Lippo China Resources Limited

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

2012/2013

Annual Report

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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

Standard Chartered Bank
China CITIC Bank International Limited
Fubon Bank (Hong Kong) Limited
Chong Hing Bank Limited

SOLICITORS

Howse Williams Bowers

REGISTRAR

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 fifteen months ended 31st March, 2013.

BUSINESS REVIEW

The global economy continued to be held back by the eurozone sovereign debt crisis in 2012. Since late 2012, global market sentiments have improved with eurozone sovereign debt crisis being stabilised and the financial cliff in the U.S. being partially resolved. Supported by healthy domestic demand and rising intra-regional trade, the major economies in the Asia region including mainland China were able to maintain their growth momentum but the pace of economic growth has slowed down.

During the period for the fifteen months ended 31st March, 2013 (the "Period"), the Group recorded a consolidated profit attributable to shareholders of approximately HK$293 million, as compared with a consolidated profit of HK$317 million (restated) for the year ended 31st December, 2011. The profit was mainly attributable to the fair value gains of the Group's investment properties.

The Group's investment properties enjoyed a high occupancy rate during the Period. Rental income from the investment properties continued to provide the Group with stable recurrent income. During the Period, the Group disposed of a number of residential units in Hong Kong for a total consideration of approximately HK$622 million. Such disposals reflected the Group's seizing opportunities to realise its property portfolio at good market prices. The proceeds were applied towards other capital and development projects of the Group.

The Group has two major development projects in Jiangsu Province, mainland China. The project situated in Huai An City (the "Huai An Project") will 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 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 is the only national level development zone focused on high-tech medical related industries in mainland China. It is anticipated that foundation works for the Huai An Project and the Taizhou Project will commence later this year. The above two projects support the Group's strategic growth in property development business.

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, 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") for a strategic review of the Beiya Project. In early 2013, the Contractor referenced that, due to the geology of the deposits and ground conditions of the site, the expenditure required for development might be higher and concluded that further detailed work would be required to clarify the project's viability. After years of studies, surveys and drillings by Asia Now, no significant mineralisation has been identified in certain concessions. As a result, Asia Now decided to abandon such areas, totalling approximately 66 square kilometres. This will allow Asia Now to focus on the remaining concessions, totalling approximately 102 square kilometres, with a total area of approximately 60 square kilometres for two concessions in Habo, Yunnan Province and a total area of approximately 42 square kilometres for the concession in Beiya, Yunnan Province. 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.

BUSINESS REVIEW *(continued)*

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. Together with additional shares acquired by the Group from the market, the Group is now 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 had reported that its drilling programmes have identified a significant increase in JORC Code (Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves) compliant resource in its Selenge iron ore project in Mongolia. Haranga expects that further drilling can expand the resource base in the above project, and is currently in the process of applying for a mining licence. 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.

During the Period, the Group further increased its interest in Skye Mineral Partners, LLC ("Skye") for a total consideration of US$11,220,000. As a result, the Group has an effective interest of 8,649 Class A units in Skye, representing approximately 17.3 per cent. of the total issued and outstanding Class A units in Skye and approximately 16.5 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 and has started commercial operation. In order to maximise the recovery of its copper resource, CS Mining plans to set up a leaching facility.

Auric Pacific Group Limited ("Auric", 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$16,300,000 for the Period, as compared with a profit of S$8,566,000 (restated) for the year ended 31st December, 2011. Potential labour shortages and rising costs of labour, rental and raw materials will continue to be challenges to the F&B industry. The APG Group plans to strengthen its existing businesses by improving operational efficiencies and leveraging its marketing capabilities to enhance its brands.

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$7,457,000 for the Period, as compared with a profit of S$828,000 for the year ended 31st December, 2011. Food Junction is a regional food service company which operates and manages food courts and restaurants in Singapore, Malaysia, Indonesia, Hong Kong and mainland China. Although it expects business conditions to remain challenging in the markets in which it operates, Food Junction continues to remain committed to its core food court operations and will focus upon streamlining and rationalizing its food and beverage operations whilst controlling overall operating costs.

In June 2013, Auric announced that its wholly-owned subsidiary will make a voluntary unconditional cash offer to acquire all the issued and paid up ordinary shares in the capital of Food Junction, other than treasury shares and those already owned, controlled or agreed to be acquired by Auric and its subsidiaries, at an offer price of S$0.255 in cash for each share (the "Offer"). Auric is of the view that the Offer represents an opportunity for Auric to acquire an increased stake in Food Junction as part of its strategic investments. Auric believes that there are synergistic benefits to be obtained by increasing its stake in Food Junction, whose current portfolio of food courts and restaurants will complement Auric's existing portfolio, and the increase in the sharing of resources relating to marketing and operations between both Auric and Food Junction will contribute to the growth of both companies.

BUSINESS REVIEW *(continued)*

In September 2012, the Group acquired units in 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 which comprises 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.

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 (“GSH”) for an aggregate subscription price of approximately S$17.5 million under a private placement. GSH is listed on the Main Board of the Singapore Exchange Securities Trading Limited, and is primarily engaged in the business of distribution of IT, photographic and timepiece products and is looking to diversify into the real estate business.

PROSPECTS

The global economic environment has stabilized since late last year but it is still overcast by a considerable number of unknown factors. The eurozone is expected to remain in recession amidst weak domestic demand and high unemployment. The U.S. economy has improved, and optimism pushed the U.S. stock market to record high. However, following the improvement in the U.S. economy, the U.S. Federal Reserve hinted that the U.S. Central Bank might scale back its asset purchases later this year. Recently, people are also concerned that the tightening liquidity conditions in mainland China may impede its economic growth. Against this background, the Group will streamline and strengthen its existing businesses and operations to meet the challenges ahead. Management would continue to adopt a cautious and prudent approach in selecting suitable investment opportunities for long-term growth.

ACKNOWLEDGEMENT

On behalf of the Board of Directors of the Company, I would like to take this opportunity to express our gratitude to our shareholders and stakeholders for their continued support. I would also like to express my thankfulness to my fellow Directors, management and all staff members of the Group for their hard work and dedication.

Stephen Riady
Chairman

27th June, 2013

Discussion and Analysis of Results

In 2012, under the headwinds of unresolved eurozone sovereign debt crisis and slowdown of U.S. recovery, global economy is subdued and the growth in Singapore and emerging economies like mainland China fell lower than the original forecast. Until the end of 2012, macroeconomic conditions showed signs of improvement, the global economic growth is expected to improve gradually this year.

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, the current financial period covers a fifteen-month period from 1st January, 2012 to 31st March, 2013, and the comparative figures cover a twelve-month period from 1st January, 2011 to 31st December, 2011 ("year 2011"), which may not be comparable with amounts shown for the current period.

For the fifteen months ended 31st March, 2013, the Group recorded a profit attributable to shareholders of HK$293 million (year 2011 — HK$317 million, restated), benefited from the fair value gains of the Group's investment properties.

RESULTS FOR THE FINANCIAL PERIOD

Turnover for the fifteen months ended 31st March, 2013 totalled HK$396 million (year 2011 — HK$244 million). Property investment and property development were the principal sources of revenue of the Group, representing 90 per cent. (year 2011 — 91 per cent.) of the total turnover.

Property investment

Property investment business continued to provide stable and recurring rental income to the Group. Total revenue from the property investment business for the fifteen months ended 31st March, 2013 amounted to HK$280 million (year 2011 — HK$222 million). 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 significant results to the Group. Given the quality and strategic location of the investment properties, the Group recorded revaluation gains on its investment properties of a total of HK$534 million for the period (year 2011 — HK$384 million).

In the current period, the Group completed the disposal of a number of residential units in Hong Kong at an aggregate consideration of approximately HK$622 million and recognised a gain of HK$68 million. The disposals represented an opportunity for the Group to realise a good profit at appropriate time. As a result of such disposal as well as the above mentioned revaluation gains, the Group's investment properties as at 31st March, 2013 remained at HK$4.6 billion (31st December, 2011 — HK$4.6 billion).

Property development

The Group primarily focuses on property development projects in mainland China and participated in development projects in Huai An City (the "Huai An Project") and Taizhou City (the "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. Constructions are expected to be commenced later this year.

During the period, the Group sold a held-for-sale property in Singapore at HK$78 million and recognised a gain of HK$16 million.

RESULTS FOR THE FINANCIAL PERIOD *(continued)*

Treasury and securities investment

The investment market continues to be challenging and full of uncertainties. The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. For the fifteen months ended 31st March, 2013, turnover of HK$9 million (year 2011 — HK$2 million) was recorded from the disposal of the Group's financial assets held for trading and dividend income received from the investment portfolio. At the same time, the Group recognised a total net gain of HK$90 million (year 2011 — Nil) from the realisation of available-for-sale financial assets through the sale of a subsidiary which owned the financial assets and direct disposal in the market.

During the period, the Group invested HK$78 million in Lippo Select HK & Mainland Property ETF (stock code: 2824), which in turn invested in property related securities listed on the main board of The Stock Exchange of Hong Kong Limited. In March 2013, the Group subscribed for new shares in GSH Corporation Limited, a listed company in Singapore, as a strategic investment for a total consideration of approximately HK$111 million.

Besides, the Group's securities portfolio also included certain investments in mineral exploration and mining sectors. The Group 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. During the period, the Group made an additional investment of HK$87 million in Skye Mineral Partners, LLC ("Skye"), an unlisted company interested in a few copper ore deposits in State of Utah in the U.S. Flotation mill started operation in September 2012 after the formal approval of amended mine permit was obtained. The operation is at a preliminary stage.

In the highly volatile investment markets, the performance of the securities investments was diverse and an unrealised fair value loss was recorded. The treasury and securities investments business attained a net profit of HK$39 million for the fifteen months ended 31st March, 2013 (year 2011 — net loss of HK$2 million) after including the provision of approximately HK$23 million made for some investments.

Other businesses

Other businesses mainly comprise mineral exploration, extraction and processing, food business, money lending and the provision of property management services. The growth and recovery of the Group's various investments was hindered by the external uncertainties of the developed economies. Moreover, some of the investments concentrate on new products which are at the early development stage. Market acceptance and competitions from other competitors are uncertain and provision of approximately HK$37 million was made for the fifteen months ended 31st March, 2013 (year 2011 — HK$0.4 million). As a result, the other business segment recorded a loss of HK$29 million (year 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" together with its subsidiaries, the "APG Group"), which in turn has a controlling stake in Food Junction Holdings Limited ("Food Junction"), both are listed companies in Singapore. Anticipating the operating conditions to remain challenging in the markets the APG Group operates in, it will remain focused on its core business and expand its business operations cautiously.

RESULTS FOR THE FINANCIAL PERIOD *(continued)*

Other businesses *(continued)*

The Group also owns interests in Asia Now Resources Corp. ("Asia Now"), a listed company in Canada and is primarily engaged in the business of exploration of mineral deposits in Yunnan Province, mainland China. During the period, Asia Now reviewed the results of its exploration activities on each of the exploration site. Due to a lack of exploration prospects, Asia Now decided to discontinue further exploration activities on some of the sites in Beiya, Yunnan Province, and a write-down of C$3.4 million was made. For the site at Habo, Yunnan Province, impairment of C$3.5 million was made. As a result, the Group recorded a share of loss of HK$35 million (year 2011 — HK$3 million) from Asia Now during the period. Asia Now is currently focusing on the exploration of the site at Ma Touwan in Beiya.

Auric, Food Junction and Asia Now were regarded as associates of the Group before 1st April, 2013. Following the adoption of Hong Kong Financial Reporting Standards "Consolidated Financial Statements" from 1st April, 2013 onwards, Auric, Food Junction and Asia Now will be treated as subsidiaries of the Group and retrospective adjustments are required.

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, the 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 a loss on derecognition of associate of HK$61 million was recorded, which represented the related cumulative foreign exchange translation loss transferred from the equity to the income statement.

FINANCIAL POSITION

As at 31st March, 2013, the Group's total assets increased to HK$7.8 billion (31st December, 2011 — HK$6.8 billion). Property-related assets increased to HK$5.1 billion (31st December, 2011 — HK$5.0 billion), representing 66 per cent. (31st December, 2011 — 74 per cent.) of the total assets. The cash and cash equivalents of the Group increased to HK$1.2 billion (31st December, 2011 — HK$0.6 billion). Total liabilities increased to HK$3.0 billion (31st December, 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 improved to 5.6 to 1 (31st December, 2011 — 2.5 to 1, restated).

As at 31st March, 2013, the bank loans of the Group increased to HK$2.0 billion (31st December, 2011 — HK$1.4 billion). The increase was mainly attributable to the additional bank loans drawn from the refinancing completed during the period. The bank loans were denominated in Hong Kong dollars and Renminbi and were secured by certain properties and certain bank deposits of the Group. Where appropriate, the Group uses interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 31st March, 2013, 38 per cent. of the Group's total borrowings effectively carried fixed rate of interest and the remaining were at floating rates. Approximately 4 per cent. (31st December, 2011 — 9 per cent.) of the bank loans were repayable within one year. At the end of the reporting period, the gearing ratio (measured as total borrowings to shareholders' funds) was 42.1 per cent. (31st December, 2011 — 30.4 per cent., restated).

The net asset value of the Group remained strong and increased to HK$4.8 billion (31st December, 2011 — HK$4.6 billion, restated). This was equivalent to HK52 cents per share (31st December, 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.

FINANCIAL POSITION *(continued)*

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 (31st December, 2011 — Nil). The Group had no material contingent liabilities outstanding as at 31st March, 2013 (31st December, 2011 — Nil).

As at 31st March, 2013, the Group's total commitment amounted to HK$104 million (31st December, 2011 — HK$230 million), mainly related 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 211 employees as at 31st March, 2013 (31st December, 2011 — 187 employees). Staff costs (including directors' emoluments) charged to the income statement during the period amounted to HK$113 million (year 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.

BUSINESS STRATEGY

The business activities of the Group are diversified. The principal activities of the subsidiaries, associates and jointly controlled entity of the Company are investment holding, property investment, property development, food business, property management, mineral exploration, extraction and processing, securities investment, treasury investment and money lending.

