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LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 156)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2014

The Directors of Lippo China Resources Limited (the “Company”) announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th September, 2014 together with the comparative figures for the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th September, 2014

		Unaudited six months ended 30th September,	
		2014	2013
	Note	HK\$'000	HK\$'000
Revenue	2	1,387,849	1,414,076
Cost of sales		(776,333)	(726,319)
Gross profit		611,516	687,757
Administrative expenses		(421,009)	(430,551)
Other operating expenses		(196,442)	(179,521)
Gain/(Loss) on disposal of available-for-sale financial assets		(7)	131,599
Net gain on disposal of subsidiaries		11,644	–
Net fair value gain/(loss) on investment properties		17,875	(10,211)
Net fair value gain/(loss) on financial instruments at fair value through profit or loss		11,925	(68,537)
Finance costs		(10,338)	(50,244)
Share of results of associates		1,324	(4,654)
Share of results of joint ventures		2,310	3,131
Profit before tax	4	28,798	78,769
Income tax	5	(22,188)	68,433
Profit for the period		6,610	147,202
Attributable to:			
Equity holders of the Company		6,023	159,030
Non-controlling interests		587	(11,828)
		6,610	147,202
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company	6		
Basic		0.07	1.73
Diluted		N/A	N/A

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2014

	Unaudited six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	6,610	147,202
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale financial assets:		
Changes in fair value	672	(538)
Adjustments for disposal	–	(118,914)
	<u>672</u>	<u>(119,452)</u>
Exchange differences on translation of foreign operations	(11,674)	25,166
Adjustments relating to disposal of foreign subsidiaries	<u>(2,700)</u>	<u>–</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods and other comprehensive loss for the period, net of tax	<u>(13,702)</u>	<u>(94,286)</u>
Total comprehensive income/(loss) for the period	<u>(7,092)</u>	<u>52,916</u>
Attributable to:		
Equity holders of the Company	2,213	82,611
Non-controlling interests	<u>(9,305)</u>	<u>(29,695)</u>
	<u>(7,092)</u>	<u>52,916</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2014

	<i>Note</i>	30th September, 2014	31st March, 2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Intangible assets		474,698	488,225
Exploration and evaluation assets		95,512	95,295
Fixed assets		329,794	324,636
Investment properties		1,981,361	2,248,541
Interests in associates		55,076	53,645
Interests in joint ventures		14,942	17,955
Available-for-sale financial assets		118,469	117,082
Debtors, prepayments and deposits	8	71,665	65,006
Deferred tax assets		6,806	6,708
		3,148,323	3,417,093
Current assets			
Properties held for sale		6,993	12,503
Properties under development		594,896	552,919
Inventories		302,579	280,884
Loans and advances		7,861	–
Debtors, prepayments and deposits	8	512,175	494,302
Financial assets at fair value through profit or loss		228,121	224,414
Tax recoverable		10,461	8,853
Restricted cash		24,332	23,809
Cash and bank balances		2,261,258	1,474,165
		3,948,676	3,071,849
Current liabilities			
Bank and other borrowings		514,948	693,910
Creditors, accruals and deposits received	9	1,268,730	564,664
Other financial liabilities		4,044	15,998
Tax payable		176,376	169,241
		1,964,098	1,443,813
Net current assets		1,984,578	1,628,036
Total assets less current liabilities		5,132,901	5,045,129

		30th September, 2014	31st March, 2014
	<i>Note</i>	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings		172,659	3,237
Creditors, accruals and deposits received	9	30,077	29,068
Deferred tax liabilities		115,972	114,484
		<u>318,708</u>	<u>146,789</u>
Net assets		<u>4,814,193</u>	<u>4,898,340</u>
Equity			
Equity attributable to equity holders of the Company			
Issued capital		1,705,907	1,705,907
Reserves		2,369,640	2,435,773
		<u>4,075,547</u>	<u>4,141,680</u>
Non-controlling interests		738,646	756,660
		<u>4,814,193</u>	<u>4,898,340</u>

Note:

1. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and basis of preparation adopted in the preparation of these interim results are consistent with those used in the Group’s audited financial statements for the year ended 31st March, 2014, except as described below.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”), which have become effective for accounting periods beginning on or after 1st April, 2014, for the first time for the current period’s interim results:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> — <i>Offsetting Financial Assets and Financial Liabilities</i>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement</i> — <i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Levies</i>

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim results.

