



Lippo China Resources Limited
力寶華潤有限公司

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

SECOND INTERIM REPORT

2012

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The Directors of Lippo China Resources Limited (the “Company”) are pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the twelve months ended 31st December, 2012.

Condensed Consolidated Income Statement

For the twelve months ended 31st December, 2012

	Note	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Restated)
Revenue	3	326,055	244,372
Cost of sales		(79,829)	(18,915)
Gross profit		246,226	225,457
Administrative expenses		(122,637)	(84,448)
Other operating expenses		(116,683)	(102,286)
Fair value gains on investment properties		519,827	384,316
Gain/(Loss) on disposal of investment properties		65,275	(784)
Gain/(Loss) on disposal of subsidiaries	15	69,279	(15,776)
Loss on derecognition of an associate		(61,363)	—
Net fair value loss on financial instruments at fair value through profit or loss		(57,957)	(6,989)
Provisions for impairment losses:			
Associates		(31,137)	(419)
Available-for-sale financial assets		(23,639)	—
Finance costs		(65,430)	(49,651)
Share of results of associates		9,166	25,041
Share of results of jointly controlled entities		(537)	1,597
Profit before tax	4	430,390	376,058
Income tax	5	(132,133)	(54,011)
Profit for the period		298,257	322,047
Attributable to:			
Equity holders of the Company		290,667	316,735
Non-controlling interests		7,590	5,312
		298,257	322,047
		<i>HK cents</i> (Unaudited)	<i>HK cents</i> (Restated)
Earnings per share attributable to equity holders of the Company			
Basic	6	3.16	3.45
Diluted		3.16	3.45

Details of the dividends are disclosed in Note 7 to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the twelve months ended 31st December, 2012

	<i>Note</i>	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Restated)
Profit for the period		298,257	322,047
Other comprehensive income/(loss)			
Available-for-sale financial assets:			
Changes in fair value		40,169	(80,857)
Reclassification adjustment relating to disposal of a subsidiary	<i>15</i>	(78,020)	—
		(37,851)	(80,857)
Share of other comprehensive loss of associates		(4,369)	(5,841)
Exchange differences on translation of foreign operations		51,290	105,321
Reclassification adjustment relating to derecognition of a foreign associate		61,363	—
Other comprehensive income for the period, net of tax		70,433	18,623
Total comprehensive income for the period		368,690	340,670
Attributable to:			
Equity holders of the Company		345,430	338,670
Non-controlling interests		23,260	2,000
		368,690	340,670

Condensed Consolidated Statement of Financial Position

As at 31st December, 2012

	<i>Note</i>	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Restated)
Non-current assets			
Fixed assets		111,938	114,364
Investment properties		4,622,326	4,599,721
Interests in associates		869,170	763,032
Interests in jointly controlled entities		4,244	8,783
Available-for-sale financial assets	8	206,970	360,412
Other financial asset	9	10,576	—
		5,825,224	5,846,312
Current assets			
Properties held for sale		13,218	68,557
Properties under development		—	—
Deposits paid for properties under development		306,666	192,624
Loans and advances		—	5,100
Debtors, prepayments and deposits	10	56,352	42,178
Financial assets at fair value through profit or loss	11	209,742	106,417
Other financial asset	9	9,521	18,625
Restricted cash	12	31,998	—
Cash and bank balances		1,292,881	558,233
		1,920,378	991,734
Current liabilities			
Bank loans	12	80,633	126,340
Other payables, accruals and deposits received		233,643	220,217
Tax payable		45,313	52,147
		359,589	398,704
Net current assets		1,560,789	593,030
Total assets less current liabilities		7,386,013	6,439,342

Condensed Consolidated Statement of Financial Position (Continued)
As at 31st December, 2012

	<i>Note</i>	2012 HK\$'000 (Unaudited)	2011 <i>HK\$'000</i> (Restated)
Non-current liabilities			
Bank loans	<i>12</i>	1,917,145	1,269,956
Other financial liabilities	<i>9</i>	26,582	—
Deferred tax liabilities		643,999	527,968
		2,587,726	1,797,924
Net assets		4,798,287	4,641,418
Equity			
Equity attributable to equity holders of the Company			
Issued capital	<i>13</i>	918,691	919,125
Reserves		3,814,298	3,680,290
		4,732,989	4,599,415
Non-controlling interests		65,298	42,003
		4,798,287	4,641,418

Condensed Consolidated Statement of Changes in Equity

For the twelve months ended 31st December, 2012

Unaudited

	Attributable to equity holders of the Company										
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1st January, 2012											
As previously reported	919,125	785,257	11,915	984	131,186	40,901	350,915	2,111,700	4,351,983	42,003	4,393,986
Prior year adjustments	—	—	—	—	—	—	—	247,432	247,432	—	247,432
As restated	919,125	785,257	11,915	984	131,186	40,901	350,915	2,359,132	4,599,415	42,003	4,641,418
Profit for the period	—	—	—	—	—	—	—	290,667	290,667	7,590	298,257
Other comprehensive income/(loss) for the period:											
Changes in fair value of available-for-sale financial assets	—	—	—	—	40,169	—	—	—	40,169	—	40,169
Reclassification adjustment for available-for-sale financial assets relating to disposal of a subsidiary	—	—	—	—	(78,020)	—	—	—	(78,020)	—	(78,020)
Share of other comprehensive loss of associates	—	—	—	—	—	—	(3,492)	—	(3,492)	(877)	(4,369)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	34,743	—	34,743	16,547	51,290
Reclassification adjustment relating to derecognition of a foreign associate	—	—	—	—	—	—	61,363	—	61,363	—	61,363
Total comprehensive income/(loss) for the period	—	—	—	—	(37,851)	—	92,614	290,667	345,430	23,260	368,690
Repurchases of shares	(664)	—	—	664	—	—	—	(1,204)	(1,204)	—	(1,204)
Issuance of shares upon exercise of share options	230	311	(152)	—	—	—	—	—	389	—	389
Transfer of share option reserve upon expiry of share options	—	—	(10,310)	—	—	—	—	10,310	—	—	—
Share of equity movements arising on equity transactions of associates	—	—	198	—	—	—	—	140	338	35	373
2011 final and special final dividends, declared and paid to shareholders of the Company	—	—	—	—	—	—	—	(183,825)	(183,825)	—	(183,825)
2012 interim dividend, declared and paid to shareholders of the Company	—	—	—	—	—	—	—	(27,554)	(27,554)	—	(27,554)
At 31st December, 2012	918,691	785,568	1,651	1,648	93,335	40,901	443,529	2,447,666	4,732,989	65,298	4,798,287