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

OUTLOOK

Looking ahead, growth is expected to be in modest pace. 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.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

During the fifteen months ended 31st March, 2013 (the "Period"), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Code on Corporate Governance Practices (the "Code on CGP") 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 March, 2013 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"). The CG Code is the new edition of the Code on CGP and is applicable to financial reports covering a period after 1st April, 2012.

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 CGP and the CG Code (as the case may be) for the Period. 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 (the "2012 AGM") as he was stranded in overseas due to an unexpected yacht sunken incident.

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 Period.

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

BOARD OF DIRECTORS

The Board currently comprises six members (the composition of the Board is shown on page 21), 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 22 and 23). A list containing the names of the Directors and their roles and functions can also be found on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). To the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

BOARD OF DIRECTORS *(continued)*

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. The Company considers that all independent non-executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

Mr. Edwin Neo, who is to retire by rotation at the forthcoming 2013 annual general meeting of the Company (the "2013 AGM"), 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. All the Directors have entered into employment agreements or letter agreements with the Company setting out the key terms and conditions of their respective appointment as directors of the Company.

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

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

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. Five Board meetings were held during the Period of which four were held in the year 2012.

In the year 2012, the Chairman held a meeting with the non-executive Directors (including independent non-executive Directors) without the executive Director present.

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

	Attendance/Number of Meetings				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting***
Executive Directors					
Mr. Stephen Riady *(Chairman)*	5/5	N/A	2/2	2/2	1/1
Mr. John Luen Wai Lee *(Chief Executive Officer)*	5/5	N/A	N/A	N/A	1/1
Non-executive Director					
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)*	5/5	4/5	2/2	2/2	0/1
Independent non-executive Directors					
Mr. Victor Ha Kuk Yung *(Chairman of the Audit Committee)*	5/5	5/5	2/2	2/2	1/1
Mr. King Fai Tsui *(appointed as the Chairman of the Remuneration Committee and Nomination Committee on 29th March, 2012)*	5/5	5/5	2/2	2/2	1/1
Mr. Edwin Neo	5/5	5/5	2/2	2/2	1/1

* the only general meeting of the Company held during the Period was the 2012 AGM

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

NON-EXECUTIVE DIRECTORS

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. All the non-executive Directors have a fixed term of contract of two years with the Company.

REMUNERATION OF DIRECTORS

A Remuneration Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk). In order to comply with the amendments to certain provisions in the Listing Rules which took effect on 1st April, 2012 (the "Amendments"), the terms of reference of the Remuneration Committee had been revised in March 2012. The Committee has been delegated with the authority and responsibility to determine the remuneration packages of individual Directors and senior management. Senior management of the Company comprises Directors of the Company only.

The principal role of the Committee is to exercise the powers of the Board to review and determine or make recommendations to the Board on the remuneration packages of individual Directors and senior 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 Period, the Remuneration Committee reviewed and determined, with delegated responsibility, inter alia, (i) the remuneration packages of the Directors and senior staff; and (ii) service contracts of certain Directors.

Majority of the Committee members are non-executive Directors and three of them are independent. 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 during the Period 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(v) 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 during the Period.

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference can be found on the Company's website (www.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. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Period, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2012 AGM 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 during the Period 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).

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he had sufficient time and attention to the affairs of the Company for the Period. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the 2013 AGM, all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 22 and 23.

DIRECTORS' TIME COMMITMENT AND TRAINING *(continued)*

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

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

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

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

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

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

AUDITORS' REMUNERATION

Messrs. Ernst & Young has been appointed by the shareholders annually as the Company's auditors. During the Period, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Messrs. Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditors or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditors nationally and internationally) amounted to approximately HK$2.2 million (year 2011 — HK$1.8 million) and approximately HK$17,000 (year 2011 — HK$15,000), respectively. The non-statutory audit service provided during the Period 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 on 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. Five meetings were held during the Period and the individual attendance of each member is set out above.

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

During the Period, the Audit Committee discharged its duties by reviewing financial, audit and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report and internal audit reports and discussing with executive Directors, management, external auditors and internal audit department (the "IA Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board on financial-related matters. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2013 AGM, Messrs. Ernst & Young be re-appointed as the Company's external auditors for the ensuing year; and reviewed the fees charged by the Company's external auditors. The Audit Committee reviewed and adopted the whistleblowing policy of the Group during the Period.

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 Period, a review of the effectiveness of the Group's internal control system covering all material controls and risk management functions was conducted.

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

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

INTERNAL AUDIT

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

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

COMPANY SECRETARY

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

COMMUNICATION WITH SHAREHOLDERS

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

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board and Board committees, and the Company's external auditors attended the 2012 AGM and were available to answer questions from shareholders.

Under the Listing Rules, all resolutions proposed at shareholders' meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow resolutions to be voted on by the shareholders on a show of hands. Details of the poll procedures will be explained during the proceedings of shareholders' meetings. The poll voting results will be released and posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.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, annual reports, interim reports, announcements, circulars, notices and memorandum and articles of association ("M&A") are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Registrar, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong or contact the Customer Service Hotline of the Company's Registrar at (852) 2980 1333. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the registered office of the Company at Room 2301, 23rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

SHAREHOLDERS' RIGHTS

Under Section 113 of the Hong Kong Companies Ordinance (the "Companies Ordinance"), shareholders holding not less than one-twentieth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company are entitled to send a request to the Company to convene an extraordinary general meeting. Such requisition must state the objects of the meeting and must be signed by the relevant shareholders and deposited at the registered office of the Company. Besides, Section 115A of the Companies Ordinance provides that (i) shareholder(s) representing not less than one-fortieth of the total voting rights of all shareholders of the Company or (ii) not less than 50 shareholders holding the shares in the Company on which there has been paid up an average sum of not less than HK$2,000 per shareholder, may at their expense put forward any proposal for consideration at any general meeting of the Company by depositing a requisition in writing signed by the relevant shareholder(s) at the registered office of the Company.

FAIR DISCLOSURE AND INVESTOR RELATIONS

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

Management of the Group maintains regular contacts with the investment community. The Group had adopted a shareholders' communication policy during the Period.

In light of the amendments to the Listing Rules relating to, inter alia, the Code on CGP (now renamed as CG Code) and the rules pertaining to corporate governance, a special resolution was proposed and passed at the 2012 AGM for the amendments to the Articles and Association of the Company (the "Articles") to bring the Articles in line with the amended Listing Rules and to incorporate certain housekeeping amendments. The major amendments to the Articles during the Period included the following:

1. to allow the chairman of a general meeting, acting in good faith and in compliance with the Listing Rules, to allow resolutions to be voted on by the shareholders on a show of hands;

2. to remove the 5 per cent. interest exemption for voting by a director on a board resolution in which he has an interest;

3. to clarify that no person other than a retiring Director shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting, unless notice in writing by a shareholder of his intention to propose that person for election as a Director and notice in writing signed by that person of his willingness to be elected shall have been given to the Company during the prescribed notice period;

4. to clarify the method of attendance in a board meeting; and

5. to clarify that the auditors of the Company shall be removed in accordance with the Listing Rules.

An updated and consolidated version of the Company's M&A is available on the Company's website (www.lcr.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company's financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31st March, 2013, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group's financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditors are responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

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

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It cares for and supports the communities where it operates. The Group has made donations for community well-being from time to time, and supported the Group's volunteer team in serving the disadvantaged groups and the community as a whole.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the fifteen months ended 31st March, 2013 (the "Period").

CHANGE OF FINANCIAL YEAR END DATE

In December 2012, the Directors resolved to change the Company's financial year end date from 31st December to 31st March. The reason for the change of financial year end date was stated in the Company's announcement dated 28th December, 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries, associates and jointly controlled entity are principally engaged in investment holding, property investment, property development, food business, property management, mineral exploration, extraction and processing, securities investment, treasury investment and money lending.

The activities and other particulars of the principal subsidiaries, principal associates and jointly controlled entity are set out in the financial statements on pages 127 to 133, pages 134 and 135 and page 136, respectively.

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

SEGMENT INFORMATION

An analysis of the Group's revenue and results by principal activity and geographical area for the Period 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 Period and the state of affairs of the Group and the Company as at 31st March, 2013 are set out in the financial statements on pages 40 to 136.

An interim dividend of HK0.3 cent per share (year 2011 — HK0.2 cent per share) for the six months ended 30th June, 2012 was paid on 18th October, 2012. The Directors have resolved to recommend the payment of a final dividend of HK0.75 cent per share (year 2011 — final dividend of HK0.5 cent per share and a special final dividend of HK1.5 cent per share) amounting to approximately HK$68.9 million for the Period (year 2011 — approximately HK$183.8 million). Total dividends for the Period will be HK1.05 cent per share (year 2011 — HK2.2 cents per share) amounting to approximately HK$96.5 million (year 2011 — approximately HK$202.2 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 is set out on page 140.

FIXED ASSETS

Details of movements in the fixed assets during the Period are set out in Note 14 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties during the Period are set out in Note 15 to the financial statements.

BANK LOANS

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

SHARE CAPITAL

Details of movements in 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 Period 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.

EVENT AFTER THE REPORTING PERIOD
Details of a significant event 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 127 to 133.

DONATIONS
Charitable and other donations made by the Group during the Period amounted to HK$53,203,000 (year 2011 — HK$14,104,000).

DIRECTORS
The Directors of the Company during the Period were:

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

In accordance with Article 120 of the Company's Articles of Association (the "Articles"), Messrs. Edwin Neo and King Fai Tsui will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1st January, 2012. Following the expiry of the term under their respective former letter agreements with the Company, each of Messrs. King Fai Tsui and Victor Ha Kuk Yung entered into a new letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30th September, 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. During the Period, Mr. Stephen Riady entered into a letter agreement with the Company setting out the key terms and conditions for serving as a Director of the Company. Mr. Riady was not appointed for a specific term but his term of service is subject to the relevant provisions of the Articles. 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 53, was appointed a Director of the Company in 1992 and is the Chairman of board of directors of the Company. Mr. Riady is also an executive director and the Chairman of the board of directors of Lippo Limited ("Lippo") and Hongkong Chinese Limited ("HKC"), both are public listed companies in Hong Kong. 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 ("Auric"), both are public listed companies in Singapore. He serves as a member of the nomination committee of Auric. 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 a son of Dr. Mochtar Riady and Madam Lidya Suryawaty. The interests of Dr. Mochtar Riady and Madam Lidya Suryawaty in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

Mr. John Luen Wai Lee, BBS, JP, aged 64, was appointed a Director of the Company in 1992 and is the Chief Executive Officer of the Company. Mr. Lee is the Managing Director and Chief Executive Officer of Lippo. He is an executive director and the Chief Executive Officer of HKC. 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 was a non-executive director of each of Asia Now Resources Corp., a company listed on TSX Venture Exchange of Canada, and Export and Industry Bank, Inc., a former public listed company 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. Mr. Lee is an Honorary Fellow of the City University of Hong Kong and a Justice of Peace in Hong Kong. He is active in public service and currently serves as a member on a number of Public Boards and Committee including the Chairman of the Board of Trustees of the Hospital Authority Provident Fund Scheme, the Chairman of the Queen Elizabeth Hospital Governing Committee and the Chairman of the Treasury Panel of the Hospital Authority. In addition, Mr. Lee serves as 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 57, 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 is also a director of a subsidiary of HKC and the chairman of the supervisory board member of a subsidiary of HKC. Mr. Chan is an independent non-executive director of Midland Holdings Limited, a public listed company in Hong Kong. Mr. Chan was also appointed as an independent non-executive director of PanAsialum Holdings Company Limited which was listed on The Stock Exchange of Hong Kong Limited in February 2013.

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

Mr. Edwin Neo, aged 63, 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 and Auric. Mr. Neo is a member of the Remuneration Committee, Nomination Committee and Audit Committee of each of the Company and Lippo.

Mr. King Fai Tsui, aged 63, 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 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 the Chairman of the Remuneration Committee and Nomination Committee of each of the Company, Lippo and HKC.

Mr. Victor Ha Kuk Yung, aged 59, 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, a public listed company in Hong Kong.

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

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

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

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

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

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

(a) the discretionary bonus and fringe benefits of Mr. Stephen Riady in the total amount of approximately HK$10,803,000; and

(b) the discretionary bonus and fringe benefits of Mr. John Luen Wai Lee in the total amount of approximately HK$2,756,000.

Executive Directors are entitled to discretionary bonuses and/or other fringe benefits for the executive role in the Group. Further details of the above Directors' emoluments are disclosed in Note 7 to the financial statements.

With effect from 1st April, 2013, the fees payable to the non-executive Directors have been adjusted to HK$192,000 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. With effect from 1st April, 2013, 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	48,000
Member	24,000
Other Committees	
Chairman	24,000
Member	24,000

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

As at 31st March, 2013, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

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

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued share capital
Number of ordinary shares of HK$0.10 each in the Company					
Stephen Riady	–	–	6,544,696,389 *Notes (i) and (ii)*	6,544,696,389	71.24
Number of ordinary shares of HK$0.10 each in Lippo Limited ("Lippo")					
Stephen Riady	–	–	319,322,219 *Note (i)*	319,322,219	64.75
John Luen Wai Lee	1,031,250	–	–	1,031,250	0.21
Number of ordinary shares of HK$1.00 each in Hongkong Chinese Limited ("HKC")					
Stephen Riady	–	–	1,120,987,842 *Notes (i) and (iii)*	1,120,987,842	56.10
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 March, 2013, 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 March, 2013, 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 March, 2013, 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.

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)

(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 28 to the financial statements.

