	493,902
Deferred tax charged/(credited) to the income statement during the year	3,047	160,021	202	(796)	162,474
Exchange adjustments	—	19,279	—	54	19,333
At 31st December, 2010	7,611	677,702	(10,888)	1,284	675,709

The Group has tax losses of HK$500,234,000 (2010 — HK$418,113,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except for tax losses of HK$8,359,000 (2010 — HK$6,176,000) which will expire on or before 2016. 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. For the Group, the applicable rate is 10 per cent. 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.

At 31st December, 2011, there were no significant unrecognised deferred tax liabilities (2010 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or jointly controlled entities as the Group has no liability to additional tax should such amounts be remitted.

27. Share Capital

	Group and Company	
	2011	2010
	HK$'000	HK$'000
Authorised:		
28,000,000,000 (2010 — 28,000,000,000) ordinary shares of HK$0.10 each	**2,800,000**	2,800,000
Issued and fully paid:		
9,191,252,716 (2010 — 9,191,252,716) ordinary shares of HK$0.10 each	**919,125**	919,125

28. 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 and Lippo Limited ("Lippo"), 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 Person") 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 date 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.

28. 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 920,108,871 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 1 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.

On 17th December, 2007, options were granted under the Share Option Scheme without consideration to Eligible Persons including, inter alia, certain Directors of the Company and employees of the Group to subscribe for a total of 92,010,000 ordinary shares of HK$0.10 each in the Company (the "Shares") at an exercise price of HK$0.267 per Share (subject to adjustment). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012.

On 1st August, 2008, an option was granted under the Share Option Scheme without consideration to an Eligible Person to subscribe for 7,000,000 Shares at an exercise price of HK$0.169 per Share (subject to adjustment). Such option could not be exercised from the date of grant to 31st July, 2009. Such option is exercisable from 1st August, 2009 to 16th December, 2012.

Options to subscribe for 7,500,000 Shares and 500,000 Shares lapsed in 2009 and 2010 respectively.

As at 1st January, 2011, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 91,010,000 Shares (the "Option Shares").

28. Share Option Scheme *(continued)*

Details of the Option Shares granted under the Share Option Scheme are summarised as follows:

Participants	Date of grant	Exercise price per Share HK$	Number of Option Shares Balance as at 1st January, 2011 and 31st December, 2011
Directors:			
John Luen Wai Lee	17th December, 2007	0.267	**22,000,000**
Leon Nim Leung Chan	17th December, 2007	0.267	**3,000,000**
Edwin Neo	17th December, 2007	0.267	**2,300,000**
King Fai Tsui	17th December, 2007	0.267	**2,300,000**
Victor Ha Kuk Yung	17th December, 2007	0.267	**2,300,000**
Employees *(Note)*	17th December, 2007	0.267	**20,710,000**
	1st August, 2008	0.169	**7,000,000**
Others	17th December, 2007	0.267	**31,400,000**
Total			**91,010,000**
Weighted average exercise price per Share (HK$)			**0.259**

Note: Employees refer to the employees of the Group as at 31st December, 2011 working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, other than the Directors and chief executive of the Company. One of the participants, who was granted an option to subscribe for 450,000 Option Shares in 2007, has become an employee of the Group during the year.

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

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme, save for those subject to options granted but not yet exercised under the Share Option Scheme, is 829,098,871 Shares, representing approximately 9 per cent. of the existing issued share capital of the Company.

The exercise prices of the Option Shares and exercise periods of the options of the Company outstanding as at 31st December, 2011 are as follows:

Number of Option Shares	Exercise price per Share *(Note)* HK$	Exercise period
84,010,000	**0.267**	**17th June, 2008 to 16th December, 2012**
7,000,000	**0.169**	**1st August, 2009 to 16th December, 2012**

Note: The exercise prices of the Option Shares are subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

28. Share Option Scheme *(continued)*

At the end of the reporting period, the Company had options outstanding under the Share Option Scheme to subscribe for 91,010,000 Shares, which represented approximately 1 per cent. of the then issued share capital of the Company. The exercise in full of the outstanding options would, under the present capital structure of the Company, result in the issue of 91,010,000 additional Shares and cash proceeds, before expenses, of approximately HK$23,614,000. In addition, the exercise in full of all these options would provide additional share capital of HK$9,101,000 and share premium of approximately HK$14,513,000 (before issue expenses).

29. Reserves

Group

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 pages 42 to 43 of the financial statements.

Company

	Share premium account HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Investment revaluation reserve HK$'000	Retained profits HK$'000	Total HK$'000
2011							
At 1st January, 2011	**783,382**	**10,462**	**705**	**984**	**—**	**709,973**	**1,505,506**
Profit for the year and total comprehensive income for the year *(Note 12)*	**—**	**—**	**—**	**—**	**—**	**38,178**	**38,178**
2010 final dividend, declared and paid to shareholders of the Company	**—**	**—**	**—**	**—**	**—**	**(45,956)**	**(45,956)**
2011 interim dividends, declared and paid to shareholders of the Company	**—**	**—**	**—**	**—**	**—**	**(18,383)**	**(18,383)**
At 31st December, 2011	**783,382**	**10,462**	**705**	**984**	**—**	**683,812**	**1,479,345**
2010							
At 1st January, 2010	783,382	10,462	705	984	3,710	487,629	1,286,872
Profit for the year *(Note 12)*	—	—	—	—	—	295,874	295,874
Change in fair value of available-for-sale finance assets	—	—	—	—	(3,710)	—	(3,710)
Total comprehensive income/(loss) for the year	—	—	—	—	(3,710)	295,874	292,164
2009 final dividend, declared and paid to shareholders of the Company	—	—	—	—	—	(45,956)	(45,956)
2010 interim dividends, declared and paid to shareholders of the Company	—	—	—	—	—	(27,574)	(27,574)
At 31st December, 2010	783,382	10,462	705	984	—	709,973	1,505,506

At 31st December, 2011, the Company's reserves available for distribution, calculated in accordance with Section 79B of the Hong Kong Companies Ordinance, amounted to HK$683,812,000 (2010 — HK$709,973,000).