Condensed Consolidated Statement of Changes in Equity (Continued)

For the twelve months ended 31st December, 2012

	Unaudited											
	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Retained profits	Total			
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At 1st January, 2011												
As previously reported	919,125	785,257	10,462	984	212,043	40,901	248,123	1,880,350	4,097,245	174,037	4,271,282	
Prior year adjustments	—	—	—	—	—	—	—	219,154	219,154	—	219,154	
As restated	919,125	785,257	10,462	984	212,043	40,901	248,123	2,099,504	4,316,399	174,037	4,490,436	
Profit for the period	—	—	—	—	—	—	—	316,735	316,735	5,312	322,047	
Other comprehensive income/(loss) for the period:												
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 period	—	—	—	—	(80,857)	—	102,792	316,735	338,670	2,000	340,670	
Changes in non-controlling interests without change in control (Note 16)	—	—	—	—	—	—	—	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 (restated)	919,125	785,257	11,915	984	131,186	40,901	350,915	2,359,132	4,599,415	42,003	4,641,418	

Condensed Consolidated Statement of Cash Flows

For the twelve months ended 31st December, 2012

	2012 <i>HK\$'000</i> (Unaudited)	2011 <i>HK\$'000</i> (Restated)
Net cash flows used in operating activities	(169,379)	(9,489)
Net cash flows from investing activities	609,705	324,905
Net cash flows from/(used in) financing activities	292,880	(224,653)
Net increase in cash and cash equivalents	733,206	90,763
Cash and cash equivalents at 1st January	558,233	460,068
Exchange realignments	1,442	7,402
Cash and cash equivalents at 31st December	1,292,881	558,233
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	1,292,881	558,233

Notes to the Interim Financial Statements

1. Principal Accounting Policies

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

Pursuant to a resolution of the Board of Directors dated 28th December, 2012, the Company’s financial year end date has been changed from 31st December to 31st March. Accordingly, the current financial period will cover a fifteen-month period from 1st January, 2012 to 31st March, 2013. These condensed interim financial statements now presented cover a twelve-month period from 1st January, 2012 to 31st December, 2012, and the comparative figures in these condensed interim financial statements cover a twelve-month period from 1st January, 2011 to 31st December, 2011.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31st December, 2011, except as described below.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“HKFRS”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”), which have become effective for accounting periods beginning on or after 1st January, 2012, for the first time for the current period’s financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the above new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated interim financial statements.

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.

1. Principal Accounting Policies (Continued)

In prior years, deferred tax was provided on the basis that the carrying amounts of investment properties will be recovered through use. Upon adoption of HKAS 12 Amendments, deferred tax is provided on the basis that the carrying amounts of the investment properties will be recovered through sale except that the basis of recovery through use will continue to apply to those investment properties which are depreciable and are held with an objective to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. This change in accounting policy has been applied retrospectively and the effects are summarised below:

	2012 HK\$'000	2011 HK\$'000
Decrease/(Increase) in income tax expense	(63,248)	28,278
Increase/(Decrease) in basic earnings per share (HK cents)	(0.69)	0.31
Increase/(Decrease) in diluted earnings per share (HK cents)	(0.69)	0.31
Decrease in deferred tax liabilities	184,184	247,432
Increase in retained profits	184,184	247,432

In addition, the Group has changed voluntarily its accounting policy regarding the current/non-current assets classification for properties under development intended for sale. In prior years, the Group classified the properties under development intended for sale as properties under development in non-current assets in the statement of financial position which would be transferred to properties under development in current assets when the construction was expected to be completed within one year from the end of the reporting period. Under the revised accounting policy, properties under development intended for sale are classified as current assets. In the opinion of the directors, the financial statements according to the revised policy will provide more relevant information to the users of the financial statements and bring the Group in line with the treatment adopted by other entities in the real estate industry. This change in policy has been applied retrospectively and comparative amounts have been restated.

The above change has had no effect on the condensed consolidated income statement. The effect on the condensed consolidated statement of financial position is summarised as follows:

	2012 HK\$'000	2011 HK\$'000
Non-current Assets		
Decrease in deposits paid for properties under development	306,666	192,624
Current Assets		
Increase in deposits paid for properties under development	306,666	192,624

There was no impact on the net assets of the Group.

2. 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; and
- (e) the “other” segment comprises principally mineral exploration, extraction and processing, food business, money lending and the provision of property management services.

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

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

2012

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
Revenue	225,006	77,515	3,264	893	19,377	326,055
Segment results	708,119	11,129	3,264	5,783	(31,398)	696,897
	<i>(Note)</i>					
Unallocated corporate expenses						(209,706)
Finance costs						(65,430)
Share of results of associates	—	—	—	—	9,166	9,166
Share of results of jointly controlled entities	—	(509)	—	—	(28)	(537)
Profit before tax						430,390

2. Segment Information (Continued)

2011

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Other <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	221,521	—	3,096	2,392	17,363	244,372
Segment results	554,124	(34,147)	2,585	(4,597)	(10,554)	507,411
	<i>(Note)</i>					
Unallocated corporate expenses						(108,340)
Finance costs						(49,651)
Share of results of associates	(3)	—	—	—	25,044	25,041
Share of results of jointly controlled entities	—	1,606	—	—	(9)	1,597
Profit before tax						376,058

Note: The amount included fair value gains on investment properties of HK\$519,827,000 (2011 — HK\$384,316,000).

3. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, gross proceeds from sales of properties, 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, 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:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Property investment	225,006	221,521
Property development	77,515	—
Treasury investment	3,264	3,096
Securities investment	893	2,392
Other	19,377	17,363
	326,055	244,372

4. Profit before Tax

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Interest income:		
Loans and advances	354	178
Other	3,264	3,096
Dividend income:		
Listed investments	893	2,034
Unlisted investments	—	358
Gain on disposal of unlisted available-for-sale financial assets	1,300	—
Net fair value gain/(loss) on:		
Listed financial assets at fair value through profit or loss	(33,331)	1,606
Unlisted financial assets at fair value through profit or loss	773	(4,022)
Unlisted derivative financial instruments	(25,399)	(4,573)
Provision for impairment losses on unlisted available-for-sale financial assets	(23,639)	—
Provision for impairment losses on properties under development	—	(27,071)
Gain/(Loss) on disposal of fixed assets:		
Leasehold land and buildings	—	1,394
Other items of fixed assets	(82)	(201)
Gain on disposal of properties held for sale	19,571	—
Depreciation	(4,396)	(4,036)

5. Income Tax

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i> (Restated)
Hong Kong:		
Charge for the period	4,293	3,856
Overprovision in prior periods	—	(5,056)
Deferred	1,835	363
	6,128	(837)
Overseas:		
Charge for the period	12,132	14,879
Underprovision in prior periods	146	—
Deferred	113,727	39,969
	126,005	54,848
Total charge for the period	132,133	54,011

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2011 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

6. 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 period attributable to equity holders of the Company; and (ii) the weighted average number of 9,189,090,000 ordinary shares (2011 — 9,191,253,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of 9,189,613,000 ordinary shares (2011 — 9,192,983,000 ordinary shares), calculated as follows:

	Number of shares	
	2012	2011
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	9,189,090,000	9,191,253,000
Effect of dilution — weighted average number of ordinary shares: Share options	523,000	1,730,000
	9,189,613,000	9,192,983,000

7. Dividends

	2012	2011
	HK\$'000	HK\$'000
First interim dividend, declared, of HK0.3 cent (2011 — HK0.2 cent) per ordinary share	27,554	18,383
Second interim dividend, declared — Nil (2011 — N/A)	—	—
2011 final dividend, proposed, of HK0.5 cent per ordinary share	—	45,956
2011 special final dividend, proposed, of HK1.5 cent per ordinary share	—	137,869
	27,554	202,208

8. Available-for-sale Financial Assets

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Financial assets stated at fair value:		
Equity securities listed overseas	138,274	300,925
Unlisted investment funds	4,963	38,007
	143,237	338,932
Financial assets stated at cost:		
Unlisted equity securities	99,335	34,218
Unlisted debt securities	7,298	7,298
Unlisted investment funds	16,236	15,461
	122,869	56,977
Provision for impairment losses	(59,136)	(35,497)
	63,733	21,480
	206,970	360,412

The debt securities are non-interest bearing.

9. Other Financial Assets/(Liabilities)

	2012		2011	
	Assets <i>HK\$'000</i>	Liabilities <i>HK\$'000</i>	Assets <i>HK\$'000</i>	Liabilities <i>HK\$'000</i>
Derivative financial instruments				
Non-current portion				
Forward currency contracts	10,576	24,209	—	—
Interest rate swap	—	2,373	—	—
	10,576	26,582	—	—
Current portion				
Call option	9,521	—	18,625	—
	20,097	26,582	18,625	—

10. Debtors, Prepayments and Deposits

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Outstanding balances with ages:		
Within 30 days	3,007	2,306
Between 31 and 60 days	20	513
Between 61 and 90 days	12	14
Between 91 and 180 days	291	—
	3,330	2,833

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, the overdue or impaired other receivables are related to an investment project. Movement of the allowance for bad and doubtful debts during the period is as follows:

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Balance at beginning of period	26,645	26,645
Amount written-off as uncollectible	(8,557)	—
Balance at end of period	18,088	26,645

Except for the above, 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.

11. Financial Assets at Fair Value through Profit or Loss

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Held for trading:		
Equity securities listed overseas	43,978	32,879
Listed investment funds	91,453	—
Unlisted investment funds	74,311	73,538
	209,742	106,417

12. Bank Loans

	2012 HK\$'000	2011 HK\$'000
Secured bank loans (Note)	1,997,778	1,396,296
Less: Amount classified under current portion	(80,633)	(126,340)
Non-current portion	1,917,145	1,269,956
Bank loans by currency:		
Hong Kong dollar	1,658,448	1,046,000
Renminbi	339,330	350,296
	1,997,778	1,396,296
Bank loans repayable:		
Within one year	80,633	126,340
In the second year	840,633	121,340
In the third to fifth years, inclusive	1,076,512	1,045,020
After five years	—	103,596
	1,997,778	1,396,296

Note:

At the end of the reporting period, the bank loans were secured by:

- (i) first legal mortgages over certain investment properties and leasehold land and buildings of the Group with carrying amounts of HK\$4,031,589,000 (2011 — HK\$4,028,611,000) and HK\$105,138,000 (2011 — HK\$107,735,000), respectively; and
- (ii) certain bank deposits of the Group with carrying amount of HK\$31,998,000 (2011 — Nil).

The Group's bank loans bear interest at floating rates ranging from 2.5 per cent. to 8.0 per cent. (2011 — 1.8 per cent. to 6.4 per cent.) per annum.