(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 movements of underlying shares in respect of the options granted to the Directors under the Lippo Share Option Scheme during the Period are as follows:

		Number of underlying ordinary shares of HK$0.10 each in Lippo in respect of which options had been granted		
Name of Director	**Exercise price per share**	**Balance as at 1st January, 2012**	**Lapsed during the Period**	**Balance as at 31st March, 2013**
	HK$			
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 movements of underlying shares in respect of the options granted to the Directors under the HKC Share Option Scheme during the Period are as follows:

		Number of underlying ordinary shares of HK$1.00 each in HKC in respect of which options had been granted			
Name of Director	**Exercise price per share**	**Balance as at 1st January, 2012**	**Exercised during the Period**	**Lapsed during the Period**	**Balance as at 31st March, 2013**
	HK$				
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 March, 2013, Mr. Stephen Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares of HK$1.00 each in, representing approximately 16.67 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 March, 2013, Mr. Stephen Riady was interested in 27,493,311 ordinary shares in Auric Pacific Group Limited ("Auric"), 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 mentioned above, through his deemed interest in Lippo Capital, Mr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in Auric. 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, Auric.

As at 31st March, 2013, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed herein, as at 31st March, 2013, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at 31st March, 2013, 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 Period 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 March, 2013, 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:

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 64.75 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 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 March, 2013, 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 March, 2013, 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. 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 Period 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 AND CONNECTED TRANSACTION

Continuing connected transactions and connected transaction 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 ("Lippo Centre"), 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 was 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 did not exceed HK$30,000 per calendar month unless agreed by both parties in writing (the "HKC Maximum Service Charge"). The maximum aggregate rental, inclusive of the HKC Maximum Service Charge, was HK$2,210,000 for the period from 1st January, 2012 to 15th September, 2012. The rental was determined by reference to the then prevailing open market rentals.

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

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(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, 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 was 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 did not exceed HK$70,000 per calendar month unless agreed by both parties in writing (the "Lippo Maximum Service Charge"). The maximum aggregate rental, inclusive of the Lippo Maximum Service Charge, was HK$7,456,800 for the period from 1st January, 2012 to 31st December, 2012. The rental was determined by reference to the then prevailing open market rentals.

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

(C) On 7th October, 2011, a tenancy agreement (the "LIM 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, 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 was 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 did not exceed HK$10,000 per calendar month unless agreed by both parties (the "LIM Maximum Service Charge"). The maximum aggregate rental, inclusive of the LIM Maximum Service Charge, was approximately HK$1,619,700 for the fifteen months ended 31st March, 2013. The rental was determined by reference to the then prevailing open market rentals.

On 27th March, 2013, a termination agreement was entered into between Bondlink and LIM to terminate the LIM Tenancy Agreement with effect from the date of the above termination agreement. The balance of the rental payable to Bondlink by LIM under the LIM Tenancy Agreement prior to its expiry date was less than HK$1 million.

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

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

(D) On 7th September, 2012, a tenancy agreement was entered into between Porbandar and HKC, pursuant to which HKC agreed to lease from Porbandar Room 4301, 43rd Floor, Tower One, Lippo Centre, with a gross floor area of approximately 4,686 square feet, for a term of two years from 16th September, 2012 to 15th September, 2014, both days inclusive, at a monthly rental of HK$223,050 (equivalent to HK$2,676,600 per annum), exclusive of rates, service charges and all other outgoings or HK$248,405 (equivalent to HK$2,980,860 per annum), inclusive of monthly service charge of HK$25,355, for office use. The service charge of HK$25,355 per calendar month (subject to adjustment) payable by 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$35,000 per calendar month unless agreed by both parties in writing (the "HKC New Maximum Service Charge"). The maximum aggregate rental, inclusive of the HKC New Maximum Service Charge, was HK$1,677,325 for the period from 16th September, 2012 to 31st March, 2013. The rental was determined by reference to the then prevailing open market rentals.

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

(E) On 20th December, 2012, a tenancy agreement was entered into between Superform and Lippo, pursuant to which Lippo agreed to lease from Superform a portion of 24th Floor, Tower One, Lippo Centre, with a gross floor area of approximately 11,028 square feet, for a term of two years from 1st January, 2013 to 31st December, 2014, both days inclusive, at a monthly rental of HK$498,000 (equivalent to HK$5,976,000 per annum), exclusive of rates, service charges and all other outgoings or HK$551,390 (equivalent to HK$6,616,680 per annum), inclusive of monthly service charge of HK$53,390, for office use. The service charge of HK$53,390 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 New Maximum Service Charge"). The maximum aggregate rental, inclusive of the Lippo New Maximum Service Charge, was HK$1,704,000 for the period from 1st January, 2013 to 31st March, 2013. The rental was determined by reference to the then prevailing open market rentals.

Further details of the above tenancy are disclosed in Note 37 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.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

(F) On 21st September, 2012, World Grand Holding Limited ("World Grand"), a wholly-owned subsidiary of the Company, submitted an application for the creation of units (the "Application Units") in Lippo Select HK & Mainland Property ETF 力寶專選中港地產 ETF (stock code: 2824) (the "Property ETF"), a sub-fund of the Lippo Fund Series and an exchange traded fund, through a participating dealer, for a total consideration of HK$78,000,000, payable in cash.

LIM, being the manager of the Lippo Fund Series (the "Manager"), is a wholly-owned subsidiary of Lippo. The Manager is responsible for devising the index methodology for the Lippo Select HK & Mainland Property Index (the "Underlying Index"), semi-annual review and selection of the fundamental factors based on aggregate fundamental factor values supplied independently by the Hang Seng Indexes Company Limited, being the index provider who is responsible for compiling, maintaining and publishing the Underlying Index. Whilst the Manager does not have any equity interest in the Lippo Fund Series or any of its sub-funds (including the Property ETF), it has general management power in respect of the Lippo Series Fund (including the Property ETF). The Company had therefore taken the view that it would be prudent to treat World Grand's application for the creation of the Application Units, when accepted by the Manager, as a potentially connected transaction for the Company despite that the Stock Exchange might not exercise its discretion under the Listing Rules to deem the Lippo Fund Series (including the Property ETF) as a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Subsequently, the Company consulted with the Stock Exchange and, based on the available information provided to the Stock Exchange, the Stock Exchange agreed that the Lippo Series Fund should not be deemed as a connected person of the Company under Chapter 14A of the Listing Rules in respect of the investment in the units of the Property ETF by the Group and the investment in the units of the Property ETF by the Group should not be regarded as a connected transaction of the Company.

Subsequent to the end of the Period, the Company announced the following continuing connected transactions:

(G) As a result of the adoption of Hong Kong Financial Reporting Standard (HKFRS) 10 entitled "Consolidated Financial Statements" for annual periods beginning on or after 1st April, 2013, each of Auric Pacific Group Limited ("Auric") and Food Junction Holdings Limited ("Food Junction") and their respective subsidiaries have been classified as subsidiaries of the Company with effect from 1st April, 2013. The Company is interested in approximately 49.3 per cent. of the issued share capital of Auric which in turn is interested in approximately 61.4 per cent. of the issued share capital of Food Junction (excluding treasury shares). Mr. Stephen Riady, an executive director of the Company, through companies controlled by him, is indirectly interested in approximately 21.9 per cent. of the issued share capital of Auric. Accordingly, the subsidiaries of Auric and Food Junction referred to hereinbelow are regarded as connected persons of the Company under the Listing Rules. Therefore, the following agreements have constituted continuing connected transactions for the Company with effect from 1st April, 2013:

(1) (a) A tenancy agreement dated 1st April, 2013 entered into between West Tower Holding Limited ("West Tower"), a wholly-owned subsidiary of the Company, and LCR Catering Services Limited ("LCR Catering"), a subsidiary of Food Junction, pursuant to which LCR Catering agreed to lease from West Tower Unit 4, Ground Floor, Lippo Centre for a term of three years from 1st April, 2013 to 31st March, 2016, both days inclusive, at a monthly rental of HK$364,550, exclusive of rates, service charge and all other outgoings, for use as a restaurant. The service charge of HK$65,040 per month (subject to adjustment) shall be payable by LCR Catering to West Tower and such service charge shall not exceed HK$78,000 per month.

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

(G) *(continued)*

(1) *(continued)*

(b) A licence agreement dated 1st April, 2013 entered into between West Tower, as licensor, and LCR Catering, as licensee, in respect of four night car parking spaces in the first basement of Lippo Centre. A licence fee of HK$5,300 per month (subject to increase) shall be payable by LCR Catering to West Tower. The term of the licence agreement shall be three years from 1st April, 2013 to 31st March, 2016, both days inclusive.

(2) A tenancy agreement dated 15th March, 2013 entered into between West Tower and Delifrance (HK) Limited ("Delifrance"), a wholly-owned subsidiary of Auric, pursuant to which Delifrance agreed to lease from West Tower Shop 1B-1E, Ground Floor, Lippo Centre for a term of three years from 16th March, 2013 to 15th March, 2016, both days inclusive, at a monthly rental of HK$23,000 (for the period from 16th March, 2013 to 31st May, 2014) and HK$25,500 (for the period from 1st June, 2014 to 15th March, 2016), exclusive of rates, service charge and all other outgoings, for use as a high class shop providing sandwiches and light meals under the trade name or style of "Delifrance" or a kitchen support to other Delifrance stores. The service charge of HK$8,065 per month (subject to adjustment) shall be payable by Delifrance to West Tower and such service charge shall not exceed HK$10,000 per month.

(3) A tenancy agreement dated 15th March, 2013 entered into between West Tower and Delifrance, pursuant to which Delifrance agreed to lease from West Tower Shop 1A-1B, First Floor, Lippo Centre for a term of two years and eight months and ten days from 16th March, 2013 to 25th November, 2015, both days inclusive, at a monthly rental of HK$71,500 (for the period from 16th March, 2013 to 25th November, 2013) and HK$78,875 (for the period from 26th November, 2013 to 25th November, 2015), exclusive of rates, service charge and all other outgoings, for use as a bakery café and a western style restaurant under the trade name and/or trademark of "Delifrance" and/or any other trade name as approved by West Tower from time to time. The service charge of HK$2,505 per month (subject to adjustment) shall be payable by Delifrance to West Tower and such service charge shall not exceed HK$3,000 per month.

(4) A tenancy agreement dated 18th November, 2010 entered into between上海力寶復興房地產有限公司 (Shanghai Lippo Fuxing Real Estate Limited) (now know as 力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited)) ("Shanghai Lippo"), a wholly-owned subsidiary of the Company, and 福將坊(北京)餐飲有限公司 (Food Junction Beijing Co., Limited) ("Food Junction Beijing"), a wholly-owned subsidiary of Food Junction, pursuant to which Food Junction Beijing agreed to lease from Shanghai Lippo Shop 303B, 304-305, Third Floor, Lippo Plaza, No. 222 Huaihai Zhong Road, Shanghai, the People's Republic of China for a term of three years from 1st February, 2011 to 31st January, 2014, both days inclusive, at a monthly rental of RMB202,843 for the first year, RMB228,198 for the second year and RMB253,553 for the third year, or a turnover rent of 11 per cent. calculated by reference to the turnover generated at the above premises, whichever is higher, for use as a restaurant. The rental is exclusive of property management fee and other outgoings.

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

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION *(continued)*

(H) The Property ETF, a subsidiary of the Company, receives management services from the Manager and pays management fee to the Manager under the trust deed dated 11th June, 2012 entered into between Cititrust Limited as trustee and the Manager, as amended and/or supplemented from time to time (the "Trust Deed"). Pursuant to the Trust Deed and the prospectus dated 10th September, 2012 issued by the Manager in relation to the Property ETF, as amended, supplemented and updated from time to time, the Property ETF pays a management fee, currently charged at a rate of 0.68 per cent. per annum of the net asset value of the Property ETF (the "NAV"), out of its fund assets, to the Manager for its own account. The management fee is accrued daily and paid as soon as practicable after the last dealing day in each month in each year. The Manager is entitled to receive a management fee of up to 2 per cent. per annum of the NAV. The management fee is a single flat fee paid to the Manager to cover the fees, costs and expenses of the Property ETF. The management fee is paid out of the Property ETF. Details of the responsibilities of the Manager are set out in paragraph (F) above. There is no fixed term of appointment of the Manager under the Trust Deed. The Manager will remain as the Manager of the Property ETF until it is being removed by the trustee or the Manager retires by written notice to the trustee. An independent financial adviser (the "IFA") was appointed by the Company to advise the Company on the duration of the provision of management services under the Trust Deed under Rule 14A.35(1) of the Listing Rules as well as to explain why a period longer than three years is required and to confirm whether this is normal business practice. The IFA was of the opinion that (i) the appointment of the Manager under the Trust Deed for a duration longer than three years is required in order to ensure continued management services provided by the Manager to the Property ETF; and (ii) it is a normal business practice among exchange traded funds in Hong Kong of the nature similar with that of the Property ETF to appoint manager with no fixed term of appointment, the respective manager shall therefore be appointed to provide management services for the whole term of the relevant trust deed unless it is being removed by the trustee and/or the unitholders of the trust or it retires.

    Previously, the provision of management services by the Manager to the Property ETF and the payment of the management fee by the Property ETF to the Manager under the Trust Deed constituted a de minimis transaction on normal commercial terms. In view of the management's expectations on the performance of the Property ETF with reference to its past performance, estimated growth in size of the NAV and the expected appreciation in the NAV, the aggregate annual management fees payable by the Property ETF to the Manager is expected to exceed HK$1,000,000. The Company estimated that the annual caps in respect of the above continuing connected transaction of the Company for each of the three financial years ending 31st March, 2014, 2015 and 2016 to be HK$2,000,000, respectively.

    The Directors consider the terms of the Trust Deed have been negotiated and arrived at on arms length basis and in the ordinary and usual course of business of the Company and on normal commercial terms in line with, and with reference to, the industry practice for establishment of collective investment schemes. The Directors consider the terms under the Trust Deed in respect of the provision of the management services by the Manager to the Property ETF and the payment of management fee by the Property ETF to the Manager are fair and reasonable and in the interests of the shareholders as a whole.

The Company has complied with the relevant disclosure requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions and connected transaction 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 Period or at any time during the Period, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

During the Period, 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 Period.