2. REVENUE

Revenue, which is also the Group’s turnover, represents the aggregate of gross rental income, proceeds from sales of properties, income on treasury investment which includes interest income on bank deposits, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, income from sales of goods and food and beverage, fee income from operation of food courts, gross income from property management, and interest and other income from money lending and other businesses.

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

	Six months ended 30th September,	
	2014	2013
	HK\$’000	HK\$’000
Property investment	27,543	105,379
Property development	7,813	—
Treasury investment	10,945	8,528
Securities investment	5,041	35,628
Sales of goods	897,052	831,983
Sales of food and beverage	354,960	346,413
Fees charged to food court stallholders	68,760	66,089
Other	15,735	20,056
	<u>1,387,849</u>	<u>1,414,076</u>

3. SEGMENT INFORMATION

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

- (a) the property investment segment includes letting and resale of properties;
- (b) the property development segment includes development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes dealings in securities and financial assets available-for-sale;
- (e) the food businesses segment mainly includes distribution of consumer food and non-food products, food manufacturing and retailing, the management of restaurants and food court operations; and
- (f) the “other” segment comprises principally mineral exploration, extraction and processing, 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 corporate expenses and finance costs unallocated are excluded from such measurement.

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

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Food businesses HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Six months ended 30th September, 2014								
Revenue								
External	27,543	7,813	10,883	4,378	1,330,230	7,002	-	1,387,849
Inter-segment	2,885	-	-	-	-	-	(2,885)	-
Total	30,428	7,813	10,883	4,378	1,330,230	7,002	(2,885)	1,387,849
Segment results	43,556	(1,085)	10,883	12,181	15,708	(4,620)	-	76,623
	<i>(Note)</i>							
Unallocated corporate expenses								(42,261)
Finance costs								(9,198)
Share of results of associates	-	-	-	-	(19)	1,343	-	1,324
Share of results of joint ventures	-	6	-	-	2,304	-	-	2,310
Profit before tax								28,798
Six months ended 30th September, 2013								
Revenue								
External	105,379	-	7,467	32,284	1,257,049	11,897	-	1,414,076
Inter-segment	5,336	-	-	-	-	-	(5,336)	-
Total	110,715	-	7,467	32,284	1,257,049	11,897	(5,336)	1,414,076
Segment results	72,093	(6,071)	7,467	94,038	(5,405)	(2,182)	-	159,940
	<i>(Note)</i>							
Unallocated corporate expenses								(30,663)
Finance costs								(48,985)
Share of results of associates	-	-	-	-	-	(4,654)	-	(4,654)
Share of results of joint ventures	-	2	-	-	3,129	-	-	3,131
Profit before tax								78,769
<i>Note:</i>	The amount included net fair value gain on investment properties of HK\$17,875,000 (2013 — loss of HK\$10,211,000).							