Included in the retained profits of the Group and the Company as at 31st December, 2011 were amounts of final dividend and special final dividend for the year then ended of HK$45,956,000 (2010 — HK$45,956,000) and HK$137,869,000 (2010 — Nil) respectively proposed after the end of the reporting period.

30. Interests in Subsidiaries

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**178,383**	178,383
Due from subsidiaries	**5,084,041**	5,328,994
Due to subsidiaries	**(1,229,054)**	(1,436,629)
	4,033,370	4,070,748
Provisions for impairment losses	**(911,309)**	(914,998)
	3,122,061	3,155,750

The balances with subsidiaries are unsecured and have no fixed terms of repayment. Certain balances bear interest at rates reflecting the respective costs of funds within the Group. In the opinion of the Directors, these balances are considered as quasi-equity investments in subsidiaries.

Details of the principal subsidiaries are set out on pages 117 to 122.

31. Notes to the Consolidated Statement of Cash Flows

Reconciliation of profit before tax to cash generated from operations

		Group	
	Note	**2011 HK$'000**	2010 HK$'000
Profit before tax (including profit before tax from discontinued operation)		**376,058**	936,468
Adjustments for:			
Share of results of associates		**(25,041)**	(7,853)
Share of results of jointly controlled entities		**(1,597)**	514
Loss/(Gain) on disposal of:			
Fixed assets		**(1,193)**	(35,841)
Investment properties	6	**784**	754
Subsidiaries	32	**15,776**	(361,824)
An associate		**—**	196
Available-for-sale financial assets	6	**—**	512
Provisions for impairment losses:			
Associates		**419**	21,065
A jointly controlled entity		**16**	—
Available-for-sale financial assets		**—**	13,417
Properties under development		**27,071**	—
Allowance for bad and doubtful debts	6	**—**	26,645
Fair value gains on investment properties		**(384,316)**	(673,359)
Finance costs		**49,651**	43,118
Interest income		**(3,274)**	(2,943)
Dividend income		**(2,392)**	(1,631)
Depreciation	6	**4,036**	28,037
		55,998	(12,725)
Decrease in properties held for sale		**262**	13,424
Increase in inventories		**—**	(1,038)
Increase in financial assets at fair value through profit or loss		**(23,853)**	(70,455)
Increase in loans and advances		**—**	(600)
Decrease in debtors, prepayments and deposits		**10,848**	132,022
Increase in other payables, accruals and deposits received		**19,766**	31,845
Increase in deferred rental		**—**	11,864
Cash generated from operations		**63,021**	104,337

32. Disposal of Subsidiaries

	Group	
	2011	2010
	HK$'000	HK$'000
Net assets disposed of:		
Fixed assets	**–**	210,614
Inventories	**–**	4,099
Loans and advances	**15,876**	–
Debtors, prepayments and deposits	**–**	123,461
Tax recoverable	**–**	207
Cash and bank balances	**–**	77,605
Other payables, accruals and deposits received	**–**	(189,632)
Deferred rental	**–**	(183,887)
	15,876	42,467
Non-controlling interests	**–**	(1,080)
Reclassification of cumulative exchange differences on translation of foreign operations	**–**	(4,826)
	15,876	36,561
Gain/(Loss) on disposal	**(15,776)**	361,824
	100	398,385
Satisfied by:		
Cash consideration received	**100**	167,000
Increase in other receivables	**–**	209,000
Increase in financial assets at fair value through profit or loss	**–**	22,385
	100	398,385

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

	Group	
	2011	2010
	HK$'000	HK$'000
Cash consideration received	**100**	167,000
Cash and bank balances disposed of	**–**	(77,605)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**100**	89,395

33. Changes in Non-controlling Interests without Change in Control

Major changes in non-controlling interests during the year are as follows:

(a) In January 2011, Win Joyce Limited ("Win Joyce"), a wholly-owned subsidiary of the Company, and Jeremiah Holdings Limited ("Jeremiah"), a 60 per cent. subsidiary of the Company, completed an agreement for the acquisition of the entire issued share capital of Pantogon Holdings Pte Ltd ("Pantogon") by a wholly-owned subsidiary of Win Joyce from Jeremiah, and the assignment of the shareholder's loans owed by Pantogon to Jeremiah, from Jeremiah to a wholly-owned subsidiary of Win Joyce, for a total consideration of approximately HK$150,267,000 (the "Transaction"). The carrying amount of the non-controlling interests in Pantogon on the date of completion of the Transaction was HK$61,483,000. The Group recognised a decrease in non-controlling interests of HK$61,483,000 and an increase in retained profits of HK$61,483,000.