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

During the Period, 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$0.10 each repurchased	**Highest price paid per share**	**Lowest price paid per share**	**Total price paid**
2012		HK$	HK$	HK$
August	4,928,000	0.186	0.171	871,802
September	1,712,000	0.184	0.180	312,604
Total	6,640,000			1,184,406
			Expenses incurred for shares repurchased	19,967
				1,204,373

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 27 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During the Period, 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 Period are set out in Notes 2.4(v) and 6 to the financial statements, respectively.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 10 to 19.

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 Period 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, 27th June, 2013

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 40 to 136, which comprise the consolidated and company statements of financial position as at 31st March, 2013, 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 period 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 March, 2013, and of the Group's profit and cash flows for the period 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
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Hong Kong, 27th June, 2013

Consolidated Income Statement

For the fifteen months ended 31st March, 2013

	Note	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000 (Restated)
Revenue	5	**396,102**	244,372
Cost of sales		**(88,870)**	(18,915)
Gross profit		**307,232**	225,457
Administrative expenses		**(127,950)**	(84,448)
Other operating expenses		**(158,513)**	(75,215)
Fair value gains on investment properties		**534,077**	384,316
Gain/(Loss) on disposal of investment properties		**68,282**	(784)
Gain/(Loss) on disposal of subsidiaries	32	**69,491**	(15,776)
Gain on disposal of available-for-sale financial assets		**21,179**	–
Loss on derecognition of an associate		**(61,365)**	–
Net fair value loss on financial instruments at fair value through profit or loss		**(58,437)**	(6,989)
Provisions for impairment losses:			
Associates		**(36,771)**	(419)
Available-for-sale financial assets		**(23,161)**	–
Properties under development		**–**	(27,071)
Finance costs	9	**(90,179)**	(49,651)
Share of results of associates		**6,956**	25,041
Share of results of jointly controlled entities		**177**	1,597
Profit before tax	6	**451,018**	376,058
Income tax	10	**(149,443)**	(54,011)
Profit for the period/year		**301,575**	322,047
Attributable to:			
Equity holders of the Company	11	**293,364**	316,735
Non-controlling interests		**8,211**	5,312
		301,575	322,047
		HK cents	HK cents (Restated)
Earnings per share attributable to equity holders of the Company	12		
Basic		**3.19**	3.45
Diluted		**3.19**	3.45

Details of the dividends payable and proposed for the period/year are disclosed in Note 13 to the financial statements.

Consolidated Statement of Comprehensive Income

For the fifteen months ended 31st March, 2013

	Note	**Period ended 31st March, 2013 HK$'000**	Year ended 31st December, 2011 HK$'000 (Restated)
Profit for the period/year		**301,575**	322,047
Other comprehensive income/(loss)			
Available-for-sale financial assets:			
Changes in fair value		**81,893**	(80,857)
Reclassification adjustment for disposal		**(16,525)**	–
Reclassification adjustment relating to disposal of a subsidiary	32	**(78,020)**	–
		(12,652)	(80,857)
Share of other comprehensive loss of associates		**(3,514)**	(5,841)
Exchange differences on translation of foreign operations		**39,589**	105,321
Reclassification adjustment relating to derecognition of a foreign associate		**61,365**	–
Other comprehensive income for the period/year, net of tax		**84,788**	18,623
Total comprehensive income for the period/year		**386,363**	340,670
Attributable to:			
Equity holders of the Company		**366,767**	338,670
Non-controlling interests		**19,596**	2,000
		386,363	340,670

Consolidated Statement of Financial Position

As at 31st March, 2013

	Note	31st March, 2013 HK$'000	31st December, 2011 HK$'000 (Restated)	1st January, 2011 HK$'000 (Restated)
Non-current assets				
Fixed assets	14	**116,627**	114,364	116,496
Investment properties	15	**4,599,855**	4,599,721	4,215,948
Interests in associates	16	**859,315**	763,032	762,349
Interests in jointly controlled entities	17	**4,899**	8,783	7,276
Available-for-sale financial assets	18	**236,628**	360,412	400,926
Loans and advances	19	**–**	–	5,100
Other financial asset	20	**17,639**	–	–
		5,834,963	5,846,312	5,508,095
Current assets				
Properties held for sale		**13,248**	68,557	13,121
Properties under development	21	**314,274**	–	75,459
Deposits paid for properties under development		**–**	192,624	119,720
Loans and advances	19	**–**	5,100	15,698
Debtors, prepayments and deposits	22	**85,873**	42,178	258,270
Financial assets at fair value through profit or loss	23	**290,519**	106,417	77,991
Other financial asset	20	**7,275**	18,625	23,198
Restricted cash	24	**32,989**	–	–
Cash and bank balances		**1,202,355**	558,233	460,068
		1,946,533	991,734	1,043,525
Current liabilities				
Bank loans	24	**80,668**	126,340	109,008
Other payables, accruals and deposits received	25	**188,004**	220,217	187,272
Other financial liabilities	20	**35,713**	–	–
Tax payable		**46,213**	52,147	53,612
		350,598	398,704	349,892
Net current assets		**1,595,935**	593,030	693,633
Total assets less current liabilities		**7,430,898**	6,439,342	6,201,728

	Note	31st March, 2013 HK$'000	31st December, 2011 HK$'000 (Restated)	1st January, 2011 HK$'000 (Restated)
Non-current liabilities				
Bank loans	24	**1,920,772**	1,269,956	1,254,737
Other financial liabilities	20	**32,440**	–	–
Deferred tax liabilities	26	**661,732**	527,968	456,555
		2,614,944	1,797,924	1,711,292
Net assets		**4,815,954**	4,641,418	4,490,436
Equity				
Equity attributable to equity holders of the Company				
Issued capital	27	**918,691**	919,125	919,125
Reserves	29	**3,835,629**	3,680,290	3,397,274
		4,754,320	4,599,415	4,316,399
Non-controlling interests		**61,634**	42,003	174,037
		4,815,954	4,641,418	4,490,436

John Luen Wai Lee
Director

Stephen Riady
Director

Consolidated Statement of Changes in Equity

For the fifteen months ended 31st March, 2013

	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
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	–	–	–	–	–	–	–	293,364	293,364	8,211	301,575
Other comprehensive income/(loss) for the period:											
Available-for-sale financial assets:											
Changes in fair value	–	–	–	–	81,893	–	–	–	81,893	–	81,893
Reclassification adjustment for disposal	–	–	–	–	(16,525)	–	–	–	(16,525)	–	(16,525)
Reclassification adjustment relating to disposal of a subsidiary	–	–	–	–	(78,020)	–	–	–	(78,020)	–	(78,020)
Share of other comprehensive loss of associates	–	–	–	–	–	–	(2,809)	–	(2,809)	(705)	(3,514)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	27,499	–	27,499	12,090	39,589
Reclassification adjustment relating to derecognition of a foreign associate	–	–	–	–	–	–	61,365	–	61,365	–	61,365
Total comprehensive income/(loss) for the period	–	–	–	–	(12,652)	–	86,055	293,364	366,767	19,596	386,363
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	–	–	–
Transfer of other asset revaluation reserve upon disposal of properties	–	–	–	–	–	(13,862)	–	13,862	–	–	–
Share of equity movements arising on equity transactions of associates	–	–	194	–	–	–	–	138	332	35	367
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 March, 2013	918,691	785,568	1,647	1,648	118,534	27,039	436,970	2,464,223	4,754,320	61,634	4,815,954

	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
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 year (restated)	–	–	–	–	–	–	–	316,735	316,735	5,312	322,047
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	316,735	338,670	2,000	340,670
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 (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

Consolidated Statement of Cash Flows

For the fifteen months ended 31st March, 2013

	Note	Period ended 31st March, 2013 HK$'000	Year ended, 31st December, 2011 HK$'000 (Restated)
Cash flows from operating activities			
Cash used in operations	31	**(284,057)**	(10,412)
Interest received		**5,888**	3,351
Dividends received from:			
An associate		**11,522**	11,483
Listed investments		**1,557**	2,034
Unlisted investments		**–**	358
Taxes paid:			
Hong Kong		**(1,842)**	(3,454)
Overseas		**(23,513)**	(12,849)
Net cash flows used in operating activities		**(290,445)**	(9,489)
Cash flows from investing activities			
Proceeds from disposals of:			
Fixed assets		**97**	4,649
Investment properties		**617,816**	152,842
Available-for-sale financial assets		**36,605**	–
Payments to acquire:			
Fixed assets		**(7,954)**	(2,122)
Available-for-sale financial assets		**(92,030)**	(40,343)
Additions to investment properties		**–**	(19,086)
Increase in interests in associates		**(49,816)**	–
Advance to associates		**(17,094)**	(419)
Advance to a jointly controlled entity		**–**	(16)
Decrease in interests in a jointly controlled entity		**2,400**	–
Deferred consideration received		**–**	209,000
Deposits received		**–**	20,300
Disposal of subsidiaries, net of cash and cash equivalents disposed of	32	**173,976**	100
Net cash flows from investing activities		**664,000**	324,905

	Period ended 31st March, 2013 HK$'000	Year ended, 31st December, 2011 HK$'000 (Restated)
Cash flows from financing activities		
Interest paid	**(110,411)**	(47,066)
Drawdown of bank loans	**1,128,842**	1,000,000
Repayment of bank loans	**(504,487)**	(985,211)
Repurchases of shares	**(1,204)**	–
Issuance of shares upon exercise of share options	**389**	–
Payment relating to change in non-controlling interests	**–**	(125,403)
Dividends paid to shareholders of the Company	**(211,379)**	(64,339)
Dividends paid to non-controlling shareholders of a subsidiary	**–**	(2,634)
Increase in restricted cash	**(32,989)**	–
Net cash flows from/(used in) financing activities	**268,761**	(224,653)
Net increase in cash and cash equivalents	**642,316**	90,763
Cash and cash equivalents at beginning of period/year	**558,233**	460,068
Exchange realignments	**1,806**	7,402
Cash and cash equivalents at end of period/year	**1,202,355**	558,233
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**1,202,355**	558,233

Statement of Financial Position

As at 31st March, 2013

	Note	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Non-current assets			
Fixed assets	14	**1,126**	1,743
Interests in subsidiaries	30	**2,449,849**	3,122,061
Interests in an associate	16	**1**	1
Interests in a jointly controlled entity	17	**–**	4,900
Available-for-sale financial assets	18	**7,298**	7,298
		2,458,274	3,136,003
Current assets			
Debtors, prepayments and deposits	22	**4,588**	7,520
Cash and bank balances		**921,276**	331,424
		925,864	338,944
Current liabilities			
Bank loans	24	**72,000**	77,000
Other payables, accruals and deposits received	25	**31,491**	30,180
Tax payable		**297**	297
		103,788	107,477
Net current assets		**822,076**	231,467
Total assets less current liabilities		**3,280,350**	3,367,470
Non-current liabilities			
Bank loans	24	**832,000**	969,000
Net assets		**2,448,350**	2,398,470
Equity			
Issued capital	27	**918,691**	919,125
Reserves	29	**1,529,659**	1,479,345
		2,448,350	2,398,470

John Luen Wai Lee
Director

Stephen Riady
Director

Notes to the Financial Statements

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 entity are principally engaged in investment holding, property investment, property development, food business, property management, mineral exploration, extraction and processing, securities investment, treasury investment and money lending.

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, the ultimate holding company of the Company is Lippo Capital Limited ("Lippo Capital") which is incorporated in the Cayman Islands.

2.1 BASIS OF PREPARATION

Change of financial year end date

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, the current financial period covers a fifteen-month period from 1st January, 2012 to 31st March, 2013 (the "period ended 31st March, 2013"). The comparative figures cover a twelve-month period from 1st January, 2011 to 31st December, 2011 (the "year ended 31st December, 2011"), which may not be comparable with amounts shown for the current period.

Statement of compliance

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the period from 1st January, 2012 to 31st March, 2013. 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.

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it 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 revised HKFRSs for the first time for the current period's 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*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the above revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and 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.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES *(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 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:

	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Consolidated income statement		
Decrease/(Increase) in income tax expense and increase/(decrease) in profit for the period/year	**(76,777)**	28,278
Increase/(Decrease) in basic earnings per share (HK cents)	**(0.84)**	0.31
Increase/(Decrease) in diluted earnings per share (HK cents)	**(0.84)**	0.31

	31st March, 2013 HK$'000	31st December, 2011 HK$'000	1st January, 2011 HK$'000
Consolidated statement of financial position			
Decrease in deferred tax liabilities	**170,655**	247,432	219,154
Increase in net assets and equity	**170,655**	247,432	219,154

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 consolidated 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 consolidated income statement and the net assets of the Group.

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 — Government Loans* [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities* [2]
HKFRS 9	*Financial Instruments* [4]
HKFRS 9 and HKFRS 7 Amendments	Amendments to HKFRS 9 and HKFRS 7 *— Mandatory Effective Date of HKFRS 9 and Transition Disclosure* [4]
HKFRS 10	*Consolidated Financial Statements* [2]
HKFRS 11	*Joint Arrangements* [2]
HKFRS 12	*Disclosure of Interests in Other Entities* [2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *— Transition Guidance* [2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) *— Investment Entities* [2]
HKFRS 13	*Fair Value Measurement* [2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income* [1]
HKAS 19 (2011)	*Employee Benefits* [2]
HKAS 27 (2011)	*Separate Financial Statements* [2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities* [3]
Amendments to HKAS 36	*Recoverable amount disclosures for non-financial assets* [2]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine* [2]
HK(IFRIC)-Int 21	*Levies* [2]
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012 [2]

1 Effective for annual periods beginning on or after 1st July, 2012
2 Effective for annual periods beginning on or after 1st January, 2013
3 Effective for annual periods beginning on or after 1st January, 2014
4 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 HKFRSs that are expected to significantly affect the Group is as follows:

The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. The Group expects to adopt the amendments from 1st April, 2013.

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 April, 2015. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

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 addresses the issues raised in HK(SIC)-Int 12.

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

Based on the preliminary analyses performed, HKFRS 10 may affect the accounting for the Group's interests in Auric Pacific Group Limited ("Auric") and Asia Now Resources Corp. ("Asia Now").