13. Share Capital

	2012 HK\$'000	2011 HK\$'000
Authorised:		
28,000,000,000 (2011 — 28,000,000,000) ordinary shares of HK\$0.10 each	2,800,000	2,800,000
Issued and fully paid:		
9,186,912,716 (2011 — 9,191,252,716) ordinary shares of HK\$0.10 each	918,691	919,125

13. Share Capital (Continued)

During the period, the movements in share capital were as follows:

- (a) The Company had repurchased a total of 6,640,000 ordinary shares (2011 — Nil) of HK\$0.10 each in the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The premium of HK\$540,000 arising from such repurchases has been charged to the retained profits of the Company and an amount of HK\$664,000 was transferred from retained profits to the capital redemption reserve as set out in the condensed consolidated statement of changes in equity on pages 6 and 7. The repurchase of the Company’s shares during the period were effected by the Directors with a view to benefiting shareholders as a whole by enhancing the net asset value per share of the Company.
- (b) 2,300,000 ordinary shares of HK\$0.10 each in the Company were issued upon exercise in cash by an option holder of his right to subscribe for 2,300,000 ordinary shares at an exercise price of HK\$0.169 per share. An amount of HK\$230,000 was credited to the issued share capital and the balance of HK\$159,000 was credited to the share premium account. HK\$152,000 was transferred from the share option reserve to the share premium account upon the exercise of the option.

14. 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.

14. 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; (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 were 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 was exercisable from 1st August, 2009 to 16th December, 2012.

Options to subscribe for a total of 8,000,000 Shares lapsed in 2009 and 2010.

As at 1st January, 2012, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 91,010,000 Shares (the "Option Shares").

14. Share Option Scheme (Continued)

During the period, details of movement in 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 31st December, 2012
			Balance as at 1st January, 2012	Exercised during the period	Lapsed during the period	
Directors:						
John Luen Wai Lee	17th December, 2007	0.267	22,000,000	—	22,000,000	—
Leon Nim Leung Chan	17th December, 2007	0.267	3,000,000	—	3,000,000	—
Edwin Neo	17th December, 2007	0.267	2,300,000	—	2,300,000	—
King Fai Tsui	17th December, 2007	0.267	2,300,000	—	2,300,000	—
Victor Ha Kuk Yung	17th December, 2007	0.267	2,300,000	—	2,300,000	—
Employees (Note)						
	17th December, 2007	0.267	20,660,000	—	20,660,000	—
	1st August, 2008	0.169	7,000,000	2,300,000	4,700,000	—
Others						
	17th December, 2007	0.267	31,450,000	—	31,450,000	—
Total			91,010,000	2,300,000	88,710,000	—
Weighted average exercise price per Share (HK\$)			0.259	0.169	0.262	—

Note: Employees refer to the employees of the Group as at 31st December, 2012 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.

The weighted average closing price of the Shares immediately before the date on which the option was exercised was HK\$0.208 per Share (2011 — No options were exercised).

Options to subscribe for a total of 88,660,000 Option Shares, which remained unexercised, expired on 16th December, 2012 and lapsed accordingly. Together with an option held by a former employee to subscribe for 50,000 Option Shares which lapsed on 1st July, 2012, options to subscribe for a total of 88,710,000 Option Shares lapsed during the period.

Saved as disclosed herein, no option of the Company was granted, exercised, cancelled or lapsed during the period.

15. Disposal of Subsidiaries

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Net assets disposal of:		
Available-for-sale financial assets	202,820	—
Loans and advances	—	15,876
	202,820	15,876
Release of cumulative fair value change on available-for-sale financial assets	(78,020)	—
	124,800	15,876
Gain/(Loss) on disposal	69,279	(15,776)
	194,079	100
Satisfied by:		
Cash consideration received	173,779	100
Deposits received in prior period	20,300	—
	194,079	100

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

During the twelve months ended 31st December, 2012, there were no changes in ownership interests in subsidiaries without change in control.

Major changes in non-controlling interests during the prior period were 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.

17. Contingent Liabilities

As the end of the reporting period, the Group did not have any material contingent liabilities (2011 — Nil).

18. Capital Commitments

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	69,737	221,217
Other capital commitments:		
Contracted, but not provided for	6,666	8,545
	76,403	229,762

19. Related Party Transactions

- (a) During the period, the Group received rental income (including service charges) of HK\$7,257,000 (2011 — HK\$7,253,000) from Lippo. The rental was determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group received rental income (including service charges) of HK\$3,040,000 (2011 — HK\$3,062,000) 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, the Group received rental income (including service charges) of HK\$1,280,000 (2011 — HK\$844,000) from Lippo Investments Management Limited, a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals.
- (d) During the period, the Group received rental income of HK\$7,632,000 (2011 — HK\$6,483,000) from associates of the Group. The rentals were determined by reference to the then prevailing open market rentals.
- (e) As at 31st December, 2012, the Group had amounts due from associates in a total of HK\$99,196,000 (2011 — HK\$92,917,000). The balances with the associates included a loan of HK\$11,627,000 (2011 — Nil), which bears interest at five-year United States Treasury bill rate per annum and is repayable in 2013. The remaining balances with the associates are unsecured, interest-free and have no fixed terms of repayments.

20. Event after the Reporting Period

In February 2013, the Group entered into a conditional subscription agreement in relation to the subscription of 184,653,669 new shares in GSH Corporation Limited, a listed company in Singapore, for an aggregate subscription price of approximately S\$17,542,000 under a private placement.

Management Discussion and Analysis

The global financial conditions have been improved modestly from the second half of 2012 after stabilisation actions implemented in Europe and United States. However, under the headwinds of unresolved European financial crisis, the threat of U.S. fiscal cliff near the end of 2012, the global economy is still subdued and the growth rate in China is slowing down.