(b) In April 2011, 力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited) ("Lippo Realty"), a subsidiary of the Company, completed a capital reduction exercise (the "Completion") pursuant to which the 5 per cent. registered capital of Lippo Realty was reduced at a cash consideration of approximately HK$125,403,000. After the Completion, Lippo Realty has become an indirect wholly-owned subsidiary of the Company. The carrying amount of the non-controlling interests in Lippo Realty on the date of the Completion was HK$69,757,000. The Group recognised a decrease in non-controlling interests of HK$69,757,000 and a decrease in retained profits of HK$55,646,000.

34. Contingent Liabilities

At 31st December, 2011, the Group and the Company did not have any material contingent liabilities (2010 — Nil).

35. 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 eight 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 December, 2011, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2011 HK$'000	2010 HK$'000
Within one year	**191,437**	52,848
In the second to fifth years, inclusive	**219,203**	110,876
After five years	**16,063**	—
	426,703	163,724

35. Operating Lease Arrangements *(continued)*

(b) As lessee

The Group leases certain properties under operating lease agreements which are non-cancellable. The leases expire on various dates until 31st December, 2016 and the leases for properties contain provision for rental adjustments. As at 31st December, 2011, the Group and the Company had total future minimum lease payments under non-cancellable operating leases in respect of land and buildings falling due as follows:

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Within one year	**3,007**	1,277	**2,320**	1,277
In the second to fifth years, inclusive	**7,449**	—	**5,994**	—
	10,456	1,277	**8,314**	1,277

36. Capital Commitments

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

	Group	
	2011 HK$'000	2010 HK$'000
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	**221,217**	117,713
Other capital commitments:		
Contracted, but not provided for	**8,545**	8,554
	229,762	126,267

The Company did not have any material commitments at the end of the reporting period (2010 — Nil).

37. 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 Group received rental income (including service charges) of HK$7,253,000 (2010 — HK$5,352,000) from Lippo. The rental was determined by reference to the then prevailing open market rentals.

(b) During the year, the Group received rental income (including service charges) of HK$3,062,000 (2010 — HK$3,292,000) from Hongkong Chinese Limited ("HKC"), a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals.

(c) During the period from 1st January, 2011 to 8th October, 2011, the Group received rental income (including service charges) of HK$552,000 (2010 — HK$707,000) from Lippo Investments Management Limited ("LIM"), a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals.

(d) During the period from 9th October, 2011 to 31st December, 2011, the Group received rental income (including service charges) of HK$292,000 from LIM. The rental was determined by reference to the then prevailing open market rentals.

(e) During the year, the Group received rental income of HK$574,000 (2010 — HK$652,000) from a fellow subsidiary of the Company. The rentals were determined by reference to the then prevailing open market rentals.

(f) During the year, the Group received rental income of HK$2,178,000 (2010 — HK$35,000) from associates of the Group. The rentals were determined by reference to the then prevailing open market rentals.

(g) As at 31st December, 2011, the Group had balances with its associates, further details of which are set out in Note 18 to the financial statements.

(h) Details of the Directors' emoluments are disclosed in Note 7 to the financial statements.

The transactions referred to in items (a), (b) and (d) above are continuing connected transactions as defined under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which were subject to the disclosure requirements under the Listing Rules. Further details of the transactions are disclosed in the section headed "Continuing Connected Transactions" in the Report of the Directors. The transactions referred to in items (c) and (e) are/were continuing connected transactions which are/were exempted from reporting, annual review and independent shareholders' approval under Chapter 14A of the Listing Rules.

In respect of the above transactions, the relationships between the Company, HKC and Lippo, all are publicly listed companies in Hong Kong, and the ultimate holding company of which is Lippo Capital, are defined, and the Directors' interests therein are separately reported.

38. 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:

Group
As 31st December, 2011

Financial assets

	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivable HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	–	–	360,412	360,412
Financial assets at fair value through profit or loss	125,042	–	–	125,042
Loans and advances	–	5,100	–	5,100
Debtors and deposits	–	31,200	–	31,200
Cash and bank balances	–	558,233	–	558,233
	125,042	594,533	360,412	1,079,987

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Bank loans	1,396,296
Other payables, accruals and deposits received	220,217
	1,616,513

38. 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)*

Group

As 31st December, 2010

Financial assets

	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivable HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	—	—	400,926	400,926
Financial assets at fair value through profit or loss	101,189	—	—	101,189
Loans and advances	—	20,798	—	20,798
Debtors and deposits	—	252,600	—	252,600
Cash and bank balances	—	460,068	—	460,068
	101,189	733,466	400,926	1,235,581

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Bank loans	1,363,745
Other payables, accruals and deposits received	187,272
	1,551,017

38. 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)*

Company
As 31st December, 2011

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	—	7,298	7,298
Debtors and deposits	1,905	—	1,905
Cash and bank balances	331,424	—	331,424
	333,329	7,298	340,627

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Bank loans	1,046,000
Other payables, accruals and deposits received	30,180
	1,076,180

38. 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)*

Company

As 31st December, 2010

Financial assets

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Available-for-sale financial assets	—	7,298	7,298
Debtors and deposits	1,503	—	1,503
Cash and bank balances	262,882	—	262,882
	264,385	7,298	271,683