4. PROFIT BEFORE TAX

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

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Interest income:		
Financial assets at fair value through profit or loss designated as such upon initial recognition	–	2,166
Loans and advances	92	1,622
Other	10,945	8,528
Dividend income:		
Listed investments	3,421	2,871
Unlisted investments	663	1,179
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	957	29,412
Listed available-for-sale financial assets	–	131,599
Unlisted available-for-sale financial assets	(7)	–
Derivative financial instruments	(5,150)	(3,449)
Gain on deemed disposal of an associate	–	5,467
Net fair value gain/(loss) on:		
Listed financial assets at fair value through profit or loss	13,480	(58,423)
Unlisted financial assets at fair value through profit or loss	(688)	(2,505)
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	(867)	(1,381)
Derivative financial instruments	–	(6,228)
Write-back of provision/(Provision) for impairment losses on:		
Unlisted available-for-sale financial assets	863	–
Inventories	(7,086)	(6,565)
Bad and doubtful debts	(1,072)	(1,425)
Fixed assets	1,047	–
Exploration and evaluation assets	(969)	–
Depreciation	(42,831)	(44,220)
Amortisation of intangible assets	(8,672)	(8,638)
Foreign exchange gains — net	1,173	9,480
Cost of inventories sold:		
Properties	(5,541)	–
Others	(690,712)	(651,135)

5. INCOME TAX

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong:		
Charge for the period	7,127	1,321
Overprovision in prior periods	–	(275)
Deferred	(393)	319
	<u>6,734</u>	<u>1,365</u>
Overseas:		
Charge for the period	15,822	20,919
Overprovision in prior periods	(3,849)	(643)
Deferred	3,481	(90,074)
	<u>15,454</u>	<u>(69,798)</u>
Total charge/(credit) for the period	<u>22,188</u>	<u>(68,433)</u>

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2013 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of approximately 9,186,913,000 ordinary shares (2013 — approximately 9,186,913,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30th September, 2014 and 2013.

7. INTERIM DIVIDENDS

	Six months ended 30th September,	
	2014	2013
	HK\$'000	HK\$'000
Interim dividend, declared, of HK0.2 cent (2013 — HK0.2 cent) per ordinary share	18,374	18,374
Special interim dividend, declared, of HK0.4 cent (2013 — Nil) per ordinary share	<u>36,748</u>	<u>–</u>
	<u>55,122</u>	<u>18,374</u>

The interim dividends were declared after the end of the reporting period and hence was not accrued on that date.

8. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
Outstanding balances with ages:		
Within 30 days	230,959	232,245
Between 31 and 60 days	88,774	78,187
Between 61 and 90 days	64,221	39,464
Between 91 and 180 days	5,550	13,661
Over 180 days	122	117
	<u>389,626</u>	<u>363,674</u>

Trading terms with customers are either on a cash basis or on credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management. The balance of trade debtors are non-interest-bearing.

9. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

Creditors, accruals and deposits received as at 30th September, 2014 included sale deposit for disposal of subsidiaries of HK\$639,150,000 (31st March, 2014 — Nil).

An aged analysis of trade creditors are as follows:

	30th September, 2014 HK\$'000	31st March, 2014 HK\$'000
Outstanding balances with ages:		
Within 30 days	181,142	168,807
Between 31 and 60 days	18,667	21,309
Between 61 and 90 days	6,251	16,769
Between 91 and 180 days	21,777	19,669
Over 180 days	2,887	2,811
	<u>230,724</u>	<u>229,365</u>

The balances of trade creditors are non-interest-bearing and are generally settled on their normal trade terms.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30th September, 2014, the Group reported a profit attributable to shareholders of HK\$6 million (2013 — HK\$159 million). The profit for 2013 was mainly attributable to the significant gain on disposal of available-for-sale financial assets. During the six months ended 30th September, 2014, there was no gain on disposal of available-for-sale financial assets. Therefore, the results for the period decreased significantly as compared to 2013.

Results for the Period

Turnover for the six months ended 30th September, 2014 totalled HK\$1,388 million (2013 — HK\$1,414 million). Property investment and property development businesses as well as food businesses were the principal sources of revenue of the Group, representing 3 per cent. (2013 — 7 per cent.) and 96 per cent. (2013 — 89 per cent.) of the total turnover.