Auric is a company listed on the Singapore Exchange Securities Trading Limited. The Group's interest in Auric was reduced from 51.2 per cent. to 49.3 per cent. in February 2006, and Auric has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the absolute size of the Group's holding of voting rights and the relative size and dispersion of holdings of other shareholders, the Group has determined that its equity interest held would be sufficient to maintain the control in Auric under HKFRS 10. Upon the adoption of HKFRS 10 on 1st April, 2013, Auric will be treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective, and retrospective adjustments will be made to the relevant previous accounting periods. The assets and liabilities, and income and expenses of Auric will be presented as separate line items in the consolidated statement of financial position and in the consolidated statement of comprehensive income respectively, rather than being presented as one line item in the Group's consolidated financial statements.

Asia Now is a company listed on the TSX Venture Exchange of Canada. The Group has held approximately 49.9 per cent. in its issued share capital since November 2010, and Asia Now has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the absolute size of the Group's holding of voting rights and the relative size and dispersion of holdings of other shareholders, the Group has determined that its equity interest held would be sufficient to give it control over Asia Now since November 2010 under HKFRS 10. Upon the adoption of HKFRS 10 on 1st April, 2013, Asia Now will be treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective, and retrospective adjustments will be made to the relevant previous accounting periods. The assets and liabilities, and income and expenses of Asia Now will be presented as separate line items in the consolidated statement of financial position and in the consolidated statement of comprehensive income respectively, rather than being presented as one line item in the Group's consolidated financial statements.

The Group is in the process of conducting a detailed review to determine and quantify the overall impact on the application of HKFRS 10 to the financial statements of the Group.

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 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.

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

In July 2012, the HKICPA issued amendments to HKFRS 10, HKFRS 11 and HKFRS 12 which clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before HKFRS 12 is first applied.

The amendments to HKFRS 10 issued in December 2012 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

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, HKAS 27 (2011), HKAS 28 (2011), and the subsequent amendments to these standards issued in July and December 2012 from 1st April, 2013.

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 April, 2013.

The HKAS 1 Amendments 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, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance. The Group expects to adopt the amendments from 1st April, 2013.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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.

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-related costs are expensed as incurred.

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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. 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 (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or 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 has been allocated to a cash-generating unit (or 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 the disposal. Goodwill disposed in these circumstances is measured based on the relative value of the disposed operation 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 and 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 an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the 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 including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the 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 properties under development or 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 classified as current assets and stated at the lower of cost and net realisable value. Properties being constructed or developed as investment properties are classified as investment properties and accounted for in accordance with the policy stated under "Investment properties". Other properties under development are stated at cost less any impairment losses. Costs comprise the cost of land, development expenditure, other attributable costs and borrowing costs capitalised. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(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.

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net 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, in rare circumstances, 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 them. 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, as these instruments cannot be reclassified after initial recognition.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Subsequent measurement (continued)

Available-for-sale financial assets (continued)

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

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. 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.

(k) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Financial assets carried at amortised cost (continued)

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

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

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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, net of directly attributable transaction costs.

The Group's financial liabilities include other payables, accruals and deposits received, bank loans and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Financial liabilities *(continued)*

Subsequent measurement (continued)

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.

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.

(n) 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.

(o) Offsetting of financial instruments

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

(p) 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows). Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond twelve months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

(r) 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.

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(t) 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) 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.

(v) 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(v) Employee benefits *(continued)*

Share-based payments

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 payments, 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.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) 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.

(x) 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.

(y) 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 and restricted cash approximate to their fair values.

(z) 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 prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences are recognised in 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(z) Foreign currencies *(continued)*

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 prevailing 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.

(aa) 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).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(ab) 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 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 their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

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

Operating lease commitments — Group as lessor

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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.

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

(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.

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. Impairment losses of HK$23,161,000 (year ended 31st December, 2011 — Nil) has been recognised for available-for-sale financial assets for the period. The carrying amount of available-for-sale financial assets as at 31st March, 2013 was HK$236,628,000 (31st December, 2011 — HK$360,412,000).

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; 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.

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 an arm's length basis in a manner similar to transactions with third parties.

4. SEGMENT INFORMATION *(continued)*

Period ended 31st March, 2013

	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
Revenue	280,392	77,713	5,720	8,940	23,337	–	396,102
Segment results	807,359	5,562	5,720	32,791	(29,195)	–	822,237
	(Note)						
Unallocated corporate expenses							(288,173)
Finance costs							(90,179)
Share of results of associates	–	–	–	–	6,956	–	6,956
Share of results of jointly controlled entities	–	205	–	–	(28)	–	177
Profit before tax							451,018
Segment assets	4,783,031	349,670	1,204,081	546,442	6,394	–	6,889,618
Interests in associates	–	–	–	–	859,315	–	859,315
Interests in jointly controlled entities	–	4,899	–	–	–	–	4,899
Unallocated assets							27,664
Total assets							7,781,496
Segment liabilities	523,853	353,146	–	511,458	646,930	(1,868,096)	167,291
Unallocated liabilities							2,798,251
Total liabilities							2,965,542
Other segment information:							
Capital expenditure	6,433	1,248	–	–	149	–	7,830
Depreciation	(1,855)	(611)	–	–	(459)	–	(2,925)
Gain on disposal of:							
Investment properties	68,282	–	–	–	–	–	68,282
Subsidiaries	–	–	–	68,891	600	–	69,491
Available-for-sale financial assets	–	–	–	21,179	–	–	21,179
Provisions for impairment losses:							
Associates	–	–	–	–	(36,771)	–	(36,771)
Available-for-sale financial assets	–	–	–	(23,161)	–	–	(23,161)
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(43,056)	–	–	(43,056)
Fair value gains on investment properties	534,077	–	–	–	–	–	534,077
Unallocated:							
Capital expenditure							124
Depreciation							(2,593)
Net fair value loss on financial instruments at fair value through profit or loss							(15,381)

Note: The amount included fair value gains on investment properties of HK$534,077,000 (year ended 31st December, 2011 — HK$384,316,000).

4. SEGMENT INFORMATION *(continued)*

Year ended 31st December, 2011 (restated)

	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
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
	(Note)						
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
Segment assets	4,740,043	288,938	521,400	488,718	11,481	–	6,050,580
Interests in associates	–	–	–	–	763,032	–	763,032
Interests in jointly controlled entities	–	4,488	–	–	4,295	–	8,783
Unallocated assets							15,651
Total assets							6,838,046
Segment liabilities	1,869,052	61,902	–	232,561	285,487	(2,304,054)	144,948
Unallocated liabilities							2,051,680
Total liabilities							2,196,628
Other segment information:							
Capital expenditure	49	934	–	–	582	–	1,565
Depreciation	(1,485)	(136)	–	–	(390)	–	(2,011)
Loss on disposal of subsidiaries	–	–	–	–	(15,776)	–	(15,776)
Provisions for impairment losses:							
Associates	–	–	–	–	(419)	–	(419)
A jointly controlled entity	–	–	–	–	(16)	–	(16)
Properties under development	–	(27,071)	–	–	–	–	(27,071)
Net fair value loss on financial instruments at fair value through profit or loss	–	–	–	(6,989)	–	–	(6,989)
Fair value gains on investment properties	384,316	–	–	–	–	–	384,316
Unallocated:							
Capital expenditure							557
Depreciation							(2,025)

4. SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Hong Kong	**87,887**	66,759
Mainland China	**228,914**	174,142
Republic of Singapore	**77,771**	492
Other	**1,530**	2,979
	396,102	244,372

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

(b) Non-current assets

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000 (Restated)
Hong Kong	**1,254,371**	1,721,110
Mainland China	**3,532,074**	3,097,441
Republic of Singapore	**724,590**	667,296
Other	**69,661**	53
	5,580,696	5,485,900

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

Information about a major customer

Revenue of approximately HK$77,713,000 was derived from sale by the property development segment to a single customer. No revenue from a single customer accounted for 10 per cent. or more of the total revenue for the year ended 31st December, 2011.

5. 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:

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Property investment	**280,392**	221,521
Property development	**77,713**	–
Treasury investment	**5,720**	3,096
Securities investment	**8,940**	2,392
Other	**23,337**	17,363
	396,102	244,372

6. PROFIT BEFORE TAX

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

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Gross rental income *(Note (a))*	**280,392**	221,521
Less: Outgoings	**(26,956)**	(18,915)
Net rental income	**253,436**	202,606
Employee benefit expense *(Note (b))*:		
Wages and salaries	**(110,028)**	(69,691)
Retirement benefits costs *(Note (c))*	**(2,668)**	(1,517)
Total staff costs	**(112,696)**	(71,208)
Interest income:		
Loans and advances	**354**	178
Other	**5,720**	3,096
Dividend income:		
Listed investments	**1,782**	2,034
Unlisted investments	**–**	358
Gain on disposal of:		
Listed financial assets at fair value through profit or loss	**6,813**	–
Unlisted financial assets at fair value through profit or loss	**345**	–
Listed available-for-sale financial assets	**19,879**	–
Unlisted available-for-sale financial assets	**1,300**	–
Net fair value gain/(loss) on:		
Listed financial assets at fair value through profit or loss	**(23,118)**	1,606
Unlisted financial assets at fair value through profit or loss	**–**	(4,022)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**(8,589)**	–
Derivative financial instruments	**(26,730)**	(4,573)
Provision for impairment losses on unlisted available-for-sale financial assets	**(23,161)**	–
Gain/(Loss) on disposal of fixed assets:		
Leasehold land and buildings	**–**	1,394
Other items of fixed assets	**(96)**	(201)
Gain on disposal of properties held for sale	**15,798**	–
Depreciation	**(5,518)**	(4,036)
Foreign exchange gains/(losses) — net	**(7,865)**	1,838
Auditors' remuneration	**(2,519)**	(2,076)
Minimum lease payments under operating lease rentals in respect of land and buildings	**(7,159)**	(6,524)

Note:

(a) The amounts include contingent rents under operating leases of HK$12,931,000 (year ended 31st December, 2011 — HK$12,953,000).

(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 period/year end.

7. DIRECTORS' EMOLUMENTS

Directors' emoluments for the period/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	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Directors' fees	**1,089**	906
Basic salaries, housing and other allowances and benefits in kind	**4,493**	7,065
Discretionary bonuses paid and payable	**11,500**	11,000
Retirement benefits costs	**33**	12
	17,115	18,983

The emoluments paid to each of the directors during the period ended 31st March, 2013 are as follows:

Period ended 31st March, 2013	**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:					
Stephen Riady	**–**	**3,113**	**9,000**	**15**	**12,128**
John Luen Wai Lee	**–**	**1,380**	**2,500**	**18**	**3,898**
	–	**4,493**	**11,500**	**33**	**16,026**
Non-executive director:					
Leon Nim Leung Chan	**265**	**–**	**–**	**–**	**265**
Independent non-executive directors:					
Edwin Neo	**263**	**–**	**–**	**–**	**263**
King Fai Tsui	**273**	**–**	**–**	**–**	**273**
Victor Ha Kuk Yung	**288**	**–**	**–**	**–**	**288**
	824	**–**	**–**	**–**	**824**
	1,089	**4,493**	**11,500**	**33**	**17,115**

7. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid to each of the directors during the year ended 31st December, 2011 are as follows:

Year ended 31st December, 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

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

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

8. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the period included two Directors (year ended 31st December, 2011 — two Directors), details of whose emoluments are set out in Note 7 to the financial statements. Details of the emoluments of the remaining three (year ended 31st December, 2011 — three) non-director, highest paid employees for the period/year are as follows:

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Basic salaries, housing and other allowances and benefits in kind	**6,534**	5,340
Discretionary bonuses paid and payable	**37,000**	11,729
Retirement benefits costs	**18**	12
	43,552	17,081

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

	Group	
Emoluments bands (HK$):	**Period ended 31st March, 2013 Number of employees**	Year ended 31st December, 2011 Number of employees
3,500,001 – 4,000,000	**–**	1
4,000,001 – 4,500,000	**2**	–
4,500,001 – 5,000,000	**–**	1
8,000,001 – 8,500,000	**–**	1
35,000,001 – 35,500,000	**1**	–
	3	3

9. FINANCE COSTS

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Interest on bank loans wholly repayable within five years	**90,179**	26,238
Interest on other loans	**–**	23,413
	90,179	49,651

10. INCOME TAX

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000 (Restated)
Hong Kong:		
Charge for the period/year	**5,868**	3,856
Overprovision in prior years	**(3,635)**	(5,056)
Deferred *(Note 26)*	**2,006**	363
	4,239	(837)
Overseas:		
Charge for the period/year	**17,157**	14,879
Overprovision in prior years	**(69)**	–
Deferred *(Note 26)*	**128,116**	39,969
	145,204	54,848
Total charge for the period/year	**149,443**	54,011

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (year ended 31st December, 2011 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period/year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

10. INCOME TAX *(continued)*

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

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000 (Restated)
Profit before tax	**451,018**	376,058
Tax at the statutory tax rate of 16.5 per cent. (year ended 31st December, 2011 — 16.5 per cent.)	**74,418**	62,050
Effect of different tax rates in other jurisdictions	**39,615**	24,421
Adjustments in respect of current tax of previous years	**(3,704)**	(5,056)
Profits and losses attributable to jointly controlled entities and associates	**(1,177)**	(4,395)
Income not subject to tax	**(39,338)**	(44,533)
Expenses not deductible for tax	**57,790**	14,021
Effect of withholding tax of 10 per cent. on the distributable profits of the Group's subsidiary in mainland China	**–**	(1,317)
Tax losses utilised from previous years	**(622)**	(510)
Tax losses not recognised	**22,461**	9,330
Tax charge at the Group's effective rate	**149,443**	54,011

For the companies operated in the Republic of Singapore and mainland China, corporate taxes have been calculated on the estimated assessable profits for the period at the rates of 17 per cent. and 25 per cent. (year ended 31st December, 2011 — 17 per cent. and 25 per cent.), respectively.