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Bank loans	983,000
Other payables, accruals and deposits received	28,299
	1,011,299

39. Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

Assets measured at fair value

Group

As at 31st December, 2011

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial assets:				
Equity securities	**300,925**	**—**	**—**	**300,925**
Investment funds	**—**	**—**	**38,007**	**38,007**
Financial assets at fair value through profit or loss:				
Equity securities	**32,879**	**—**	**—**	**32,879**
Investment funds	**—**	**—**	**73,538**	**73,538**
Derivative financial assets	**—**	**—**	**18,625**	**18,625**
	333,804	**—**	**130,170**	**463,974**

As at 31st December, 2010

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial assets:				
Equity securities	381,782	—	—	381,782
Financial assets at fair value through profit or loss:				
Equity securities	431	—	—	431
Investment funds	—	—	77,560	77,560
Derivative financial assets	—	—	23,198	23,198
	382,213	—	100,758	482,971

39. Fair Value Hierarchy (continued)

Group

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**	**Derivative financial assets HK$'000**
At 1st January, 2011	**—**	**77,560**	**23,198**
Total losses recognised in the income statement	**—**	**(4,022)**	**(4,573)**
Purchases	**38,007**	**—**	**—**
At 31st December, 2011	**38,007**	**73,538**	**18,625**

	Available-for-sale debt securities HK$'000	Investment funds at fair value through profit or loss HK$'000	Derivative financial assets HK$'000
At 1st January, 2010	12,654	68,358	—
Total gains/(losses) recognised in the income statement	(8,944)	(206)	813
Total losses recognised in other comprehensive income	(3,710)	—	—
Purchases	—	77,766	22,385
Disposals	—	(68,358)	—
At 31st December, 2010	—	77,560	23,198

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 (2010 — Nil).

39. Fair Value Hierarchy *(continued)*

Company

As at 31st December, 2011

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial assets:				
Debt securities	—	—	—	—

As at 31st December, 2010

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Available-for-sale financial assets:				
Debt securities	—	—	—	—

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

Available-for-sale debt securities

	2011 HK$'000	2010 HK$'000
Balance at beginning of year	—	12,654
Total losses recognised in the income statement	—	(8,944)
Total losses recognised in other comprehensive income	—	(3,710)
Balance at end of year	—	—

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 (2010 — Nil).

40. 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 and they 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.

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:

	Group	
	2011 **HK$'000**	2010 HK$'000
By geographical area:		
Hong Kong	**6,443**	5,674
Mainland China	**1,490**	1,852
Republic of Singapore	**–**	15,698
	7,933	23,224

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

40. 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. 9 per cent. of the Group's debts would mature in less than one year as at 31st December, 2011 (2010 — 8 per cent.) based on the carrying values of bank loans.

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:

Group

	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 December, 2011							
Assets							
Debt securities:							
Available-for-sale financial assets	**—**	**—**	**—**	**—**	**—**	**7,298**	**7,298**
Loans and advances	**—**	**—**	**5,100**	**—**	**—**	**—**	**5,100**
Debtors and deposits	**964**	**2,907**	**864**	**—**	**—**	**26,465**	**31,200**
Cash and bank balances	**215,532**	**342,701**	**—**	**—**	**—**	**—**	**558,233**
	216,496	**345,608**	**5,964**	**—**	**—**	**33,763**	**601,831**
Liabilities							
Bank loans	**—**	**—**	**126,340**	**1,166,360**	**103,596**	**—**	**1,396,296**
Other payables, accruals and deposits received	**—**	**11,412**	**77**	**—**	**—**	**208,728**	**220,217**
	—	**11,412**	**126,417**	**1,166,360**	**103,596**	**208,728**	**1,616,513**
At 31st December, 2010							
Assets							
Debt securities:							
Available-for-sale financial assets	—	—	—	—	—	7,298	7,298
Loans and advances	—	—	15,698	5,100	—	—	20,798
Debtors and deposits	20,540	2,140	209,148	—	—	20,772	252,600
Cash and bank balances	162,203	297,865	—	—	—	—	460,068
	182,743	300,005	224,846	5,100	—	28,070	740,764
Liabilities							
Bank loans	—	30,000	79,008	1,109,031	145,706	—	1,363,745
Other payables, accruals and deposits received	—	13,533	15,145	—	—	158,594	187,272
	—	43,533	94,153	1,109,031	145,706	158,594	1,551,017

40. Financial Risk Management Objectives and Policies *(continued)*

(b) Liquidity risk *(continued)*

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

Company

	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 December, 2011							
Assets							
Debt securities:							
Available-for-sale financial assets	**—**	**—**	**—**	**—**	**—**	**7,298**	**7,298**
Debtors and deposits	**—**	**724**	**—**	**—**	**—**	**1,181**	**1,905**
Cash and bank balances	**4,940**	**326,484**	**—**	**—**	**—**	**—**	**331,424**
	4,940	**327,208**	**—**	**—**	**—**	**8,479**	**340,627**
Liabilities							
Bank loans	**—**	**—**	**77,000**	**969,000**	**—**	**—**	**1,046,000**
Other payables, accruals and deposits received	**—**	**361**	**—**	**—**	**—**	**29,819**	**30,180**
	—	**361**	**77,000**	**969,000**	**—**	**29,819**	**1,076,180**
At 31st December, 2010							
Assets							
Debt securities:							
Available-for-sale financial assets	—	—	—	—	—	7,298	7,298
Debtors and deposits	—	442	—	—	—	1,061	1,503
Cash and bank balances	8,683	254,199	—	—	—	—	262,882
	8,683	254,641	—	—	—	8,359	271,683
Liabilities							
Bank loans	—	30,000	32,000	921,000	—	—	983,000
Other payables, accruals and deposits received	—	—	—	—	—	28,299	28,299
	—	30,000	32,000	921,000	—	28,299	1,011,299

40. Financial Risk Management Objectives and Policies *(continued)*

(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 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. The interest rate risk is managed and monitored regularly by senior management of the Group.

