LIPPO CHINA RESOURCES LIMITED
力寶華潤有限公司

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

FINAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2007

FINAL RESULTS

The Directors of Lippo China Resources Limited (the "Company") are pleased to announce the consolidated final results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st December, 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	**2007** ***HK$'000***	2006 *HK$'000* (restated)
CONTINUING OPERATIONS			
Revenue	*2*	**981,292**	1,456,642
Cost of sales		**(753,156)**	(1,134,710)
Gross profit		**228,136**	321,932
Administrative expenses		**(136,663)**	(168,493)
Other operating expenses		**(110,501)**	(102,123)
Fair value gains on investment properties		**319,250**	547,627
Gain/(Loss) on disposal of associates		**57,620**	(5,575)
Gain on disposal of subsidiaries	*4*	**83,779**	848
Gain on disposal of available-for-sale financial assets		**746**	89,403
Net fair value gain on financial assets at fair value through profit or loss		**29,979**	220,846
Provisions for impairment losses:			
Associates		**(33,692)**	–
Available-for-sale financial assets		**(13,775)**	(6,126)
Allowance for bad and doubtful debts		**–**	(33,854)
Finance costs		**(73,029)**	(80,838)
Share of results of associates	*5*	**620,674**	50,845
Share of results of jointly controlled entities		**6,680**	(9,063)
Profit before tax	*6*	**979,204**	825,429
Tax	*7*	**(40,455)**	(225,932)
Profit for the year from continuing operations		**938,749**	599,497

	Note	2007 HK$'000	2006 HK$'000 (restated)
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	*8*	**13,180**	15,347
Profit for the year		**951,929**	614,844
Attributable to:			
Equity holders of the Company		**656,159**	393,629
Minority interests		**295,770**	221,215
		951,929	614,844
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	*9*		
Basic			
– For profit for the year		**7.13**	4.28
– For profit from continuing operations		**7.03**	4.16
Diluted			
– For profit for the year		**N/A**	N/A
– For profit from continuing operations		**N/A**	N/A
Dividends and distributions			
Special interim distribution per ten shares		**235.9**	–
Interim dividend per share		**0.2**	0.2
Special interim dividend per share		**0.8**	–
Final dividend per share		**0.4**	0.4
Special final dividend per share		**0.6**	–

CONSOLIDATED BALANCE SHEET

	Note	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Goodwill		**23,371**	57,285
Fixed assets		**316,636**	244,203
Investment properties		**3,426,316**	3,971,901
Properties under development		**43,747**	201,174
Interests in associates		**915,338**	2,775,160
Interests in jointly controlled entities		**2,713**	205,618
Available-for-sale financial assets		**411,057**	385,618
Held-to-maturity financial assets		**–**	9,582
Loans and advances		**–**	27,066
		5,139,178	7,877,607
CURRENT ASSETS			
Properties held for sale		**5,058**	23,750
Properties under development		**461,679**	369,865
Inventories		**1,092**	–
Financial assets at fair value through profit or loss		**63,997**	933,831
Loans and advances		**5,445**	281,487
Debtors, prepayments and deposits	*10*	**208,898**	224,701
Client trust bank balances		**–**	582,905
Treasury bills		**–**	194,970
Cash and bank balances		**345,418**	720,767
		1,091,587	3,332,276
CURRENT LIABILITIES			
Bank and other borrowings		**46,019**	374,276
Amount due to a jointly controlled entity		**46,968**	–
Creditors, accruals and deposits received	*11*	**670,529**	1,163,051
Current, fixed, savings and other deposits of customers		**–**	305,521
Tax payable		**72,022**	67,960
		835,538	1,910,808
NET CURRENT ASSETS		**256,049**	1,421,468
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,395,227**	9,299,075
NON-CURRENT LIABILITIES			
Bank and other borrowings		**1,100,590**	1,850,950
Deferred tax liabilities		**512,654**	532,065
		1,613,244	2,383,015
NET ASSETS		**3,781,983**	6,916,060
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**920,109**	920,109
Reserves		**2,705,640**	4,582,760
		3,625,749	5,502,869
Minority interests		**156,234**	1,413,191
		3,781,983	6,916,060

Note:

1. PRINCIPAL ACCOUNTING POLICIES

The final results have been reviewed by the Company's audit committee.