The share of tax credit attributable to associates amounting to HK$35,985,000 (year ended 31st December, 2011 — charge of HK$7,624,000) and the share of tax credit attributable to a jointly controlled entity of HK$232,000 (year ended 31st December, 2011 — charge of HK$199,000) 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. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company for period includes a profit of HK$262,074,000 (year ended 31st December, 2011 — HK$38,178,000) which has been dealt with in the financial statements of the Company as set out in Note 29 to the financial statements.

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

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the period/year attributable to equity holders of the Company; and (ii) the weighted average number of 9,188,660,000 ordinary shares (year ended 31st December, 2011 — 9,191,253,000 ordinary shares) in issue during the period/year.

(b) Diluted earnings per share

Diluted earnings per share is calculated based on (i) the consolidated profit for the period/year attributable to equity holders of the Company; and (ii) the weighted average number of 9,189,080,000 ordinary shares (year ended 31st December, 2011 — 9,192,983,000 ordinary shares), as follows:

	Number of shares	
	Period ended 31st March, 2013	Year ended 31st December, 2011
Weighted average number of ordinary shares in issue during the period/year used in the basic earnings per share calculation	**9,188,660,000**	9,191,253,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**420,000**	1,730,000
	9,189,080,000	9,192,983,000

13. DIVIDENDS

	Group and Company	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Interim dividend, declared, of HK0.3 cent (year ended 31st December, 2011 — HK0.2 cent) per ordinary share	**27,554**	18,383
Final dividend, proposed, of HK0.75 cent (year ended 31st December, 2011 — HK0.5 cent) per ordinary share	**68,902**	45,956
2011 special final dividend, proposed, of HK1.5 cent per ordinary share	**–**	137,869
	96,456	202,208

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

14. FIXED ASSETS

Group

Period ended 31st March, 2013	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, 2012	330,061	31,762	37,418	12,410	411,651
Additions during the period	29	5,696	1,338	891	7,954
Disposals during the period	–	–	(10,713)	(947)	(11,660)
Exchange adjustments	17	2	18	63	100
At 31st March, 2013	330,107	37,460	28,061	12,417	408,045
Accumulated depreciation and impairment losses:					
At 1st January, 2012	220,694	31,297	35,671	9,625	297,287
Depreciation provided for the period	3,491	225	965	837	5,518
Disposals during the period	–	–	(10,538)	(929)	(11,467)
Exchange adjustments	14	1	17	48	80
At 31st March, 2013	224,199	31,523	26,115	9,581	291,418
Net book value:					
At 31st March, 2013	105,908	5,937	1,946	2,836	116,627

14. FIXED ASSETS *(continued)*

Group

Year ended 31st December, 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

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	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Long term leasehold land and buildings situated in Hong Kong	**104,488**	107,735
Medium term leasehold land and buildings situated outside Hong Kong	**1,420**	1,632
	105,908	109,367

14. FIXED ASSETS *(continued)*

Company

Period ended 31st March, 2013	Leasehold improvements HK$'000	Furniture, fixtures, plant and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1st January, 2012	2,289	6,375	5,917	14,581
Additions during the period	–	122	–	122
Disposals during the period	–	(1,447)	–	(1,447)
At 31st March, 2013	**2,289**	**5,050**	**5,917**	**13,256**
Accumulated depreciation:				
At 1st January, 2012	2,271	5,608	4,959	12,838
Depreciation provided for the period	11	299	423	733
Disposals during the period	–	(1,441)	–	(1,441)
At 31st March, 2013	**2,282**	**4,466**	**5,382**	**12,130**
Net book value:				
At 31st March, 2013	**7**	**584**	**535**	**1,126**

Year ended 31st December, 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

15. INVESTMENT PROPERTIES

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Long term leasehold land and buildings situated in Hong Kong:		
Balance at beginning of period/year	**1,607,250**	1,436,400
Disposals during the period/year	**(549,534)**	(51,500)
Fair value adjustments	**82,384**	222,350
Balance at end of period/year	**1,140,100**	1,607,250
Medium term leasehold land and buildings situated outside Hong Kong:		
Balance at beginning of period/year	**2,992,471**	2,779,548
Additions during the period/year	**–**	19,086
Reclassified to fixed assets	**–**	(3,123)
Disposals during the period/year	**–**	(102,126)
Fair value adjustments	**451,693**	161,966
Exchange adjustments	**15,591**	137,120
Balance at end of period/year	**3,459,755**	2,992,471
	4,599,855	4,599,721

Based on professional valuations as at 31st March, 2013 made by Vigers Appraisal and Consulting Limited, an independent qualified valuer, the investment properties in Hong Kong were revalued on an open market, existing use basis at HK$1,140,100,000 (31st December, 2011 — HK$1,607,250,000).

Based on professional valuations as at 31st March, 2013 made by Colliers International (Hong Kong) Ltd and RHL Appraisal Ltd, independent qualified valuers, the investment properties situated outside Hong Kong were revalued on an open market, existing use basis at HK$3,459,755,000 (31st December, 2011 — HK$2,992,471,000).

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.

16. INTERESTS IN ASSOCIATES

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Share of net assets in listed investments	**775,659**	752,504
Share of net assets in unlisted investments	**67,386**	4,649
Goodwill	**75,973**	45,905
Due from associates	**60,852**	92,917
	979,870	895,975
Provisions for impairment losses	**(120,555)**	(132,943)
	859,315	763,032
Market value of listed investments	**552,438**	330,265

The balances with the associates include a loan of HK$15,526,000 (31st December, 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 repayment. In the opinion of the Directors, such balances are considered as quasi-equity investments in the associates.

During the period, the Directors reviewed the carrying amount of the associates with reference to their business performances prepared by the investees' management. Impairment loss of HK$36,771,000 (year ended 31st December, 2011 — Nil) has been charged to the consolidated income statement for the period.

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

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Assets	**2,620,511**	7,080,070
Liabilities	**(851,080)**	(5,344,994)

16. INTERESTS IN ASSOCIATES *(continued)*

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Revenues	**3,088,509**	2,484,586
Profit/(Loss)	**4,391**	(145,070)

	Company	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Unlisted shares, at cost	**1**	1

Details of the principal associates are set out on pages 134 and 135.

17. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Share of net assets in unlisted investments	**4,899**	8,783

17. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

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

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Share of the jointly controlled entities' assets and liabilities:		
Current assets	**14,290**	18,318
Non-current assets	**–**	623
Current liabilities	**(9,391)**	(10,158)
Net assets	**4,899**	8,783

	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Share of the jointly controlled entities' results:		
Revenue	**205**	1,840
Total expenses	**(28)**	(243)
Profit after tax	**177**	1,597

	Company	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Unlisted shares, at cost	**–**	4,900

Details of the principal jointly controlled entity are set out on page 136.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000	**31st March, 2013 HK$'000**	31st December, 2011 HK$'000
Financial assets stated at fair value:				
Equity securities listed overseas	**155,897**	300,925	**–**	–
Unlisted investment funds	**4,584**	38,007	**–**	–
	160,481	338,932	**–**	–
Financial assets stated at cost:				
Unlisted equity securities	**111,271**	34,218	**–**	–
Unlisted debt securities	**7,298**	7,298	**7,298**	7,298
Unlisted investment funds	**16,236**	15,461	**–**	–
	134,805	56,977	**7,298**	7,298
Provisions for impairment losses	**(58,658)**	(35,497)	**–**	–
	76,147	21,480	**7,298**	7,298
	236,628	360,412	**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	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000	**31st March, 2013 HK$'000**	31st December, 2011 HK$'000
Equity securities:				
Corporate entities	**267,168**	335,143	**–**	–
Debt securities:				
Club debentures	**7,298**	7,298	**7,298**	7,298

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

During the period, the gross gain in respect of the Group's available-for-sale financial assets recognised in consolidated other comprehensive income amounted to HK$81,893,000 (year ended 31st December, 2011 — loss of HK$80,857,000), of which HK$16,525,000 (year ended 31st December, 2011 — Nil) was reclassified from consolidated other comprehensive income to the consolidated income statement for the period/year upon disposal.

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

Apart from the above, certain 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 period, the Directors reviewed the carrying amount of available-for-sale financial assets with reference to their business performances prepared by the investees' management. Impairment loss of HK$23,161,000 (year ended 31st December, 2011 — Nil) has been charged to the consolidated income statement for the period/year.

19. LOANS AND ADVANCES

At 31st December, 2011, the loans and advances to customers of the Group carried an effective interest rate at 3 per cent. per annum. The carrying amounts of loans and advances approximate to their fair values.

20. OTHER FINANCIAL ASSETS/LIABILITIES

	Group			
	31st March, 2013		31st December, 2011	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Non-current portion				
Derivative financial instruments				
Forward currency contracts	**17,639**	**31,430**	–	–
Interest rate swap	**–**	**1,010**	–	–
	17,639	**32,440**	–	–
Current portion				
Derivative financial instruments				
Call option	**7,275**	**–**	18,625	–
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**–**	**35,713**	–	–
	7,275	**35,713**	18,625	–
	24,914	**68,153**	18,625	–

20. OTHER FINANCIAL ASSETS/LIABILITIES *(continued)*

The notional amount of the outstanding forward currency contract under other financial assets as at 31st March, 2013 was HK$776,000,000 (31st December, 2011 — Nil). The notional amount of the outstanding forward currency contract under other financial liabilities as at 31st March, 2013 was HK$776,000,000 (31st December, 2011 — Nil). The notional amount of the outstanding interest rate swap contract under other financial liabilities as at 31st March, 2013 was HK$776,000,000 (31st December, 2011 — Nil).

The carrying amounts of other financial assets and liabilities approximate to their fair values. The fair value of interest rate swap contract is the estimated amount that the Group would receive or pay to terminate the swap agreement at the end of the reporting period, taking into account the current market conditions and the current creditworthiness of the swap counterparties. The fair value of the forward currency contracts is determined by reference to the present value of expected future cash flows related to the difference between the contract rates and the market forward rates at the end of the reporting period.

21. PROPERTIES UNDER DEVELOPMENT

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of period/year	**136,918**	180,540
Additions during the period/year	**–**	6,469
Reclassified from deposits paid for properties under development	**314,274**	–
Reclassified to properties held for sale	**–**	(55,480)
Exchange adjustments	**531**	5,389
Balance at end of period/year	**451,723**	136,918
Provisions for impairment losses:		
Balance at beginning of period/year	**(136,918)**	(105,081)
Impairment during the period/year	**–**	(27,071)
Exchange adjustments	**(531)**	(4,766)
Balance at end of period/year	**(137,449)**	(136,918)
	314,274	–
Land and buildings situated outside Hong Kong held under the following lease terms:		
Long term lease	**108,527**	–
Medium term lease	**205,747**	–
	314,274	–

22. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Outstanding balances with ages:		
Within 30 days	**3,479**	2,306
Between 31 and 60 days	**38**	513
Between 61 and 90 days	**12**	14
Between 91 and 180 days	**12**	–
	3,541	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 relate to an investment project. Movement in the allowance for bad and doubtful debts during the period/year is as follows:

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Balance at beginning of period/year	**26,645**	26,645
Amount written-off as uncollectible	**(8,579)**	–
Balance at end of period/year	**18,066**	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 is 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.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Held for trading:		
Equity securities listed in Hong Kong	**125,884**	–
Equity securities listed overseas	**164,635**	32,879
Unlisted investment funds	**–**	73,538
	290,519	106,417

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

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Equity securities:		
Corporate entities	**290,519**	32,879

24. BANK LOANS

	Group		Company	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000	**31st March, 2013 HK$'000**	31st December, 2011 HK$'000
Secured bank loans *(Note)*	**2,001,440**	1,396,296	**904,000**	1,046,000
Less: Amount classified under current portion	**(80,668)**	(126,340)	**(72,000)**	(77,000)
Non-current portion	**1,920,772**	1,269,956	**832,000**	969,000
Bank loans by currency:				
Hong Kong dollar	**1,660,521**	1,046,000	**904,000**	1,046,000
Renminbi	**340,919**	350,296	**–**	–
	2,001,440	1,396,296	**904,000**	1,046,000
Bank loans repayable:				
Within one year	**80,668**	126,340	**72,000**	77,000
In the second year	**840,668**	121,340	**832,000**	72,000
In the third to fifth years, inclusive	**1,080,104**	1,045,020	**–**	897,000
After five years	**–**	103,596	**–**	–
	2,001,440	1,396,296	**904,000**	1,046,000

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$4,004,242,000 (31st December, 2011 — HK$4,028,611,000) and HK$104,488,000 (31st December, 2011 — HK$107,735,000), respectively; and

(ii) certain bank deposits of the Group with a carrying amount of HK$32,989,000 (31st December, 2011 — Nil).

The Group's and the Company's bank loans bear interest at floating rates ranging from 2.4 per cent. to 8.0 per cent. (31st December, 2011 — 1.8 per cent. to 6.4 per cent.) per annum. The carrying amounts of the 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 period/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
Period ended 31st March, 2013					
At 1st January, 2012					
As previously reported	**8,233**	**778,296**	**(11,129)**	**–**	**775,400**
Prior year adjustments *(Note 2.2)*	**–**	**(255,960)**	**8,528**	**–**	**(247,432)**
As restated	**8,233**	**522,336**	**(2,601)**	**–**	**527,968**
Deferred tax charged/(credited) to the income statement during the period *(Note 10)*	**2,246**	**128,116**	**(240)**	**–**	**130,122**
Exchange adjustments	**–**	**3,642**	**–**	**–**	**3,642**
At 31st March, 2013	**10,479**	**654,094**	**(2,841)**	**–**	**661,732**
Year ended 31st December, 2011					
At 1st January, 2011					
As previously reported	7,611	677,702	(10,888)	1,284	675,709
Prior year adjustments *(Note 2.2)*	–	(227,700)	8,546	–	(219,154)
As restated	7,611	450,002	(2,342)	1,284	456,555
Deferred tax charged/(credited) to the income statement during the year (restated) *(Note 10)*	622	41,286	(259)	(1,317)	40,332
Exchange adjustments	–	31,048	–	33	31,081
At 31st December, 2011	8,233	522,336	(2,601)	–	527,968

26. DEFERRED TAX *(continued)*

The Group has tax losses of HK$624,181,000 (31st December, 2011 — HK$500,234,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, except tax losses of HK$18,501,000 (31st December, 2011 — HK$8,359,000) which will expire in one to five years. 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 March, 2013, there were no significant unrecognised deferred tax liabilities (31st December, 2011 — 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			
	Period ended 31st March, 2013		Year ended 31st December, 2011	
	No. of shares of HK$0.10 each	**Share capital HK$'000**	No. of shares of HK$0.10 each	Share capital HK$'000
Authorised:				
At beginning and at end of period/year	**28,000,000,000**	**2,800,000**	28,000,000,000	2,800,000
Issued and fully paid:				
At beginning of period/year	**9,191,252,716**	**919,125**	9,191,252,716	919,125
Shares repurchase	**(6,640,000)**	**(664)**	–	–
Share option exercised	**2,300,000**	**230**	–	–
At end of period/year	**9,186,912,716**	**918,691**	9,191,252,716	919,125

27. 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 (year ended 31st December, 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 consolidated statement of changes in equity on pages 44 and 45. 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 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.