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

	2011		2010	
	Increase/ Decrease in basis points	**Increase/ (Decrease) in profit before tax HK$'000**	Increase/ Decrease In basis points	Increase/ (Decrease) in profit before tax HK$'000
Group				
Hong Kong dollar	**+50**	**(3,530)**	+50	(4,009)
United States dollar	**+50**	**288**	+50	188
Singapore dollar	**+50**	**330**	+50	645
Renminbi	**+50**	**(1,324)**	+50	(1,188)
Hong Kong dollar	**-50**	**3,530**	-50	4,009
United States dollar	**-50**	**(288)**	-50	(188)
Singapore dollar	**-50**	**(330)**	-50	(645)
Renminbi	**-50**	**1,324**	-50	1,188
Company				
Hong Kong dollar	**+50**	**(1,158)**	+50	(753)
United States dollar	**+50**	**100**	+50	148
Singapore dollar	**+50**	**225**	+50	254
Hong Kong dollar	**-50**	**1,158**	-50	753
United States dollar	**-50**	**(100)**	-50	(148)
Singapore dollar	**-50**	**(225)**	-50	(254)

40. Financial Risk Management Objectives and Policies *(continued)*

(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 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.

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 and the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(Decrease) in profit before tax	
	2011 HK$'000	2010 HK$'000
Group		
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (2010 — 3 per cent.)	**3,935**	4,231
— weakened 3 per cent. (2010 — 3 per cent.)	**(3,935)**	(4,231)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (2010 — 3 per cent.)	**1,359**	3,324
— weakened 3 per cent. (2010 — 3 per cent.)	**(1,359)**	(3,324)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (2010 — 3 per cent.)	**1,480**	1
— weakened 3 per cent. (2010 — 3 per cent.)	**(1,480)**	(1)
Company		
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (2010 — 3 per cent.)	**601**	1,386
— weakened 3 per cent. (2010 — 3 per cent.)	**(601)**	(1,386)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (2010 — 3 per cent.)	**1,349**	3,311
— weakened 3 per cent. (2010 — 3 per cent.)	**(1,349)**	(3,311)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (2010 — 3 per cent.)	**1,478**	—
— weakened 3 per cent. (2010 — 3 per cent.)	**(1,478)**	—

40. Financial Risk Management Objectives and Policies *(continued)*

(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 arising from individual financial assets classified as available-for-sale financial assets (Note 20) and financial assets at fair value through profit or loss (Note 22) as at 31st December, 2011. The Group's listed financial assets are mainly listed on the Australia and Indonesia stock exchanges and are valued at quoted market prices at the end of the reporting period.

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

	31st December, 2011	**High/Low 2011**	31st December, 2010	High/Low 2010
Australia — S&P/ASX200	**4,057**	**4,971/3,863**	4,745	5,002/4,222
Indonesia — Jakarta Composite Index	**3,822**	**4,196/3,218**	3,704	3,786/2,475

The Group uses Value at Risk (the "VaR") model to assess possible changes in the market value of the investment portfolios based on historical data from the past two years. The VaR model that the Group adopted is an estimate, using a confidence level of 95 per cent. of the potential loss that is not expected to be exceeded if the current market risk positions held unchanged for 10 days. The VaR figures are regularly reviewed by senior management of the Group to ensure the loss arising from the changes in the market value of the investment portfolios is capped within an acceptable range.

The amounts of VaR for the investment portfolios of the Group stated at fair value are shown as follows:

	Carrying amount HK$'000	**VaR HK$'000**
2011		
Financial assets:		
Australia	**32,528**	**2,374**
Indonesia	**300,925**	**21,967**
Global and other	**130,521**	**9,528**
2010		
Financial assets:		
Indonesia	381,782	29,158
Global and other	101,189	7,728

40. 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.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st December, 2011 and 31st December, 2010.

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 loans. Total shareholders' equity represents equity attributable to equity holders of the Company.

	Group	
	2011 HK$'000	2010 HK$'000
Bank loans *(Note 24)*	**1,396,296**	1,363,745
Less: Non-controlling interests in bank loans	**—**	(19,037)
Bank loans, net of non-controlling interests	**1,396,296**	1,344,708
Equity attributable to the equity holders of the Company	**4,351,983**	4,097,245
Gearing ratio	**32.1 per cent.**	32.8 per cent.

41. Events after the Reporting Period

(a) In February 2012, the Group entered into a membership unit purchase agreement with two independent third parties for the acquisition of a total of 3,600 Class A units in, representing 8 per cent. of the total issued and outstanding Class A units and approximately 7.58 per cent. of the total issued and outstanding units in Skye Mineral Partners, LLC ("Skye") for an aggregate consideration of approximately HK$62,000,000. Upon the completion of the above acquisition, the Group would be interested in an aggregate of 7,200 Class A units in Skye, thereby increasing its effective interest in the total issued and outstanding Class A units in Skye to 16 per cent.