The accounting policies and basis of preparation adopted in the preparation of these final results are consistent with those used in the Group's audited financial statements for the year ended 31st December, 2006 except in relation to the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new/revised HKFRSs") which have become effective for accounting periods beginning on or after 1st January, 2007, that are adopted for the first time for the current year's final results:

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new/revised HKFRSs has had no material effect on these final results.

The Group has not applied the following new/revised HKFRSs, that have been issued but are not yet effective, in these final results:

HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellation[*1]
HKFRS 3 (Revised)	Business Combinations[*2]
HKFRS 8	Operating Segments[*1]
HKAS 1 (Revised)	Presentation of Financial Statements[*1]
HKAS 23 (Revised)	Borrowing Costs[*1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[*2]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[*3]
HK(IFRIC)-Int 12	Service Concession Arrangements[*4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[*5]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[*4]

[*1] Effective for annual periods beginning on or after 1st January, 2009
[*2] Effective for annual periods beginning on or after 1st July, 2009
[*3] Effective for annual periods beginning on or after 1st March, 2007
[*4] Effective for annual periods beginning on or after 1st January, 2008
[*5] Effective for annual periods beginning on or after 1st July, 2008

2. REVENUE

Revenue, which is also the Group's turnover, represents the aggregate of gross income on treasury investment which includes interest income on bank deposits and debt securities, gross rental income, gross proceeds from sales of properties, gross income from securities investment which includes gross proceeds from sales of investments, dividend income and related interest income, gross income from underwriting and securities broking, sales income from food businesses, gross income from restaurants and catering business, gross rental income from department stores, gross income from property management, gross interest income, commissions, dealing income and other revenues from a banking subsidiary, 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:

	2007	2006
	HK$'000	*HK$'000*
		(restated)
Treasury investment	**20,361**	29,312
Property investment and development	**200,240**	244,087
Securities investment	**613,120**	964,625
Retail business	**39,205**	15,091
Banking business	**15,388**	28,965
Other	**92,978**	174,562
Attributable to continuing operations	**981,292**	1,456,642
Corporate finance and securities broking attributable to discontinued operation	**67,424**	95,614
	1,048,716	1,552,256

Revenue attributable to banking business represents revenue generated from The Macau Chinese Bank Limited, a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China up to the date when the bank ceased to be a subsidiary of the Company. Revenue attributable to banking business is analysed as follows:

	2007	2006
	HK$'000	*HK$'000*
Interest income	**12,428**	23,916
Commission income	**2,132**	3,915
Other revenues	**828**	1,134
	15,388	28,965

3. SEGMENT INFORMATION

Segment information is presented by way of business segment as the primary segment reporting format. Descriptions of the business segments are as follows:

(a) the treasury investment segment includes investments in cash and bond markets;

(b) the property investment and development segment includes letting, resale and development of properties;

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

(d) the retail business segment engages in operating of department stores;

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

(f) the "other" segment comprises principally restaurants and catering business, food manufacturing, wholesale distribution of food and allied fast-moving consumer goods, the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services; and

(g) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services. As at the balance sheet date, the corporate finance and securities broking segment is classified as discontinued operation of the Group.

An analysis of the Group's segment information by business segment is set out as follows:

	2007 Continuing operations								Discontinued operation		
	Treasury investment *HK$'000*	Property investment and development *HK$'000*	Securities investment *HK$'000*	Retail business *HK$'000*	Banking business *HK$'000*	Other *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*	Corporate finance and securities broking *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue											
External	20,361	200,240	613,120	39,205	15,388	92,978	–	981,292	67,424	–	1,048,716
Inter-segment	21,046	5,692	–	–	–	882	(27,620)	–	164	(164)	–
Total	41,407	205,932	613,120	39,205	15,388	93,860	(27,620)	981,292	67,588	(164)	1,048,716
Segment results	39,626	579,539	26,126	(125,824)	4,157	78,990	(27,341)	575,273	13,180	–	588,453
Unallocated corporate expenses								(151,912)	–		(151,912)
Finance costs								(71,511)	–		(71,511)
Share of results of associates	–	492,387	–	–	–	128,287	–	620,674	–	–	620,674
Share of results of jointly controlled entities	–	7,442	–	–	–	(762)	–	6,680	–	–	6,680
Profit before tax								979,204	13,180		992,384
Tax								(40,455)	–		(40,455)
Profit for the year								938,749	13,180		951,929
Segment assets	345,418	4,082,399	475,054	352,376	–	14,588	–	5,269,835	–	–	5,269,835
Interests in associates	–	10,389	–	–	154,025	750,924	–	915,338	–	–	915,338
Interests in jointly controlled entities	–	2,713	–	–	–	–	–	2,713	–	–	2,713
Unallocated assets								42,879	–		42,879
Total assets								6,230,765	–		6,230,765
Segment liabilities	–	1,977,776	90,704	486,205	–	412,956	(2,339,222)	628,419	–	–	628,419
Unallocated liabilities								1,820,363	–		1,820,363
Total liabilities								2,448,782	–		2,448,782

	2006 (restated) Continuing operations								Discontinued operation		
	Treasury investment HK$'000	Property investment and development HK$'000	Securities investment HK$'000	Retail business HK$'000	Banking business HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000	Corporate finance and securities broking HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue											
External	29,312	244,087	964,625	15,091	28,965	174,562	–	1,456,642	95,614	–	1,552,256
Inter-segment	14,875	5,093	–	–	–	7,274	(27,242)	–	1,065	(1,065)	–
Total	44,187	249,180	964,625	15,091	28,965	181,836	(27,242)	1,456,642	96,679	(1,065)	1,552,256
Segment results	42,788	689,888	332,109	(12,830)	7,271	(22,924)	(26,729)	1,009,573	17,616	–	1,027,189
Unallocated corporate expenses								(147,209)	–		(147,209)
Finance costs								(78,717)	–		(78,717)
Share of results of associates	–	(17,679)	–	–	–	68,524	–	50,845	–	–	50,845
Share of results of jointly controlled entities	–	(6,991)	–	–	–	(2,072)	–	(9,063)	–	–	(9,063)
Profit before tax								825,429	17,616		843,045
Tax								(225,932)	(2,269)		(228,201)
Profit for the year								599,497	15,347		614,844
Segment assets	619,748	4,678,253	1,329,249	7,240	541,361	35,168	–	7,211,019	786,732	–	7,997,751
Interests in associates	–	1,847,403	–	–	184,025	742,918	–	2,774,346	814	–	2,775,160
Interests in jointly controlled entities	–	201,961	–	–	–	3,657	–	205,618	–	–	205,618
Unallocated assets								231,354	–		231,354
Total assets								10,422,337	787,546		11,209,883
Segment liabilities	–	1,603,101	196,023	17,537	308,875	341,518	(2,023,984)	443,070	767,974	–	1,211,044
Unallocated liabilities								3,082,779	–		3,082,779
Total liabilities								3,525,849	767,974		4,293,823

An analysis of the Group's segment information by geographical segment is set out as follows:

	2007							
	Hong Kong	**Macau**	**Republic of Singapore**	**Malaysia**	**Japan**	**Mainland China**	**Other**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**244,902**	**15,389**	**539,536**	**–**	**880**	**179,074**	**68,935**	**1,048,716**
Attributable to discontinued operation	**(67,424)**	**–**	**–**	**–**	**–**	**–**	**–**	**(67,424)**
Revenue from continuing operations	**177,478**	**15,389**	**539,536**	**–**	**880**	**179,074**	**68,935**	**981,292**
Segment assets	**1,752,211**	**–**	**559,800**	**–**	**–**	**2,583,134**	**417,569**	**5,312,714**
Interests in associates	**13,460**	**–**	**706,391**	**1,780**	**–**	**8,445**	**185,262**	**915,338**
Interests in jointly controlled entities	**–**	**–**	**2,713**	**–**	**–**	**–**	**–**	**2,713**
Total assets								**6,230,765**