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; (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").

28. SHARE OPTION SCHEME *(continued)*

During the period, details of movements in the Option Shares granted under the Share Option Scheme are summarised as follows:

			Number of Option Shares			
Participants	Date of grant	Exercise price per Share HK$	Balance as at 1st January, 2012	Exercised during the period	Lapsed during the period	Balance as at 31st March, 2013
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 March, 2013 working under employment contracts that are regarded as "continuous contracts" for the purpose of the Employment Ordinance, other than the Directors and chief executive of the Company.

During the period, an option was exercised to subscribe for 2,300,000 Shares at an exercise price of HK$0.169 per Share. The weighted average closing share price of the Shares immediately before the date on which the option was exercised was HK$0.208 per Share (year ended 31st December, 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 Options Shares lapsed during the period.

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

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 917,808,871 Shares, representing approximately 10 per cent. of the existing issued share capital of the Company.

29. RESERVES

Group

The amounts of the Group's reserves and movements therein for the current period and the prior year are presented in the consolidated statement of changes in equity on pages 44 and 45 of the financial statements.

Company

	Share premium account HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
Period ended 31st March, 2013						
At 1st January, 2012	**783,382**	**10,462**	**705**	**984**	**683,812**	**1,479,345**
Loss for the period and total comprehensive loss for the period *(Note 11)*	**–**	**–**	**–**	**–**	**262,074**	**262,074**
Repurchases of shares	**–**	**–**	**–**	**664**	**(1,204)**	**(540)**
Issuance of shares upon exercise of share options	**311**	**(152)**	**–**	**–**	**–**	**159**
Transfer of share option reserve upon expiry of share options	**–**	**(10,310)**	**–**	**-**	**10,310**	**–**
2011 final and special final dividends, declared and paid to shareholders of the Company	**–**	**–**	**–**	**–**	**(183,825)**	**(183,825)**
2012 interim dividend, declared and paid to shareholders of the Company	**–**	**–**	**–**	**–**	**(27,554)**	**(27,554)**
At 31st March, 2013	**783,693**	**–**	**705**	**1,648**	**743,613**	**1,529,659**
Year ended 31st December, 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 11)*	–	–	–	–	38,178	38,178
2010 final dividend, declared and paid to shareholders of the Company	–	–	–	–	(45,956)	(45,956)
2011 interim dividend, 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

29. RESERVES *(continued)*

At 31st March, 2013, the Company's reserves available for distribution, calculated in accordance with Section 79B of the Hong Kong Companies Ordinance, amounted to HK$743,613,000 (31st December, 2011 — HK$683,812,000).

Included in the retained profits of the Group and the Company as at 31st March, 2013 were an amount of final dividend for the period then ended of HK$68,902,000 (year ended 31st December, 2011 — final dividend and special final dividend of HK$45,956,000 and HK$137,869,000, respectively) proposed after the end of the reporting period.

30. INTERESTS IN SUBSIDIARIES

	Company	
	31st March 2013 HK$'000	31st December, 2011 HK$'000
Unlisted shares, at cost	**147,217**	178,383
Due from subsidiaries	**5,334,433**	5,084,041
Due to subsidiaries	**(1,562,779)**	(1,229,054)
	3,918,871	4,033,370
Provisions for impairment losses	**(1,469,022)**	(911,309)
	2,449,849	3,122,061

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 the subsidiaries.

Details of the principal subsidiaries are set out on pages 127 to 133.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit before tax to cash generated from operations

	Note	Group Period ended 31st March, 2013 HK$'000	Group Year ended 31st December, 2011 HK$'000 (Restated)
Profit before tax		**451,018**	376,058
Adjustments for:			
Share of results of associates		**(6,956)**	(25,041)
Share of results of jointly controlled entities		**(177)**	(1,597)
Loss/(Gain) on disposal of:			
Fixed assets		**96**	(1,193)
Investment properties		**(68,282)**	784
Subsidiaries	32	**(69,491)**	15,776
A jointly controlled entity		**(310)**	–
Available-for-sale financial assets		**(21,179)**	–
Loss on derecognition of an associate		**61,365**	–
Provisions for impairment losses:			
Associates		**36,771**	419
A jointly controlled entity		**–**	16
Available-for-sale financial assets		**23,161**	–
Properties under development		**–**	27,071
Fair value gains on investment properties		**(534,077)**	(384,316)
Net fair value loss on financial instruments at fair value through profit or loss		**58,437**	6,989
Finance costs		**90,179**	49,651
Interest income		**(6,074)**	(3,274)
Dividend income		**(1,782)**	(2,392)
Depreciation	6	**5,518**	4,036
		18,217	62,987
Decrease in properties held for sale		**61,915**	262
Increase in properties under development		**–**	(6,469)
Increase in deposits paid for properties under development		**(121,650)**	(66,964)
Increase in financial instruments at fair value through profit or loss		**(180,675)**	(30,842)
Decrease in loans and advances		**5,100**	–
Decrease/(Increase) in debtors, prepayments and deposits		**(23,711)**	10,848
Increase/(Decrease) in other payables, accruals and deposits received		**(43,253)**	19,766
Cash used in operations		**(284,057)**	(10,412)

32. DISPOSAL OF SUBSIDIARIES

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Net assets disposed of:		
Available-for-sale financial assets	**202,820**	–
Loans and advances	**–**	15,876
Cash and bank balances	**3**	–
Other payables and accruals	**(15)**	–
	202,808	15,876
Release of cumulative fair value changes on available-for-sale financial assets	**(78,020)**	–
	124,788	15,876
Gain/(Loss) on disposal	**69,491**	(15,776)
	194,279	100
Satisfied by:		
Cash consideration received	**173,979**	100
Deposits received in prior period	**20,300**	–
	194,279	100

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

	Group	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Cash consideration received	**173,979**	100
Cash and bank balances disposed of	**(3)**	–
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**173,976**	100

33. CHANGES IN NON-CONTROLLING INTERESTS WITHOUT CHANGE IN CONTROL

During the period ended 31st March, 2013, there were no changes in ownership interests in subsidiaries without change control. Major changes in non-controlling interests during the year ended 31st December, 2011 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

Group

The Group did not have any contingent liabilities at the end of reporting period (31st December, 2011 — Nil).

Company

As at 31st March, 2013, guarantees provided by the Company in respect of banking facilities granted to its subsidiaries amounted to HK$1,167,916,000 (31st December, 2011 — Nil), which were utilised to an extent of HK$1,126,676,000 (31st December, 2011 — 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. At 31st March, 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Within one year	**181,021**	191,437
In the second to fifth years, inclusive	**167,808**	219,203
After five years	**887**	16,063
	349,716	426,703

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 March, 2013, 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	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000	**31st March, 2013 HK$'000**	31st December, 2011 HK$'000
Within one year	**3,592**	3,007	**2,320**	2,320
In the second to fifth years, inclusive	**1,681**	7,449	**774**	5,994
	5,273	10,456	**3,094**	8,314

36. COMMITMENTS

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

	Group	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
Commitments in respect of properties, plant and equipment and properties under development:		
Contracted, but not provided for	**97,117**	221,217
Other commitments:		
Contracted, but not provided for	**6,676**	8,545
	103,793	229,762

The Company did not have any material commitments at the end of the reporting period (31st December, 2011 — 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 period/year:

(a) During the period, the Group received rental income (including service charge) of HK$8,912,000 (year ended 31st December, 2011 — HK$7,253,000) from Lippo. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31st December, 2014. The Group expects the total future minimum lease receivables for the year ending 31st March, 2014 and 31st March, 2015 to be approximately HK$5,976,000 and HK$4,482,000, respectively.

(b) During the period, the Group received rental income (including service charge) of HK$3,785,000 (year ended 31st December, 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. Such lease will expire on 15th September, 2014. The Group expects the total future minimum lease receivables for the year ending 31st March, 2014 and 31st March, 2015 to be approximately HK$2,677,000 and HK$1,227,000, respectively.

(c) During the period, the Group received rental income (including service charge) of HK$1,586,000 (year ended 31st December, 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. Such lease was terminated in March 2013.

(d) During the period, the Group received rental income of HK$9,899,000 (year ended 31st December, 2011 — HK$6,483,000) from certain subsidiaries of Auric. The rentals were determined by reference to the then prevailing open market rentals. Such leases will expire on various dates until 31st March, 2016. The Group expects the total future minimum lease receivables for the year ending 31st March, 2014, 31st March, 2015 and 31st March, 2016 to be approximately HK$4,737,000, HK$1,922,000 and HK$1,554,000, respectively.

(e) As at 31st March, 2013, the Group had balances with its associates, further details of which are set out in Note 16 to the financial statements.

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

The transactions referred to in items (a), (b) and (c) above are/were also 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. The transactions referred to in item (d) above have become continuing connected transactions of the Company with effect from 1st April, 2013 upon the adoption of HKFRS 10 as explained in Note 2.3 to the financial statements. Further details of such transactions are disclosed in the section headed "Continuing Connected Transactions and Connected Transaction" in the Report of the Directors. The transactions referred to in items (e) and (f) above were not connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under 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
At 31st March, 2013

Financial assets

	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Derivative financial instruments HK$'000	Total HK$'000
Amount due from an associate	–	15,526	–	–	15,526
Available-for-sale financial assets	–	–	236,628	–	236,628
Financial assets at fair value through profit or loss	290,519	–	-	–	290,519
Other financial assets	–	–	–	24,914	24,914
Debtors and deposits	–	54,169	–	–	54,169
Restricted cash	–	32,989	–	–	32,989
Cash and bank balances	–	1,202,355	–	–	1,202,355
	290,519	1,305,039	236,628	24,914	1,857,100

Financial liabilities

	Financial liabilities at fair value through profit or loss designated as such upon initial recognition HK$'000	Financial liabilities at amortised cost HK$'000	Derivative financial instruments HK$'000	Total HK$'000
Bank loans	–	2,001,440	–	2,001,440
Other payables, accruals and deposits received	–	188,004	–	188,004
Other financial liabilities	35,713	–	32,440	68,153
	35,713	2,189,444	32,440	2,257,597

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

At 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$'000	Derivative financial instruments HK$'000	Total HK$'000
Available-for-sale financial assets	–	–	360,412	–	360,412
Financial assets at fair value through profit or loss	106,417	–	-	–	106,417
Other financial assets	–	–	–	18,625	18,625
Loans and advances	–	5,100	–	–	5,100
Debtors and deposits	–	31,200	–	–	31,200
Cash and bank balances	–	558,233	–	–	558,233
	106,417	594,533	360,412	18,625	1,079,987

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Bank loans	1,396,296
Other payables, accruals and deposits received	194,892
	1,591,188

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
At 31st March, 2013

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	1,858	–	1,858
Cash and bank balances	921,276	–	921,276
	923,134	7,298	930,432

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Bank loans	904,000
Other payables, accruals and deposits received	31,491
	935,491

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

At 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

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)

Group
As at 31st March, 2013

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets measured at fair value				
Available-for-sale financial assets:				
Equity securities	155,897	–	–	155,897
Investment funds	–	–	4,584	4,584
Financial assets at fair value through profit or loss:				
Equity securities	290,519	–	–	290,519
Other financial assets:				
Derivative financial instruments	–	17,639	7,275	24,914
	446,416	17,639	11,859	475,914
Liabilities measured at fair value				
Other financial liabilities:				
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	–	(35,713)	–	(35,713)
Derivative financial instruments	–	(32,440)	–	(32,440)
	–	(68,153)	–	(68,153)

39. FAIR VALUE HIERARCHY *(continued)*

Group

As at 31st December, 2011

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets measured at fair value				
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
Other financial assets:				
Derivative financial instruments	–	–	18,625	18,625
	333,804	–	130,170	463,974

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

	Available-for-sale investment funds HK$'000	**Investment funds at fair value through profit or loss HK$'000**	**Derivative financial instruments HK$'000**
Period ended 31st March, 2013			
At 1st January, 2012	**38,007**	**73,538**	**18,625**
Total losses recognised in the income statement	**–**	**–**	**(11,350)**
Total losses recognised in other comprehensive income	**(380)**	**–**	**–**
Purchases	**4,964**	**–**	**–**
Disposals	**(38,007)**	**(73,538)**	**–**
At 31st March, 2013	**4,584**	**–**	**7,275**

39. FAIR VALUE HIERARCHY *(continued)*

The movements in fair value measurements in Level 3 during the period/year are as follows: *(continued)*

	Available-for-sale investment funds HK$'000	Investment funds at fair value through profit or loss HK$'000	Derivative financial instruments HK$'000
Year ended 31st December, 2011			
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

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (year ended 31st December, 2011 — 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 Group also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operation and its sources of finance.

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. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the financial statements.

(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.

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

(a) Credit risk *(continued)*

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	
	31st March, 2013 HK$'000	31st December, 2011 HK$'000
By geographical area:		
Hong Kong	**2,660**	6,443
Mainland China	**881**	1,490
	3,541	7,933

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

(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 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. 4 per cent. of the Group's debts would mature in less than one year as at 31st March, 2013 (31st December, 2011 — 9 per cent.) based on the carrying values of bank loans.