(b) In March 2012, the Group entered into a subscription agreement with Haranga Resources Limited ("Haranga") for the subscription of 15,000,000 new ordinary shares in Haranga (the "Subscription") at a subscription price of A$0.40 (equivalent to approximately HK$3.28) per share, totalling approximately HK$49,191,000. Immediately after the Subscription, the Group was interested in a total of 29,470,000 shares in, representing approximately 13.92 per cent., on a non-diluted basis (and approximately 11.90 per cent., on a fully diluted basis) of, the issued share capital of Haranga.

(c) After the reporting period, the Group entered into agreements for the disposal of five residential properties in Hong Kong to independent third parties for a total consideration of approximately HK$270,750,000.

42. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 29th March, 2012.

Particulars of Principal Subsidiaries as at 31st December, 2011 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
Bondlink Investment Limited	Hong Kong	HK$100 and HK$2 non-voting deferred shares	100	100	Property investment
Grand Vista Limited	British Virgin Islands	US$1	100	100	Investment holding
Hongkong China Treasury Limited	British Virgin Islands/ Hong Kong	US$1	100	100	Securities investment
Kingz Ltd	British Virgin Islands	US$1	100	100	Investment holding
Rich Pride Holdings Limited	British Virgin Islands	US$1	100	100	Investment holding
Superform Investment Limited	Hong Kong	HK$100 and HK$2 non-voting deferred shares	100	100	Property investment
Tamsett Holdings Limited	British Virgin Islands	US$1	100	100	Investment holding
Win Joyce Limited	Hong Kong	HK$2	100	100	Money lending and investment holding
Admiralty Development Limited	Hong Kong	HK$446,767,129	–	100	Property investment
Alsurpreme Limited	British Virgin Islands	US$1	–	100	Investment holding
Apex Tier Limited	British Virgin Islands	US$1	–	100	Investment
Apexwin Limited	British Virgin Islands	US$1	–	100	Investment holding
Bestbeat Limited	British Virgin Islands	US$1	–	100	Investment holding
Blueway Limited	Hong Kong	HK$1	–	100	Investment holding
Boom Peak Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
Broadwell Asia Limited	British Virgin Islands	US$1	–	100	Property investment
CSK Beijing Pte. Limited**	Republic of Singapore	S$2	–	100	Investment holding
CSK Shanghai Pte. Limited**	Republic of Singapore	S$2	–	100	Investment holding
Cajan Enterprises Limited	British Virgin Islands	US$1	–	100	Investment holding
Caross Limited	British Virgin Islands	US$1	–	100	Investment holding

Particulars of Principal Subsidiaries *(continued)*

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
Carvio Limited	British Virgin Islands	US$1	—	100	Investment holding
Castar Assets Limited	British Virgin Islands	US$1	—	100	Property investment
Celestial Fortune Limited	British Virgin Islands	US$1	—	100	Investment holding
Chalton Assets Limited	British Virgin Islands	US$1	—	100	Property investment
China Chance Investments Limited	Hong Kong	HK$1	—	100	Investment holding
China Gold Pte. Ltd.**	Republic of Singapore	S$1	—	100	Investment holding
China Pacific Electric Limited	British Virgin Islands	US$100	—	100	Investment holding
Chung Po Investment and Development Company Limited	Hong Kong	HK$1,000 and HK$2,000,000 non-voting deferred shares	—	100	Investment holding
Citivest Asia Limited	British Virgin Islands	US$1	—	100	Investment holding
Classic Premium Limited	British Virgin Islands	US$1	—	100	Investment holding
Conreal Holdings Limited	British Virgin Islands	US$1	—	100	Investment holding
Dhillon Investments Limited	British Virgin Islands	US$1	—	100	Investment holding
Dragon Board Holdings Limited	British Virgin Islands	S$1	—	100	Investment holding
Easy Fame Inc.	British Virgin Islands	US$1	—	100	Leasing
Energetic Holdings Limited	British Virgin Islands	US$1	—	100	Property investment
Fortune Finance Investment Limited	British Virgin Islands	US$1	—	100	Investment
Frontop Limited	British Virgin Islands	US$1	—	100	Investment holding
福建莆田忠信物業管理有限公司 (Fujian Putian Zhong Xin Property Management Limited)** — wholly foreign-owned re-invested enterprise##	People's Republic of China	RMB810,000*	—	100	Property management