For the twelve months ended 31st December, 2012, the Group recorded a profit attributable to shareholders of HK\$291 million (2011 — HK\$317 million, restated), benefited from the fair value gains of the Group's investment properties.

Results for the period

Turnover for the twelve months ended 31st December, 2012 totalled HK\$326 million (2011 — HK\$244 million). Property investment and property development were the principal sources of revenue of the Group, representing 93 per cent. (2011 — 91 per cent.) of the turnover.

Property investment

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. Rental income registered an increase of approximately 3 per cent. from both properties. Given the quality and strategic location of the investment properties, the Group recorded revaluation gains on its investment properties of a total of HK\$520 million (2011 — HK\$384 million) during the period.

In 2012, the Group completed the disposal of a number of residential units in Hong Kong at an aggregate consideration of approximately HK\$568 million and recognised a gain of HK\$65 million. The disposal of another residential unit in Hong Kong with a consideration of HK\$54 million was completed in February 2013. The disposals represented a good opportunity for the Group to realise the profits.

Property development

The Group primarily focuses on property development projects in mainland China and participated in development projects in Huai An City (“Huai An Project”) and Taizhou City (“Taizhou Project”), both in Jiangsu Province. Huai An Project will be developed into an integrated residential, commercial and retail complex, whereas Taizhou Project is a residential project comprising townhouses and residential apartments. Both projects are currently under planning and design stage.

During the period, the Group sold a property in Singapore at HK\$78 million and recognised a gain of HK\$20 million.

Treasury and securities investments

The investment markets are challenging and full of uncertainties. During the period, the Group invested HK\$78 million in Lippo Select HK & Mainland Property ETF fund (stock code: 2824) and further invested approximately HK\$58 million in Haranga Resources Limited, a listed company in Australia engaged in the acquisition, exploration and development of iron ore projects in Mongolia. At the same time, the Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. In 2012, the Group recognised a gain of HK\$70 million (2011 — Nil), mainly from the disposal of a subsidiary holding certain financial assets available for sale. The performance of the securities investments was diverse in the highly volatile investment markets and an unrealised net fair value loss was recorded. As a result, profit attributable to treasury and securities investments business recorded for 2012 amounted to HK\$9 million (2011 — net loss of HK\$2 million), with a revenue of HK\$4 million (2011 — HK\$5 million).

Other businesses

The growth and recovery of the Group's various investments was hindered by the external uncertainties of the developed economies and provision was made. As a result, the other business segment recorded a loss of HK\$31 million (2011 — HK\$11 million).

The Group invests in food manufacturing, wholesale and distribution, food retail and food court operation in Singapore, China and other Asian regions through its interests in Auric Pacific Group Limited ("Auric"), which in turn has a controlling stake in Food Junction Holdings Limited, both being listed companies in Singapore. Anticipating the operating conditions to remain challenging in the markets Auric operate in, Auric will remain focus on its core business and cautiously expand its business operations.

The Group also owns 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 (the "Beiya Project") in Yunnan Province. Based on the strategic evaluation of the Beiya Project, further works are required to obtain sufficient detailed information in order to make a decision on methodology and clarify the project viability.

In 2012, the Group invested HK\$75 million in Skye Mineral Partners, LLC ("Skye") which is interested in a few copper ore deposits in State of Utah in the United States of America. Flotation mill started operation in September 2012 after the formal approval of mill operation was obtained.

The Group made an initial investment in Export and Industry Bank, Inc. (“EIB”), a commercial bank incorporated in the Philippines, in 1996, but over the years the investment in EIB was fully written down. During the period under review, Bangko Sentral ng Pilipinas issued a resolution placing EIB under receivership and Philippine Deposit Insurance Corporation took over EIB to implement this. As such, all the investments in EIB are derecognised and the loss on derecognition of HK\$61 million represented the related cumulative foreign exchange translation loss reclassified from the equity to the income statement.

Financial Position

As at 31st December, 2012, the Group’s total assets increased to HK\$7.7 billion (2011 — HK\$6.8 billion). Property-related assets increased to HK\$5.1 billion (2011 — HK\$5.0 billion), representing 66 per cent. (2011 — 74 per cent.) of the total assets. The cash and cash equivalents of the Group increased to HK\$1.3 billion (2011 — HK\$0.6 billion). Total liabilities increased to HK\$2.9 billion (2011 — HK\$2.2 billion, restated). The Group’s financial position remained healthy and the current ratio (measured as current assets to current liabilities) was 5.3 to 1 (2011 — 2.5 to 1, restated).

As at 31st December, 2012, bank loans of the Group increased to HK\$2.0 billion (2011 — HK\$1.4 billion). The increase was mainly attributable to the additional bank loans drawn from the refinancing completed during the period. All the bank loans were denominated in Hong Kong dollars and Renminbi and were secured by certain properties of the Group. Certain bank deposits were also pledged after the loan refinancing as mentioned above. The Group aims to limit interest rate exposure through management of choice of fixed or floating interest rates and uses interest rate swaps to modify the interest rate characteristics of its borrowings. As at 31st December, 2012, 38 per cent. of the Group’s total borrowings were effectively paying fixed rate of interest and the remaining were effectively carried interest at floating rates. Approximately 4 per cent. (2011 — 9 per cent.) of the bank loans were repayable within one year. At the end of the period, the gearing ratio (measured as total borrowings to shareholders’ funds) was 42.2 per cent. (2011 — 30.4 per cent., restated).

The net asset value of the Group remained strong and increased to HK\$4.7 billion (2011 — HK\$4.6 billion, restated). This was equivalent to HK52 cents per share (2011 — HK50 cents per share, restated).

During the period, the Company repurchased 6,640,000 issued shares at a total consideration of approximately HK\$1.2 million. Besides, 2,300,000 shares were issued by the Company upon the exercise of the share option by an option holder in 2012 at a cash consideration of approximately HK\$0.4 million.