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

(b) Liquidity risk *(continued)*

An analysis of the maturity profile of debt instruments, loans and receivables, non-derivative financial liabilities and net-settled derivative financial 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 March, 2013							
Assets							
Amount due from an associate	–	–	15,526	–	–	–	15,526
Debt securities:							
Available-for-sale financial assets	–	–	–	–	–	7,298	7,298
Debtors and deposits	361	5,666	1,372	–	–	46,770	54,169
Restricted cash	18,187	14,802	–	–	–	–	32,989
Cash and bank balances	181,811	1,020,544	–	–	–	–	1,202,355
	200,359	1,041,012	16,898	–	–	54,068	1,312,337
Liabilities							
Bank loans	–	33,167	47,501	1,950,008	–	–	2,030,676
Other payables, accruals and deposits received	–	14,890	3,262	–	–	169,852	188,004
Derivative financial instruments	–	326	977	1,953	–	–	3,256
Other financial liabilities	35,713	–	–	–	–	–	35,713
	35,713	48,383	51,740	1,951,961	–	169,852	2,257,649

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

(b) Liquidity risk *(continued)*

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	–	–	183,403	194,892
	–	11,412	126,417	1,166,360	103,596	183,403	1,591,188

The forward currency contracts require gross settlement with undiscounted contractual cash inflows of HK$1,586,812,000 (31st December, 2011 — Nil) and undiscounted contractual cash outflows of HK$1,601,033,000 (31st December, 2011 — Nil) for the year ending 31st March, 2016.

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 March, 2013							
Assets							
Debt securities:							
Available-for-sale financial assets	–	–	–	–	–	7,298	7,298
Debtors and deposits	–	355	–	–	–	1,503	1,858
Cash and bank balances	12,406	908,870	–	–	–	–	921,276
	12,406	909,225	–	–	–	8,801	930,432
Liabilities							
Bank loans	–	31,000	41,000	832,000	–	–	904,000
Other payables, accruals and deposits received	–	455	–	–	–	31,036	31,491
Guarantees given to banks in connection with facilities granted to subsidiaries	1,126,676	–	–	–	–	–	1,126,676
	1,126,676	31,455	41,000	832,000	–	31,036	2,062,167
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

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 arise mainly 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. When appropriate, interest rate swaps would be used to manage this risk at a cost-effective manner. 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 floating rate monetary assets and liabilities).

	Period ended 31st March, 2013		Year ended 31st December, 2011	
	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**	**(2,887)**	+50	(3,530)
United States dollar	**+50**	**563**	+50	288
Singapore dollar	**+50**	**723**	+50	330
Renminbi	**+50**	**1,500**	+50	(1,324)
Hong Kong dollar	**–50**	**2,887**	–50	3,530
United States dollar	**–50**	**(563)**	–50	(288)
Singapore dollar	**–50**	**(723)**	–50	(330)
Renminbi	**–50**	**(1,500)**	–50	1,324
Company				
Hong Kong dollar	**+50**	**169**	+50	(1,158)
United States dollar	**+50**	**154**	+50	100
Singapore dollar	**+50**	**657**	+50	225
Renminbi	**+50**	**2,654**	+50	246
Hong Kong dollar	**–50**	**(169)**	–50	1,158
United States dollar	**–50**	**(154)**	–50	(100)
Singapore dollar	**–50**	**(657)**	–50	(225)
Renminbi	**–50**	**(2,654)**	–50	(246)

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 of 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 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	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000
Group		
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**3,379**	3,935
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**(3,379)**	(3,935)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**3,942**	1,359
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**(3,942)**	(1,359)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**15,925**	1,480
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**(15,925)**	(1,480)
Company		
United States dollar against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**925**	601
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**(925)**	(601)
Singapore dollar against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**3,942**	1,349
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**(3,942)**	(1,349)
Renminbi against Hong Kong dollar		
— strengthened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**15,923**	1,478
— weakened 3 per cent. (year ended 31st December, 2011 — 3 per cent.)	**(15,923)**	(1,478)

At the end of the reporting period, the cash and bank balances of the Group's subsidiaries in mainland China denominated in Renminbi amounted to HK$104,866,000 (31st December, 2011 — HK$36,046,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in mainland China.

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 mainly arising from individual financial assets classified as available-for-sale financial assets (Note 18) and financial assets at fair value through profit or loss (Note 23) as at 31st March, 2013. The Group's listed financial assets are mainly listed on the Hong Kong, Singapore, 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 to the end of the reporting period, and their respective highest and lowest points during the period/year were as follows:

	31st March, 2013	**High/Low Period ended 31st March, 2013**	31st December, 2011	High/Low Year ended 31st December, 2011
Hong Kong — Hang Seng Index	**22,300**	**23,822/18,185**	18,434	24,420/16,250
Republic of Singapore				
— Straits Times Index	**3,308**	**3,313/2,688**	2,646	3,281/2,522
Australia — S&P/ASX200	**4,966**	**5,147/3,985**	4,057	4,971/3,863
Indonesia — Jakarta Composite Index	**4,941**	**4,941/3,655**	3,822	4,196/3,218

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.

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

(e) Equity price risk *(continued)*

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
31st March 2013		
By geographical area:		
Hong Kong	**90,332**	**11,225**
Republic of Singapore	**127,813**	**15,882**
Australia	**36,822**	**4,576**
Indonesia	**155,897**	**19,372**
Global and other	**11,858**	**1,474**
31st December, 2011		
By geographical area:		
Australia	32,528	2,374
Indonesia	300,925	21,967
Global and other	130,521	9,528

(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 period ended 31st March, 2013 and the year ended 31st December, 2011.

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

(f) Capital management *(continued)*

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	
	Period ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000 (Restated)
Bank loans *(Note 24)*	**2,001,440**	1,396,296
Equity attributable to equity holders of the Company	**4,754,320**	4,599,415
Gearing ratio	**42.1 per cent.**	30.4 per cent.

41. EVENT AFTER THE REPORTING PERIOD

In June 2013, Auric announced that a voluntary unconditional cash offer (the "Offer") by DMG & Partners Securities Pte Ltd for and on behalf of APG Strategic Investment Pte Ltd (the "Offeror"), an indirect wholly-owned subsidiary of Auric, will be made to acquire all the issued and paid up ordinary shares in the capital of Food Junction Holdings Limited ("Food Junction", a subsidiary of Auric), other than treasury shares and those already owned, controlled or agreed to be acquired by Auric and its subsidiaries (the "Offer Shares"), at the offer price of S$0.255 in cash for each share. The Offer has not been closed as of the date of the approval of these financial statements. Assuming the Offeror receives, by the close of the Offer, valid acceptances for all the Offer Shares amounting to 47,073,505 shares in Food Junction, the maximum cash consideration payable under the Offer would amount to approximately S$12 million.

The Company is indirectly interested in approximately 49.3 per cent. of the issued share capital of Auric. Auric has been regarded as a subsidiary of the Company with effect from 1st April, 2013 upon the adoption of HKFRS 10 as explained in Note 2.3 to the financial statements.

42. COMPARATIVE FIGURES

As explained in Note 2.2 to the financial statements, due to the adoption of revised HKFRSs and certain change of accounting policy during the current period, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been reclassified and restated to conform with the current period's presentation and accounting treatment, and a third statement of financial position as at 1st January, 2011 has been presented.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27th June, 2013.

Particulars of Principal Subsidiaries

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31ST MARCH, 2013 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
Apex Tier Limited	British Virgin Islands	US$1	–	100	Investment holding
Apexwin Limited	British Virgin Islands	US$1	–	100	Investment holding
Ardent Properties Pty Limited**	Australia	A$10	–	100	Property investment
Bestbeat Limited	British Virgin Islands	US$1	–	100	Investment holding
Blueway Limited	Hong Kong	HK$1	–	100	Investment holding

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Broadwell Asia Limited	British Virgin Islands	US$1	–	100	Property investment
Cajan Enterprises Limited	British Virgin Islands	US$1	–	100	Investment holding
Capital Fusion Investments Limited	British Virgin Islands	US$1	–	100	Financing
Caross Limited	British Virgin Islands	US$1	–	100	Investment holding
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
Dragon Board Holdings Limited	British Virgin Islands	S$1	–	100	Investment holding
Energetic Holdings Limited	British Virgin Islands	US$1	–	100	Property investment
Ethnos Ltd.**	Israel	NIS100	–	100	Property holding

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
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
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 Platform Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Golden Rain Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
Golden Super 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
Grandtop Pacific Limited	British Virgin Islands	US$1	–	100	Investment
Green Assets Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
Greenfame Holdings Limited	British Virgin Islands	US$1	–	100	Securities investment
HKCL Investments Pte. Ltd.**	Republic of Singapore	S$2	–	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
Istan Assets Limited	British Virgin Islands	US$1	–	100	Property investment
Keytime Holdings Limited	British Virgin Islands	US$1	–	100	Property investment
LCR Ltd.	British Virgin Islands	US$1	–	100	Intellectual property
LCR Management Limited	Hong Kong	HK$1	–	100	Management services
Laurel Century Limited	British Virgin Islands	US$1	–	100	Investment holding
Lippo Consortium Pte. Limited**	Republic of Singapore	S$2	–	100	Property development
Lippo Energy Group Limited	British Virgin Islands	US$1	–	100	Investment holding
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$30,000,000*	–	100	Property development
力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$23,750,000*	–	100	Property investment
力寶置業(泰州)有限公司 (Lippo Realty (Taizhou) Limited)** — wholly foreign-owned enterprise##	People's Republic of China	US$13,733,000*	–	100	Property development
Lippo Resources Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
Lippo Retail Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Approximate percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
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
PacNet Holdings Limited	British Virgin Islands	US$1	–	100	Investment holding
PacNet Capital (U.S.) Limited	United States of America	US$0.281	–	100	Investment holding
Pantogon Holdings Pte Ltd**	Republic of Singapore	S$1,000,000	–	100	Investment holding
Polarstar Capital Limited	British Virgin Islands	US$1	–	100	Investment
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
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

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
Starrico Limited	British Virgin Islands	US$1	–	100	Investment holding
Starvex Limited	British Virgin Islands	US$1	–	100	Investment
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
Vitaland Limited	Hong Kong	HK$1	–	100	Investment holding
West Tower Holding Limited	British Virgin Islands/ Hong Kong	US$1	–	100	Property investment
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)** — wholly foreign-owned enterprise##	People's Republic of China	RMB225,000,000*	–	100	Property investment and property development
Lippo Select HK & Mainland Property ETF** *(an exchange traded fund listed on The Stock Exchange of Hong Kong Limited)*	Hong Kong	N/A	–	71.7@	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
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
@ *based on the interest attributable to the Group*
type of legal entity
* *paid up registered capital*
** *audited by certified public accountants other than Ernst & Young, Hong Kong*

Note:

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

As at 31st March, 2013, 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 period 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.

In December 2012, the Directors of the Company resolved to change the financial year end date of the Company from 31st December to 31st March. However, in order to comply with the relevant local statutory and/or regulatory requirements, the financial year end date of certain subsidiaries of the Company remained on 31st December which did not coincide with the financial year end date of the Company. The Company consolidated the results, assets and liabilities of such subsidiaries made up to the financial year end date of the Company.

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31ST MARCH, 2013 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
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	RMB9,250,000*	40	Water supply
DXS Capital Limited	Corporate	British Virgin Islands	US$100	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

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
GoTwoPower Inc.	Corporate	United States of America	US$1,950,000	33.6	Clean energy investment
Food Junction Holdings Limited *(listed on Singapore Exchange Securities Trading Limited)*	Corporate	Republic of Singapore	S$12,707,436	24.2	Investment holding
Proton Power Inc.	Corporate	United States of America	US$20,931,504	20	Green energy production

\# *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 period 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 Jointly Controlled Entity

PARTICULARS OF JOINTLY CONTROLLED ENTITY AS AT 31ST MARCH, 2013 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

Note:

S$ — Singapore dollars

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31ST MARCH, 2013

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.

The above property is held under long term lease.

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 MARCH, 2013

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest
			(square metres)	
Overseas				
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 MARCH, 2013

Description	Use	Approximate site area	Approximate gross floor area	Approximate percentage of Group's interest	Estimated completion date	Stage of development as at 31st March, 2013
		(square metres)	*(square metres)*			
People's Republic of China						
West of Xiangyu Avenue Qinghe District Huai An Jiangsu Province Land Lot No. 2010G120H41	Multi-use	41,087	245,391	100	2016	In planning stage
East of Taizhou Avenue and north of Yaocheng Avenue China Medical City (中國醫藥城) Taizhou Jiangsu Province Land Lot No.【2011】7-1	Residential	80,615	217,146	100	2015/2016	In planning stage
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 MARCH, 2013

Description	Use	Approximate gross floor area *(square metres)*	Approximate percentage of Group's interest
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 last five financial years, as extracted from the published audited consolidated financial statements and reclassified and restated as appropriate, is set out below.

	Fifteen-month ended 31st March, 2013 HK$'000	Year ended 31st December, 2011 HK$'000 (Restated)	Year ended 31st December, 2010 HK$'000 (Restated)	Year ended 31st December, 2009 HK$'000 (Restated)	Year ended 31st December, 2008 HK$'000 (Restated)
Profit/(Loss) attributable to equity holders of the Company	**293,364**	316,735	758,940	356,307	(471,864)
Total assets	**7,781,496**	6,838,046	6,551,620	5,850,931	6,104,828
Total liabilities	**(2,965,542)**	(2,196,628)	(2,061,184)	(2,259,614)	(2,669,288)
Net assets	**4,815,954**	4,641,418	4,490,436	3,591,317	3,435,540
Non-controlling interests	**(61,634)**	(42,003)	(174,037)	(117,459)	(113,061)
Equity attributable to equity holders of the Company	**4,754,320**	4,599,415	4,316,399	3,473,858	3,322,479

Lippo China Resources Limited
力寶華潤有限公司

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