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
福建大地湄洲工業區開發有限公司 (Fujian Tati Meizhou Industrial Park Development Co., Ltd.)** — wholly foreign-owned enterprise##	People's Republic of China	US$5,000,000*	—	100	Property investment and property development
Gabarro Limited	British Virgin Islands	US$1	—	100	Investment holding
Golden Harmony Limited	British Virgin Islands	US$1	—	100	Financing and investment holding
Golden Rain Holdings Limited	British Virgin Islands	US$1	—	100	Investment
Goldmax Pacific Limited	British Virgin Islands	US$1	—	100	Investment holding
Gothic Investments Limited	Samoa	US$1	—	100	Property investment
Grandbiz Investments Limited	British Virgin Islands	US$1	—	100	Investment
Grandtop Pacific Limited	British Virgin Islands	US$1	—	100	Investment
Green Assets Investments Limited	British Virgin Islands	US$1	—	100	Investment
Greenfame Holdings Limited	British Virgin Islands	US$1	—	100	Investment
HKCL Investments Pte. Ltd.**	Republic of Singapore	S$2	—	100	Property development
Hilltop Pacific Inc.	British Virgin Islands	US$1	—	100	Investment holding
Istan Assets Limited	British Virgin Islands	US$1	—	100	Property investment
Keytime Holdings Limited	British Virgin Islands	US$1	—	100	Property investment
Kingmild Limited	British Virgin Islands	US$1	—	100	Investment holding
LCR Ltd.	British Virgin Islands	US$1	—	100	Intellectual property
Lippo Consortium Pte. Limited**	Republic of Singapore	S$2	—	100	Property development
Lippo Group International Pte. Limited**	Republic of Singapore	S$2	—	100	Investment holding
力寶置業（江蘇）有限公司 (Lippo Realty (Jiangsu) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$23,500,000*	—	100	Property development

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
力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited)** (formerly known as 上海力寶復興房地產有限公司 (Shanghai Lippo Fuxing Real Estate Limited)) — wholly foreign-owned enterprise##	People's Republic of China	US$23,750,000*	—	100	Property investment
Lippo Retail Holdings Limited	British Virgin Islands	US$1	—	100	Investment holding
Lippoland (Singapore) Pte. Ltd**	Republic of Singapore	S$2,000,000	—	100	Investment holding
Mantor Assets Limited	British Virgin Islands	US$1	—	100	Property investment
Masstrong Limited	Hong Kong	HK$1	—	100	Investment holding
Maxfit Holding Limited	British Virgin Islands	US$1	—	100	Investment holding
Netscope Limited	British Virgin Islands	US$1	—	100	Investment
New Blueprint Limited	British Virgin Islands	US$1	—	100	Investment holding
Pantogon Holdings Pte Ltd**	Republic of Singapore	S$1,000,000	—	100	Investment holding
Porbandar Limited	British Virgin Islands/ Hong Kong	US$2	—	100	Property investment
莆田塔林基礎建設有限公司 (Putian Talin Infrastructure Company Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$300,000*	—	100	Property services
Queenz Limited	British Virgin Islands	US$1	—	100	Investment holding
Radical Profits Limited	British Virgin Islands	US$1	—	100	Property investment

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
Ranktop International Limited	British Virgin Islands	US$1	–	100	Investment holding
Reiley Inc.	British Virgin Islands	US$1	–	100	Investment holding
Sanfield Australia Pty Ltd**	Australia	A$2	–	100	Investment holding
Star Trendy Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property holding
Starrico Limited	British Virgin Islands	US$1	–	100	Investment holding
Super Assets Company Limited	Samoa	US$1	–	100	Investment holding
Super Equity International Limited	British Virgin Islands	US$1	–	100	Investment holding
Tecwell Limited	British Virgin Islands	US$100	–	100	Investment holding
Topstar China Limited	Hong Kong	HK$1	–	100	Investment holding
Trefar Enterprises Limited	British Virgin Islands	US$1	–	100	Property investment
Valiant Star Limited	British Virgin Islands	US$1	–	100	Investment
Vitaland Limited	Hong Kong	HK$1	–	100	Investment holding
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
Winfire Limited	British Virgin Islands	US$1	–	100	Financing
Wollora Assets Limited	British Virgin Islands	US$1	–	100	Property investment
World Grand Holding Limited	British Virgin Islands	US$1	–	100	Investment
Writring Investments Limited	Hong Kong	HK$2	–	100	Property investment
珠海力寶置業有限公司 (Zhuhai Lippo Realty Limited)** (formerly known as 珠海中寶房產開發有限公司 (Zhuhai Chung Po House Property Development Company Limited)) — wholly foreign-owned enterprise##	People's Republic of China	RMB225,000,000*	–	100	Property investment and property development

Particulars of Principal Subsidiaries *(continued)*

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
Jeremiah Holdings Limited	British Virgin Islands	S$1,298,645	—	60	Investment holding
Nine Heritage Pte Ltd**	Republic of Singapore	S$1,000,000	—	48	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*

\#\# *type of legal entity*

* *paid up registered capital*

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

Note:

A$ — Australian dollars
RMB — People's Republic of China renminbi
S$ — Singapore dollars
US$ — United States dollars

As at 31st December, 2011, all the subsidiaries of the Company had no loan capital or convertible loan capital.