	2006 (restated)							
	Hong Kong	Macau	Republic of Singapore	Malaysia	Japan	Mainland China	Other	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	716,273	28,965	344,573	34,127	58,504	136,674	233,140	1,552,256
Attributable to discontinued operation	(95,614)	–	–	–	–	–	–	(95,614)
Revenue from continuing operations	620,659	28,965	344,573	34,127	58,504	136,674	233,140	1,456,642
Segment assets	2,615,156	895,717	1,904,168	–	62,845	2,161,568	589,651	8,229,105
Interests in associates	40,465	–	2,404,217	2,258	–	111,978	216,242	2,775,160
Interests in jointly controlled entities	–	–	191,887	–	–	–	13,731	205,618
Total assets								11,209,883

4. GAIN ON DISPOSAL OF SUBSIDIARIES

In June 2007, the Group disposed of its entire interest in a joint venture, which held twenty-two strata lots in a commercial building located at 79 Anson Road in Singapore. The disposal resulted in a gain on disposal of subsidiaries of HK$101,956,000.

5. SHARE OF RESULTS OF ASSOCIATES

The amount included the Group's share of profit in Lippo ASM Asia Property LP ("LAAP"), a property fund which carries the objective of investing in real estates in the East Asia Region up to the date when LAAP ceased to be an associate of the Group, of approximately HK$491 million (2006 – loss of HK$18 million).

6. PROFIT BEFORE TAX

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

	2007	2006
	HK$'000	*HK$'000*
Interest income:		
Listed financial assets at fair value through profit or loss	**821**	5,650
Unlisted financial assets at fair value through profit or loss	**324**	790
Listed held-to-maturity financial assets	**–**	884
Loan and receivables	**575**	1,093
Banking operation	**12,428**	23,916
Other	**20,361**	29,312
Dividend income:		
Listed investments	**1,003**	2,614
Unlisted investments	**5,648**	2,291
Other unlisted investment income	**–**	725
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**(130)**	20,509
Unlisted financial assets at fair value through profit or loss	**2,217**	7,440
Listed available-for-sale financial assets	**–**	112,923
Unlisted available-for-sale financial assets	**746**	(23,520)
Net fair value gain on financial assets at fair value through profit or loss:		
Listed	**11,388**	26,174
Unlisted	**18,591**	194,672
Provision for impairment losses on unlisted available-for-sale financial assets	**(13,775)**	(6,126)
Depreciation	**(12,458)**	(15,675)
Gain/(Loss) on disposal of fixed assets	**38**	(69)
Gain on disposal of properties	**–**	423
Cost of inventories sold	**(7,330)**	(101,149)

7. TAX

	2007	2006
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the year	**1,376**	2,348
Underprovisions/(Overprovisions) in prior years	**(396)**	2,727
Deferred	**50,227**	9,151
	51,207	14,226
Overseas:		
Charge for the year	**23,889**	23,343
Underprovisions in prior years	**112**	919
Deferred	**(34,753)**	189,713
	(10,752)	213,975
Total charge for the year	**40,455**	228,201
Represented by:		
Tax charge attributable to continuing operations	**40,455**	225,932
Tax charge attributable to discontinued operation	**–**	2,269
	40,455	228,201

Hong Kong profits tax has been provided at the rate of 17.5 per cent. (2006 – 17.5 per cent.) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated on the estimated assessable profits for the year at the tax rates prevailing in the countries/jurisdictions in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

8. DISCONTINUED OPERATION

On 18th June, 2007, the Company announced a proposal to declare a special interim distribution to be satisfied by way of a distribution in specie (the "Distribution") comprising substantially all the Company's beneficial shareholding of 973,240,440 shares of HK$1.00 each in Hongkong Chinese Limited ("HKC"), representing approximately 72.26 per cent. of the issued share capital of HKC, held by the Company. On 17th July, 2007, the Company announced the decision of its board of directors to declare the Distribution in the proportion of 1.057745 share of HKC ("HKC share") for every ten shares of the Company held by the Company's shareholders based on the market price of HKC at HK$2.23 per share. Following the Distribution, HKC and its subsidiaries (the "HKC Group") ceased to be subsidiaries of the Company and the corporate finance and securities broking business which was solely carried out by the HKC Group became discontinued operation. Results of the HKC Group ceased to be accounted for in the consolidated financial statements of the Company.