Property investment

The Group's investment properties are located mainly in Hong Kong and mainland China and provide recurring source of income to the Group. Total segment revenue from the property investment business for the six months ended 30th September, 2014 amounted to HK\$30 million (2013 — HK\$111 million). The decrease in segment revenue was mainly due to the absence of contributions from Lippo Plaza in Shanghai, which was disposed of by the Group in January 2014, during the period. In addition, the Group recorded net valuation gain on its investment properties of HK\$18 million for the period (2013 — net loss of HK\$10 million). As a result, the segment profit decreased to HK\$44 million for the period (2013 — HK\$72 million).

The Group undertakes strategic reviews of its assets from time to time with a view to maximising returns to its shareholders. In April 2014, the Group completed the disposal of the entire issued share capital and a shareholder loan of a subsidiary, which owned interests in a commercial property in Hong Kong for total consideration of HK\$282.6 million.

In October 2014, the Group completed the sale of the entire issued share capital and a shareholder loan of a subsidiary, which owns interests in investment properties in Zhuhai, at an aggregate consideration of HK\$1,278.3 million. The gain on disposal attributable to the Group is expected to be approximately HK\$751 million (subject to audit and before expenses and taxes) and will be recognised in the consolidated statement of profit or loss of the Group for the second half of this financial year.

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. Construction work planning for both projects had been completed.

During the six months ended 30th September, 2014, the Group sold two residential units in Australia at HK\$8 million and recognised a gain of HK\$2 million. Together with the pre-operating costs incurred during the period, the segment loss decreased to HK\$1 million (2013 — HK\$6 million).

Food businesses

The Group's food businesses are mainly operated by Auric Pacific Group Limited and its subsidiaries (the "APG Group").

During the six months ended 30th September, 2014, food businesses segment recorded a revenue of HK\$1,330 million (2013 — HK\$1,257 million), mainly from wholesale and distribution of fast-moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros. The improved performance was attributable to new products launched and the better customer awareness created by the increased sales and marketing promotions during the period.

The APG Group completed the sale of a subsidiary which had interests in rights to use a leasehold land in Foshan, mainland China at a consideration of RMB7.2 million and a gain on disposal of approximately HK\$10.7 million was recognised during the six months ended 30th September, 2014. Such disposal is in line with APG Group's objective to focus on its core businesses.

Competition in the food businesses is stiff and cost pressures on manpower and rental are not expected to ease in the immediate term. The APG Group continues to re-align its resources for its business growth and enhance its operational efficiency. The food businesses reported a segment profit of HK\$16 million (2013 — loss of HK\$5 million) during the period.

Treasury and securities investments

Treasury and securities investments businesses recorded a revenue of HK\$15 million during the six months ended 30th September, 2014 (2013 — HK\$40 million), mainly attributable to the interest and dividend income received from the investment portfolio and the disposal of the Group's financial assets held for trading.

The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. In 2013, the Group sold certain available-for-sale financial assets and realised a gain of HK\$132 million. There was no substantial gain on disposal during the period and hence the profit from treasury and securities investments businesses decreased to HK\$23 million for the six months ended 30th September, 2014 (2013 — HK\$102 million).

Financial Position

As at 30th September, 2014, the Group's total assets increased to HK\$7.1 billion (31st March, 2014 — HK\$6.5 billion). As a result of the sale of various properties during the period, property-related assets decreased to approximately HK\$2.8 billion as at 30th September, 2014 (31st March, 2014 — HK\$3.0 billion), representing 39 per cent. (31st March, 2014 — 47 per cent.) of the total assets. Total liabilities increased to HK\$2.3 billion (31st March, 2014 — HK\$1.6 billion), mainly due to sale deposit received for the disposal of the properties in Zhuhai. The Group maintains a strong cash position. Total cash and bank balances as at 30th September, 2014 increased to HK\$2.3 billion (31st March, 2014 — HK\$1.5 billion).