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign currency risk. During the period, the Group has entered into forward contracts to manage exposures to fluctuations of foreign exchange rates. When appropriate, additional hedging instruments including forward contracts, swap and currency loans would be used to manage the foreign exchange exposure.

Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (2011 — Nil). The Group had no material contingent liabilities outstanding (2011 — Nil).

During 2012, certain payments were made for the property development projects, and the Group's total capital commitment as at 31st December, 2012 decreased to HK\$76 million (2011 — HK\$230 million). The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had approximately 210 employees as at 31st December, 2012 (2011 — 187 employees). Staff costs (including directors' emoluments) charged to the income statement during the period amounted to HK\$110 million (2011 — HK\$71 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options in prior years under share option scheme of the Company. All outstanding options which remained unexercised by the expiry date in December 2012 lapsed accordingly.

Outlook

Growth is expected to be in modest pace only in 2013. Forecasts show that China will sustain a growth in near term but the magnitude may not be as high as before. However, the Group remains cautiously optimistic about 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 respond to the fast changing market conditions, refine its existing businesses and prudently seek new investment opportunities with long-term growth potential.

Business Review and Prospects

Business Review

Overview

During 2012, the global economy continued to be dominated by the Eurozone financial crisis which saw sovereign debt problems spreading to more European countries. Towards the end of 2012, the issue of U.S. fiscal cliff added uncertainty to the global economy. On the other hand, the major economies in the Asia region were able to maintain their economic growth which has contributed to a better economic environment in Asia, with mainland China continuing to be Asia's leading economic performer. In mainland China, the pace of economic growth had slowed down since the beginning of 2012 as a result of the weakening domestic and global markets, but recent figures show that the economic momentum in mainland China began to pick up in the last quarter of 2012.

Results

During the period under review, the Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$291 million, as compared with a profit of approximately HK\$317 million (restated) for the corresponding period in 2011. The profit was mainly attributable to the fair value gains of the Group's investment properties.

Property investment and property development

The Group's investment properties continued to enjoy satisfactory occupancy and provided the Group with stable recurrent income. Rental income from Lippo Centre in Hong Kong and Lippo Plaza in Shanghai increased moderately. During the period under review, the Group completed the disposal of a number of residential units in Hong Kong for an aggregate consideration of approximately HK\$568 million. Subsequent to the period under review, the Group also completed the disposal of a residential unit in Hong Kong for a consideration of HK\$54 million. Such disposals reflect the Group's seizing good opportunities to realise its property portfolio at favourable market prices. The proceeds were applied towards the general working capital and development projects of the Group.

The Group has two major development projects on the pipeline in Jiangsu Province, mainland China. The project situated in Huai An City (the "Huai An Project") shall be developed into an integrated residential, commercial and retail complex with a total permissible gross floor area (above ground) of approximately 185,000 square metres on a site of approximately 41,000 square metres. The Huai An Project is well-located in the central business district of Qing He District which itself is the political, commercial, business, financial and cultural centre of Huai An City. Another project is located in China Medical City (中國醫藥城) ("CMC"), Taizhou City (the "Taizhou Project") with a site area of approximately 80,615 square metres and a total permissible gross floor area (above ground) of approximately 161,230 square metres. The Taizhou Project is a residential development comprising townhouses and residential apartments. CMC, with an area of approximately 25 square kilometers, is the only national level development

zone focused on high-tech medical related industries in mainland China. The design concept submissions for the Huai An Project and the Taizhou Project are in process of being approved. The above two projects support the Group's strategic growth in property development business and allow the Group to expand its footprint in mainland China.

Mineral resource investment

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 Qinhe district in Beiya in Yunnan Province, mainland China (the "Beiya Project"). 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 Project was obtained in January 2012. In the second half of 2012, Asia Now retained an independent contractor (the "Contractor") to assist it with a strategic review of the Beiya Project. The Contractor referenced that, due to the geology of the deposit and ground conditions of the site, the expenditures required for the development might be higher and concluded that further detailed work would be required to clarify the project viability. Asia Now is listed on the TSX Venture Exchange of Canada, and is primarily engaged in the business of exploration of mineral deposits in mainland China.

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 at an aggregate subscription price of A\$6 million. Following the above subscription and the subsequent acquisition of 3,000,000 shares from the market, the Group is interested in a total of 32,470,000 shares in, representing approximately 13.43 per cent. of, the existing 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 further increased its interest in Skye Mineral Partners, LLC ("Skye") in 2012. It entered into a membership unit purchase agreement in February 2012 (the "February 2012 Purchase Agreement") for the acquisition of a further 3,600 Class A units in Skye for a total consideration of US\$8 million, of which the acquisition of 1,900 Class A units for a total consideration of approximately US\$4.2 million was completed in February 2012. In order to provide additional funding for working capital of Skye, the Group entered into another membership unit purchase agreement in August 2012 (the "August 2012 Purchase Agreement") for the acquisition of 1,674 Class A units in Skye for a consideration of approximately US\$3.7 million. Concurrently, an amendment to the February 2012 Purchase Agreement (the "Amendment Agreement") was also entered into by the Group to reduce its purchase under the February 2012 Purchase Agreement from the remaining 1,700 Class A units to 782 Class A

units for a total consideration of US\$1.7 million. Following the completion of the August 2012 Purchase Agreement and the Amendment Agreement in August 2012, the Group had an effective interest of 7,956 Class A units in Skye, representing approximately 16.7 per cent. of the then total issued and outstanding Class A units in Skye and approximately 15.8 per cent. of the then total issued and outstanding units in Skye. In January 2013, the Group subscribed for an additional 450 Class A units in Skye for a total consideration of US\$1 million. To date, the Group has an effective interest of 8,406 Class A units in Skye, representing approximately 17.1 per cent. of the total issued and outstanding Class A units in Skye and approximately 16.3 per cent. of the total issued and outstanding units in Skye. Through CS Mining, LLC (“CS Mining”), its majority owned subsidiary, Skye owns and controls a number of copper ore deposits located in the Milford Mineral Belt in Beaver County, State of Utah in the U.S., and is engaged in the business of mining and processing primarily copper, with additional recoveries of silver, gold and iron ore. CS Mining obtained all its required operating permits for mining and flotation processing by September 2012 and started commercial operation shortly thereafter.