Profit for the year from corporate finance and securities broking business are presented below:

	2007	2006
	HK$'000	*HK$'000*
Revenue	**67,424**	95,614
Cost of sales	**(23,234)**	(37,340)
Gross profit	**44,190**	58,274
Administrative expenses	**(15,760)**	(24,257)
Other operating expenses	**(5,573)**	(4,931)
Finance costs	**(9,677)**	(11,470)
Profit before tax	**13,180**	17,616
Tax	**–**	(2,269)
Profit for the year	**13,180**	15,347
	HK cents	*HK cents*
Earnings per share		
Basic, from the discontinued operation	**0.10**	0.12
Diluted, from the discontinued operation	**N/A**	N/A

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

(a) *Basic earnings per share*

Basic earnings per share is calculated based on (i) the consolidated profit for the year attributable to equity holders of the Company; and (ii) the weighted average number of 9,201,089,000 ordinary shares (2006 – 9,201,089,000 ordinary shares) in issue during the year.

	2007	2006
	HK$'000	*HK$'000*
Consolidated profit for the year attributable to equity holders of Company:		
From continuing operations	**646,635**	382,539
From a discontinued operation	**9,524**	11,090
	656,159	393,629

(b) *Diluted earnings per share*

No diluted earnings per share is presented for the years ended 31st December, 2007 and 2006 as the share options outstanding during these years had no dilutive effect on the basic earnings per share for these years.

10. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	2007	2006
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Repayable on demand	**–**	45,809
Within 30 days	**27,133**	42,088
Between 31 and 60 days	**139**	1,166
Between 61 and 90 days	**1**	279
Between 91 and 180 days	**132**	155
Over 180 days	**–**	60
	27,405	89,557

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 balance 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.

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing. The carrying amount of debtors and deposits are approximate to their fair values.

11. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	2007	2006
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Repayable on demand	**–**	637,965
Within 30 days	**38,585**	114,178
Between 31 and 60 days	**7,361**	195
Between 61 and 90 days	**–**	–
Between 91 and 180 days	**–**	50
	45,946	752,388

As at 31st December, 2006, the outstanding balances that are repayable on demand include client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking business amounted to HK$582,905,000.

Except for certain client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking business are interest-bearing, the balances of trade creditors are non-interest-bearing.

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong's economy stayed vibrant in 2007. The Asia region also sustained healthy economic growth.

The Group achieved encouraging results in 2007 with good performance on various businesses. During the year, property investment and development sector performed well and sustained impressive returns to the Group. The Group also took advantage of the positive global and local market conditions and realised a substantial part of its investment portfolio at profit. Meanwhile, the Group continued to strengthen its core businesses.

On 18th June, 2007, the Company announced the proposal to declare a special interim distribution to be satisfied by way of a distribution in specie (the "Distribution") comprising substantially all the Company's beneficial shareholding of 973,240,440 shares of HK$1.00 each in Hongkong Chinese Limited ("HKC") held by the Company. Following the Distribution, results of HKC and its subsidiaries (the "HKC Group") ceased to be accounted for in the consolidated financial statements of the Company. The Distribution has resulted in a clearer operational structure of the Group. Following the Distribution, the Group will primarily focus on its retail business.

For the year ended 31st December, 2007, the Group's profit attributable to shareholders increased to HK$656 million (2006 – HK$394 million).

Results for the year

Turnover for the year ended 31st December, 2007 totalled HK$981 million, which was lower than the HK$1,318 million (restated) which excluded the turnover of HK$139 million from food businesses contributed by a former subsidiary in 2006. Property and treasury and securities investments remained the principal sources of revenue of the Group, contributing 20 per cent. (2006 – 17 per cent., restated) and 65 per cent. (2006 – 68 per cent., restated) of the total turnover.

The Group reported a profit for the year from continuing operations of HK$939 million (2006 – HK$599 million). Property investment and development sector was the main contributor.