As at 30th September, 2014, bank and other borrowings of the Group decreased to HK\$688 million (31st March, 2014 — HK\$697 million). The bank loans amounted to HK\$684 million as at 30th September, 2014 (31st March, 2014 — HK\$693 million), which comprised secured bank loans of HK\$654 million and unsecured bank loans of HK\$30 million (31st March, 2014 — secured bank loans of HK\$652 million and unsecured bank loans of HK\$41 million) and were denominated in Hong Kong dollars, Renminbi and Malaysian Ringgit. The secured bank loans were secured by certain properties and certain bank deposits of the Group. All of the bank borrowings carried interest at floating rates. Where appropriate, the Group uses interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure.

The Group has obligations under finance leases for certain plant and equipment which amounted to HK\$4 million as at 30th September, 2014 (31st March, 2014 — HK\$4 million). These obligations are secured by the rights to the leased plant and equipment. As at 30th September, 2014, approximately 75 per cent. (31st March, 2014 — 99.5 per cent.) of the bank and other borrowings were repayable within one year. As at 30th September, 2014, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 16.4 per cent. (31st March, 2014 — 16.2 per cent.).

The net asset value attributable to equity holders of the Group remained strong and amounted to HK\$4.1 billion as at 30th September, 2014 (31st March, 2014 — HK\$4.1 billion). This was equivalent to HK44 cents per share (31st March, 2014 — HK45 cents per share).

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

The Group had bankers' guarantees of approximately HK\$43 million as at 30th September, 2014 (31st March, 2014 — HK\$40 million) issued in lieu of rental and utility deposits for the premises used for operation of food businesses. Approximately 86 per cent. (31st March, 2014 — 84 per cent.) of the bankers' guarantees were secured by certain bank deposits of the Group. Aside from the abovementioned, the Group had no material contingent liabilities outstanding as at 30th September, 2014 (31st March, 2014 — Nil). Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st March, 2014 — Nil).

As at 30th September, 2014, the total capital commitment amounted to HK\$215 million (31st March, 2014 — HK\$217 million), mainly related to the property development projects of 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 3,279 employees as at 30th September, 2014 (2013 — 3,089 employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss during the period amounted to HK\$258 million (2013 — HK\$268 million). Certain employees of Asia Now Resources Corp. ("Asia Now", a listed subsidiary of the Company) were granted options under the share option scheme of Asia Now. The Group ensures that its employees are offered competitive remuneration packages.

Outlook

The global economic environment has stabilised but there are still various uncertainties. The US Federal Reserve has recently ended its quantitative easing program and there is a greater anticipation of increase in interest rates in the near future, which may cast shadow on the business environment. The Group is seeking to streamline and strengthen its existing business to meet the challenges ahead. The Group will cautiously evaluate all opportunities with a view to maximising returns to the shareholders of the Company.

BUSINESS REVIEW

Overview

The global economy remained on a moderate and uneven recovery path during the period under review. Following the substantial improvement in the outlook of the labour market, the U.S. Federal Reserve recently brought an end to its asset purchase programme launched in late 2008. However, it is expected that the record low interest rates will be kept for a considerable time. Mainland China sustained growth and other Asian economies in general improved, but the Eurozone and Japan remained subdued.

Results

The financial position of the Group was stable and strong. The Group recorded a profit attributable to shareholders of approximately HK\$6 million for the six months ended 30th September, 2014 (the "Period"), as compared to a profit of approximately HK\$159 million for the six months ended 30th September, 2013 (the "Last Period"). Such decrease in profit was mainly attributable to the absence of the gain on disposal of available-for-sale financial assets in the Period.

The Group undertakes strategic review of its assets from time to time for maximizing returns to its shareholders, which may include a possible sale of certain properties held for investment purposes. In April 2014, the Group completed the disposal of its interest in the entire office on 42nd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong for an aggregate consideration of approximately HK\$282.6 million. In October 2014, the Group completed the disposal of its entire interest in Chung Po Investment and Development Company Limited

which, through its wholly-owned subsidiary, owns the property at 4 Shuiwan Road, Gongbei, Zhuhai City, Guangdong Province, mainland China for an aggregate consideration of HK\$1,278.3 million (the “Disposal”). The Disposal is a good opportunity for the Group to realize its investment at a profit. It is expected that the Disposal will give rise to a non-recurring gain attributable to the Group of approximately HK\$751 million (subject to audit and before expenses and taxes) which will be recorded in the financial results of the Group for the year ending 31st March, 2015.