Other businesses

Auric Pacific Group Limited (together with its subsidiaries, the “APG Group”), a listed company in Singapore in which the Group is interested in approximately 49.3 per cent. of its issued share capital, recorded a consolidated profit attributable to shareholders of approximately S\$14,613,000 for the year ended 31st December, 2012, as compared with a profit of S\$8,566,000 for the year ended 31st December, 2011. Rising cost of raw materials and operating expenses will continue to be a challenge to the F&B industry. The APG Group will focus on its existing core businesses through building its competitive edges, offering wider range of products and expanding more sales channels.

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 loss attributable to shareholders of approximately S\$6,917,000 for the year ended 31st December, 2012, as compared with a profit of S\$828,000 for the year ended 31st December, 2011. Food Junction is a regional foodservice company which operates and manages food courts and restaurants in Singapore, Malaysia, Indonesia, Hong Kong and mainland China. While Food Junction expects the operating environment continue to be challenging, it remains committed to prudently grow its food court and F&B operations.

In September 2012, the Group acquired units in the Lippo Select HK & Mainland Property ETF (the “ETF”), an exchange traded fund listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for a total consideration of approximately HK\$78 million. The ETF’s investment objective is to provide investment results that closely correspond to the performance of the Lippo Select HK & Mainland Property Index, comprising of property related securities listed on the Main Board of the Stock Exchange, including property stocks and real estate investment trusts from Hong Kong and mainland China region. The performance of the ETF is satisfactory.

In February 2013, the Group entered into a conditional subscription agreement in relation to the subscription of 184,653,669 new shares (the “Subscription Shares”) in GSH Corporation Limited (“GSH”) for an aggregate subscription price of approximately S\$17.5 million under a private placement. The Subscription Shares would represent approximately 3.7 per cent. of the enlarged issued and paid-up share capital of GSH upon the completion of the private placements, as announced by GSH in February 2013. GSH, the shares of which are listed on the Main Board of the Singapore Exchange Securities Trading Limited, is primarily engaged in the business of distribution of IT, photographic and timepiece products with distribution networks spanning many emerging markets in Asia, the Middle East and Central Asia. GSH is looking to diversify into the real estate business, which is in line with GSH’s inorganic growth strategy to increase the breadth and depth of businesses in developing economies.

Prospects

Prospects for Asia remain positive but the growth momentum could be hindered by the continuing economic uncertainty in the U.S. and Europe. Since mid 2012, most stock markets have rebounded and such rebound is expected to continue in 2013 in tandem with the expected global economic recovery and gradual stabilisation of the Eurozone debt crisis. However, the strength of economic recovery will be mild. Though the issue of U.S. fiscal cliff appears to have been resolved, its aftermath may still provoke uncertainty and turbulence in the U.S. economy. Hopefully, with the threat of inflation being brought under control, the continuing low interest rate environment and the expected global economic recovery should help to promote stronger investor confidence and create new business opportunities.

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.

Additional Information

Second Interim Dividend

The Directors do not recommend the payment of a second interim dividend for the twelve months ended 31st December, 2012 (2011 — N/A). Together with the first interim dividend of HK0.3 cent per share (2011 — HK0.2 cent per share) paid on 18th October, 2012, total dividends for the twelve months ended 31st December, 2012 will be HK0.3 cent per share (Financial year 2011 — HK2.2 cents per share) amounting to approximately HK\$27.6 million (Financial year 2011 — HK\$202.2 million).

Change of Financial Year End Date

As announced on 28th December, 2012, the Company had resolved to change its financial year end date from 31st December to 31st March. Accordingly the next financial year end date of the Company will be 31st March, 2013 and the next published audited consolidated financial statements of the Company will cover fifteen months from 1st January, 2012 to 31st March, 2013. Following the change of financial year end date, the Company will:

- (a) announce its consolidated final results for the fifteen months from 1st January, 2012 to 31st March, 2013 on or before 30th June, 2013;
- (b) despatch its audited consolidated financial statements for the fifteen months from 1st January, 2012 to 31st March, 2013 to the shareholders on or before 31st July, 2013; and
- (c) hold its annual general meeting for 2013 in or around early September 2013 to approve its audited consolidated financial statements for the fifteen months from 1st January, 2012 to 31st March, 2013.

The reason for the change of financial year end date was stated in the Company's announcement dated 28th December, 2012.

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, 2012, 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		Approximate percentage of total interests in the issued share capital
	Other interests	Total interests	
Stephen Riady	6,544,696,389	6,544,696,389	71.24
	<i>Notes (i) and (ii)</i>		

(b) Lippo Limited ("Lippo")

Name of Director	Number of ordinary shares of HK\$0.10 each in Lippo			Approximate percentage of total interests in the issued share capital
	Personal interests (held as beneficial owner)	Other interests	Total interests	
Stephen Riady	—	319,322,219	319,322,219	64.75
		<i>Note (i)</i>		
John Luen Wai Lee	1,031,250	—	1,031,250	0.21

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			Total interests	Approximate percentage of total interests in the issued share capital
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests		
Stephen Riady	—	—	1,120,987,842	1,120,987,842	56.10
			<i>Notes (i) and (iii)</i>		
John Luen Wai Lee	2,000,270	270	—	2,000,540	0.10
King Fai Tsui	600,000	75,000	—	675,000	0.03

Note:

- (i) As at 31st December, 2012, 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 64.75 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, 2012, Lippo was indirectly interested in 6,544,696,389 ordinary shares of HK\$0.10 each in, representing approximately 71.24 per cent. of the issued share capital of, the Company.
- (iii) As at 31st December, 2012, Lippo was indirectly interested in 1,120,987,842 ordinary shares of HK\$1.00 each in, representing approximately 56.10 per cent. of the issued share capital of, HKC.
- (iv) Certain Directors were granted options to subscribe for shares in the Company under the share option scheme adopted by the Company (the "Share Option Scheme"). All the outstanding options granted under the Share Option Scheme, which remained unexercised, expired on 16th December, 2012 and lapsed accordingly. Details of the interests of Directors in the underlying shares in respect of options are disclosed in Note 14 to the interim 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)

Note: (Continued)

- (v) Certain Directors were granted options to subscribe for shares in Lippo under the share option scheme adopted by Lippo (the "Lippo Share Option Scheme"). Details of the movement of underlying shares in respect of the options granted to the Directors under the Lippo Share Option Scheme during the period are 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 had been granted		
		Balance as at 1st January, 2012	Lapsed during the period	Balance as at 31st December, 2012
		<i>HK\$</i>		
John Luen Wai Lee	5.58	1,125,000	1,125,000	—
Leon Nim Leung Chan	5.58	193,750	193,750	—
Edwin Neo	5.58	162,500	162,500	—
King Fai Tsui	5.58	162,500	162,500	—
Victor Ha Kuk Yung	5.58	162,500	162,500	—

The above options granted under the Lippo Share Option Scheme, which remained unexercised, expired on 16th December, 2012 and lapsed accordingly.

- (vi) Certain Directors were granted options to subscribe for shares in HKC under the share option scheme adopted by HKC (the "HKC Share Option Scheme"). Details of the movement of underlying shares in respect of the options granted to the Directors under the HKC Share Option Scheme during the period are 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 had been granted			
		Balance as at 1st January, 2012	Exercised during the period	Lapsed during the period	Balance as at 31st December, 2012
		<i>HK\$</i>			
John Luen Wai Lee	1.24	4,590,000	2,000,000	2,590,000	—
Leon Nim Leung Chan	1.24	810,000	—	810,000	—
King Fai Tsui	1.24	607,500	600,000	7,500	—
Victor Ha Kuk Yung	1.24	607,500	—	607,500	—

The above options granted under the HKC Share Option Scheme, which remained unexercised, expired on 16th December, 2012 and lapsed accordingly.

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
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
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
SCR Ltd.	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
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

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, 2012, 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, 2012, 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, 2012, save as disclosed herein, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at 31st December, 2012, 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, 2012, 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).

Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance

As at 31st December, 2012, 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	71.24
Lippo Capital Limited (“Lippo Capital”)	6,544,696,389	71.24
Lanius Limited (“Lanius”)	6,544,696,389	71.24
Dr. Mochtar Riady	6,544,696,389	71.24
Madam Lidya Suryawaty	6,544,696,389	71.24

Note:

- 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 64.75 per cent. of the issued share capital of Lippo.
- 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.
- 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 6,544,696,389 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, 2012, 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.

Updated Directors' Information

The followings are the updated information of Directors of the Company disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

- (a) Mr. John Luen Wai Lee retired as a member of the Hospital Authority and the Chairman of its Finance Committee with effect from 1st December, 2012 and Mr. Lee also retired as a member of Non-local Higher and Professional Education Appeal Board with effect from 8th December, 2012.
- (b) On 23rd November, 2012, Mr. Leon Nim Leung Chan was appointed as an independent non-executive director and a member of each of the audit committee, remuneration committee and nomination committee of Midland Holdings Limited, a public listed company in Hong Kong.

Share Option Scheme

Details of the share option scheme of the Company are disclosed in Note 14 to the interim financial statements.

Purchase, Sale or Redemption of the Company's Listed Securities

During the twelve months ended 31st December, 2012, the Company had repurchased a total of 6,640,000 shares of HK\$0.10 each in the Company on The Stock Exchange of Hong Kong Limited, all of which were subsequently cancelled. Particulars of the aforesaid repurchases are as follows:

	Number of shares of HK\$0.10 each repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Total price paid <i>HK\$</i>
2012				
August	4,928,000	0.186	0.171	871,802
September	<u>1,712,000</u>	0.184	0.180	<u>312,604</u>
Total	<u>6,640,000</u>			1,184,406
		Expenses incurred for shares repurchased		<u>19,967</u>
				<u>1,204,373</u>

Purchase, Sale or Redemption of the Company's Listed Securities (Continued)

The above repurchases were effected by the Directors with a view to benefiting the shareholders as a whole in enhancing the net asset value per share of the Company.

Save as disclosed herein, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period. Further details of the repurchases are set out in Note 13 to the interim financial statements.

Audit Committee

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the twelve months ended 31st December, 2012.

Corporate Governance

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

To the best knowledge and belief of the Directors, the Directors consider that, save as disclosed below, the Company has complied with the code provisions of the Code on Corporate Governance Practices for the period from 1st January, 2012 to 31st March, 2012 and the Corporate Governance Code (the "CG Code") for the period from 1st April, 2012 to 31st December, 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The CG Code is the new edition of the Code on Corporate Governance Practices and is applicable to financial reports covering a period after 1st April, 2012. Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings. One of the non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 5th June, 2012 as he was stranded in overseas due to an unexpected yacht sunken incident.

Additional Information *(Continued)*

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the code for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code during the period under review.

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

Hong Kong, 27th February, 2013

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

China CITIC Bank International Limited

Standard Chartered Bank

Fubon Bank (Hong Kong) Limited

Chong Hing Bank Limited

Solicitors

Howse Williams Bowers

Registrars

Tricor Tengis Limited

26th Floor, Tesbury Centre

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Wanchai

Hong Kong

Registered Office

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Lippo Centre

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156

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