Property investment and development

Turnover generated from this segment increased to HK$200 million (2006 – HK$173 million when the proceeds of HK$55 million relating to sales of properties and the rental income of HK$16 million contributed by a former subsidiary were excluded) as a result of the increase in rental income from the leasing of the existing high quality and well-located investment properties.

Rental income generated from properties located in Hong Kong and Mainland China registered an increase of 29 per cent. and 15 per cent., respectively. Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, China continued to achieve high occupancy and renewal rental rates. The investment properties continued to provide stable rental income to the Group during the year. With a positive outlook in both regional and local property markets, the Group recorded a total revaluation gain on investment properties of HK$319 million (2006 – HK$548 million) during the year.

The Group's earnings from property investment and development also benefited from the prosperous property market in Singapore. In June 2007, the Group disposed of its entire interest in a joint venture, which held twenty-two strata lots in a commercial building located at 79 Anson Road in Singapore (the "Anson Road Properties") at a net profit of HK$102 million.

Before the Distribution, the Group had an investment in a property fund (the "Property Fund") through the HKC Group, carrying the objective of investing in real estates in the East Asia region. The Property Fund's investment in Overseas Union Enterprise Limited, a listed company in Singapore principally engaged in hotel operation and property investment, recorded a strong growth for the year as a result of the escalating property market and booming tourist demand in Singapore. The Group registered a share of profit of HK$491 million from the investment.

Additionally, the Group has participated in other well-located development projects in China and Singapore.

Treasury and securities investments

Entering 2007, the Group redeemed its investment in a real estate fund for a net proceed of S$92 million. The redemption enabled the Group to realise the gain made pursuant to the subscription in the real estate fund, which has been recognised as unrealised gain in the past years. Turnover and profits attributable to treasury and securities investments for the year amounted to HK$633 million (2006 – HK$994 million) and HK$66 million (2006 – HK$375 million) respectively.

Looking ahead, the investment market would still be challenging and full of uncertainty. Foreseeing the global investment market continued to be volatile with the shadow over the US sub-prime mortgage issues, the Group took necessary steps to restructure and refine its composition of investment portfolio in the securities investment segment so as to improve overall asset quality.

Retail business

The Group starts focusing on its retail business during the year. The Group has entered into certain lease agreements to commence its retail business in Mainland China. The leased premises would be used to operate department stores carried trade name as "Robbinz" in the strategic locations in Mainland China which included Tianjin and Chengdu, etc. The proposed branch network will also cover other core cities in Mainland China. The flagship store in Tianjin with a gross floor area of approximately 98,000 square metres and the store in Chengdu with a gross floor area of approximately 28,000 square metres commenced business in November 2007 and December 2007, respectively. The Group positions itself at the mid-to-upper of the retail market. By establishing an extensive network of department stores, the Group will capture the growth opportunities in the China economy and the domestic consumption in Mainland China. Capital expenditure of HK$195 million has been made by the Group for the year. With the significant pre-operating expenses of HK$89 million required for the set up of new stores in Mainland China and expensed upon commencement of operation according to accounting standards, the Group recorded a loss of HK$126 million for the year. The pre-operating expenses mainly represent the provision of rental expenses of the department stores incurred during the pre-operating period.

Other businesses

During the year, the Group registered a share of profit of HK$124 million from a listed associate in Singapore, Auric Pacific Group Limited ("APG"). The businesses of APG mainly included food manufacturing, wholesale and distribution, retail and food court operation as well as property and securities investment. The Group also participated in certain property project management in Singapore. Revenue of HK$40 million was generated in the current year. In May 2007, the Group disposed of its 34.34 per cent. interest in the Convoy Group, which engaged in the provision of independent financial planning services in Hong Kong, at a net profit of HK$58 million. The disposal is in line with the Group's policy of focusing on core businesses of the Group.

Financial position

As at 31st December, 2007, the Group's total assets amounted to HK$6.2 billion (2006 – HK$5.2 billion, when total assets of the HKC Group with an amount of HK$6.0 billion were excluded). Property-related assets decreased to HK$4.1 billion (2006 – HK$6.7 billion), representing 66 per cent. (2006 – 60 per cent.) of the total assets. On the other hand, investment portfolio of the Group reduced to HK$0.5 billion (2006 – HK$1.3 billion), representing 8 per cent. (2006 – 12 per cent.) of the Group's total assets.