Construction work planning for two development projects located at Huai An City and Taizhou City in Jiangsu Province, mainland China had been completed. The project situated in Huai An City will be developed into an integrated residential, commercial and retail complex with a total gross floor area of approximately 250,000 square metres on a site of approximately 41,000 square metres. The other project is located in China Medical City (中國醫藥城), Taizhou City (the “Taizhou Project”) with a site of approximately 81,000 square metres and a total gross floor area of approximately 220,000 square metres. The Taizhou Project is a residential development comprising townhouses and residential apartments.

The performance of Auric Pacific Group Limited (“Auric”, together with its subsidiaries, the “APG Group”), the shares of which are listed on the Main Board of the Singapore Exchange Securities Trading Limited and in which the Group is interested in approximately 49.3 per cent. of its issued share capital, improved during the Period. Auric recorded a consolidated profit attributable to shareholders of approximately S\$1,175,000 for the Period, as compared to a consolidated loss of S\$1,231,000 for the Last Period. The APG Group will continue to remain focused on its core businesses, which includes food distribution, manufacturing and retail. The APG Group will through innovation and the supply of quality products and services meet the needs of consumers and the market.

It was announced on 3rd October, 2014 that the Company was approached by an independent third party (the “Potential Purchaser”) in respect of a possible transaction involving the majority of the shares in the Company beneficially owned by Lippo Limited (the “Possible Transaction”). On 19th November, 2014, it was announced that discussion with the Potential Purchaser in respect of the Possible Transaction had been discontinued and no formal or legally binding agreement had been entered into between the Company and the Potential Purchaser in respect of the terms of the Possible Transaction. No further discussion with the Potential Purchaser of the Possible Transaction is planned for the time being.

PROSPECTS

The outlook of the global economy is clouded with considerable uncertainties. The pace of the U.S. monetary normalization remains contingent on its economic data which could affect the pace of economic recovery and interest rates. The economic recovery of the Eurozone is still constrained by various structural issues and the economy of Japan falls into recession after the increase in sales tax in April 2014. Otherwise, the economic prospects for Asia remain positive, and the long-term outlook of the economy of mainland China is promising.

The Group will continue to streamline and strengthen its existing businesses and operations to meet the challenges ahead. Management is watchful of economic fluctuations ahead and will continue to take a cautious and prudent approach in managing the Group's assets and assessing new investment opportunities to enhance shareholders' value.

INTERIM DIVIDENDS

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (For the six months ended 30th September, 2013 — HK0.2 cent per share) and a special interim dividend of HK0.4 cent per share (For the six months ended 30th September, 2013 — Nil) amounting to approximately HK\$55.1 million for the six months ended 30th September, 2014 (For the six months ended 30th September, 2013 — approximately HK\$18.4 million), which will be paid on or about Monday, 26th January, 2015 to shareholders whose names appear on the Register of Members on Wednesday, 14th January, 2015.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 12th January, 2015 to Wednesday, 14th January, 2015 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend and special interim dividend for the six months ended 30th September, 2014, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 9th January, 2015.

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

During the six months ended 30th September, 2014, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th September, 2014.

CORPORATE GOVERNANCE

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th September, 2014.

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

Hong Kong, 27th November, 2014

As at the date of this announcement, the Board of Directors of the Company comprises six directors, of which Dr. Stephen Riady (Chairman) and Mr. John Luen Wai Lee (Chief Executive Officer) as executive Directors, Mr. Leon Nim Leung Chan as non-executive Director and Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung as independent non-executive Directors.