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 as at 31st December, 2011 are as set out below.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Group#	Principal activities
Lippo-Savills Property Management Limited	Corporate	Hong Kong	HK$2	50	Property management services
Asia Now Resources Corp. *(listed on TSX Venture Exchange of Canada)*	Corporate	Canada	C$30,369,153	49.9	Exploration of mineral resources
Maxipo International Limited	Corporate	Hong Kong	HK$51,874,833	48.8	Trading and investment holding
China Singkong Investment Holdings Limited	Corporate	British Virgin Islands	US$95	46.3	Investment holding
Medco Holdings, Inc. *(listed on The Philippine Stock Exchange, Inc.)*	Corporate	Republic of the Philippines	Pesos 700,000,000	46.04	Investment holding
莆田華正自來水有限公司 (Putian Hua Zheng Water Co., Ltd.)	Equity joint venture enterprise	People's Republic of China	RMB9,241,470*	40	Water supply
CTC Entrepreneurs Corporation	Corporate	Republic of the Philippines	Pesos 250,000	40	Investment holding
Auric Pacific Group Limited *(listed on Singapore Exchange Securities Trading Limited)*	Corporate	Republic of Singapore	S$64,460,182	39.4	Investment holding
Catalyst Enterprises Limited	Corporate	British Virgin Islands	US$50,000	35	Investment holding
Export and Industry Bank, Inc. *(listed on The Philippine Stock Exchange, Inc.)*	Corporate	Republic of the Philippines	Pesos 4,734,452,540	27.4	Commercial banking
Food Junction Holdings Limited *(listed on Singapore Exchange Securities Trading Limited)*	Corporate	Republic of Singapore	S$12,707,436	24.1	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*

Note:

C$ — Canadian dollars
Pesos — Philippines pesos
RMB — People's Republic of China renminbi
S$ — Singapore dollars
US$ — United States dollars

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 Jointly Controlled Entities

Particulars of Principal Jointly Controlled Entities as at 31st December, 2011 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
Tanglin Residential Pte. Ltd.	Corporate	Republic of Singapore	S$2	50	Property investment and property development
Yunnan Tin-Lippo (Hong Kong) Resources Company Limited	Corporate	Hong Kong	HK$10,000,000	49	Investments and metal trading

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

Note:

S$ — Singapore dollars

Schedule of Major Properties

(1) Properties held for Investment as at 31st December, 2011

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
		(square metres)		
Hong Kong				
Lippo Centre 89 Queensway Central Inland Lot No. 8615*	Commercial	Office: 3,911 Retail: 1,935 (net floor area)	Rental	100

* The above property comprises various shop units on the podium floors and certain office floors.

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
11 units and 16 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	2,420	Rental	100

Note: An agreement was entered into in November 2011 for the disposal of an unit and a car parking space in Celestial Garden. Such agreement was subsequently completed in January 2012.

Subsequent to the year end and up to the date of this report, the Group had entered into agreements for the disposal of a total of five units and five car parking spaces in Celestial Garden.

All the above properties are held under long term leases.

Description	Use	Approximate gross floor area	Status	Approximate percentage of Group's interest
People's Republic of China				
Lippo Plaza (excluding Unit 2 on Basement 1, 12th, 13th, 15th and 16th Floors and 4 car parking spaces) 222 Huaihai Zhong Road Shanghai Lot No. 141	Commercial	Office: 38,666 Retail: 9,217	Rental	100
Lippo CTS Plaza 4 Shuiwan Road Gongbei, Zhuhai Guangdong	Commercial Multi-use/Hotel	28,698 58,044	Rental To be developed	100
19th Floor to 29th Floor and 13 car parking spaces of Lippo Tianma Plaza 1 Wuyibei Road Fuzhou, Fujian	Commercial	11,955	Rental	100

The above properties are held under medium term leases.

(2) Properties held for Sale as at 31st December, 2011

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest
			(square metres)	
Overseas				
263 Ocean Drive Sentosa Cove Singapore 098148 Lot 1344M of MK 34 (Plot B8C-1)	Residential	708	530	100
Unit #03-03 The Residences Katana 20 Jalan Madge 55000 Kuala Lumpur Malaysia	Residential	N/A	360	100
2 units at Rosehill 8–16 Virginia Street New South Wales Australia	Residential	N/A	346	100

(3) Properties held for Development as at 31st December, 2011

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest	Estimated completion date	Stage of development as at 31st December, 2011
		(square metres)	*(square metres)*			
People's Republic of China						
Tati City Shanting Township Putian, Fujian	Multi-use	1,292,467	150,963	100	N/A	Phase I completed

(4) Properties held as Fixed Assets as at 31st December, 2011

Description	Use	Approximate gross floor area	Approximate percentage of Group's interest
		(square metres)	
Hong Kong			
24th Floor of Tower One Lippo Centre 89 Queensway Central Inland Lot No. 8615	Commercial	1,307	100
2nd Floor of Sun Court 3 Belcher's Street Kennedy Town Subsection 1 of Section C of Marine Lot No. 262, the remaining portion of Section C of Marine Lot No. 262 and the remaining portion of Marine Lot No. 262	Commercial	743	100
3 units and 3 car parking spaces of Celestial Garden 5 Repulse Bay Road Rural Building Lot No. 979	Residential	660	100

The above properties are held under long term leases.

Summary of Financial Information

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the five financial years ended 31st December, 2011, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below.

	2011 **HK$'000**	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
Profit/(Loss) attributable to equity holders of the Company	**288,457**	727,183	323,864	(396,871)	656,159
Total assets	**6,838,046**	6,551,620	5,850,931	6,104,828	6,230,765
Total liabilities	**(2,444,060)**	(2,280,338)	(2,447,011)	(2,824,242)	(2,448,782)
Net assets	**4,393,986**	4,271,282	3,403,920	3,280,586	3,781,983
Non-controlling interests	**(42,003)**	(174,037)	(117,459)	(113,061)	(156,234)
Equity attributable to equity holders of the Company	**4,351,983**	4,097,245	3,286,461	3,167,525	3,625,749

Lippo China Resources Limited

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)