The cash and cash equivalents of the Group remained stable at HK$0.3 billion (2006 – HK$0.3 billion which excluded HK$0.6 billion cash and cash equivalents of HKC Group which ceased to be subsidiaries of the Group during the year). The Group's financial position remained strong and current ratio (measured as current assets to current liabilities) stood at 1.31 to 1 (2006 – 1.74 to 1).

As at 31st December, 2007, the bank loans of the Group decreased to HK$1,147 million (2006 – HK$1,977 million). All the bank loans were secured (2006 – HK$1,967 million of which were secured and 10 million of which were unsecured) by certain properties of the Group. The bank loans as at 31st December, 2006 were also secured by shares in certain subsidiaries and certain securities of the Group. 81 per cent. (2006 – 72 per cent.) of the loans were denominated in Hong Kong dollars or Renminbi. All bank loans carried interest at floating rates and 4 per cent. (2006 – 6 per cent.) of the bank loans were repayable within one year. At the end of the year, gearing ratio (measured as bank and other borrowings, net of minority interests, to shareholders' funds) was 31.2 per cent. (2006 – 35.1 per cent.).

Taking into account the profit for the year, the 2006 final dividend, 2007 interim dividend and 2007 special interim dividend paid to the shareholders of the Company amounted to HK$129 million, and special interim distribution of 1.057745 HKC share for every ten shares of the Company held by the Company's shareholders amounted to HK$2,170 million, net asset value attributable to shareholders to the Company decreased to HK$3.6 billion (2006 – HK$5.5 billion). This was equivalent to HK$0.4 per share (2006 – HK$0.6 per share).

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign exchange risk. When appropriate, 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 year (2006 – Nil). On 25th July, 2007, a jointly controlled entity of the Group entered into an agreement to sell all of the rights, title and interest in the receivables in respective of its residential project to Vesta Investment Corporation Limited ("Vesta") and Vesta issued floating rate notes in an aggregate principal amount of US$346 million to institutional investors upon the purchase of the receivables (the "Securitisation Exercise"). On the same date, the Company entered into a cost overruns undertaking and a deed of understanding in relation to the Securitisation Exercise which would result in a net maximum exposure of approximately HK$86 million for the Group. Save as aforesaid, the Group had no material contingent liabilities outstanding (2006 – aside from those arising from the normal course of the Group's banking operation, the Group had no material contingent liabilities outstanding).

As at 31st December, 2007, the Group had total capital commitment of HK$0.4 billion (2006 – HK$0.9 billion). The investments or capital assets will be financed by the Group's internal resources and/or external banking financing, as appropriate.

Staff and remuneration

The Group had approximately 931 employees as at 31st December, 2007 (2006 – 317 employees). The increase was in line with the development of the retail business of the Group. Total staff costs (including directors' emoluments) during the year amounted to HK$135 million (2006 – HK$163 million) (included staff costs from discontinued operation). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under share option scheme of the Company.

Outlook

The US sub-prime mortgage crisis, which began in August 2007, has caused greater volatility in financial markets worldwide. While the Asia economy was relatively unscathed, the external trading environment has turned more uncertain, and the repercussions of the credit market turbulence have yet to play out fully. The operating environment of the Group remains challenging. Overall, the Group is cautiously optimistic for the year ahead. Economic fundamentals in Hong Kong and the Asia Pacific Region remain sound. While striving to continue to improve internal operational efficiencies, the Group will keep on refining its existing core businesses and seeking new investment opportunities with long-term growth potential. Given its own strong financial position, the Group is confident that it would be able to take advantage of new business opportunities in its pursuit of enhancing shareholders' value.

DIVIDENDS

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting the payment of a final dividend of HK0.4 cent per share (2006 – HK0.4 cent per share) and a special final dividend of HK0.6 cent per share (2006 – Nil) for the year ended 31st December, 2007. Together with the interim dividend of HK0.2 cent per share (2006 – HK0.2 cent per share) and the special interim dividend of HK0.8 cent per share (2006 – Nil) paid on 22nd October, 2007, the total dividends for the year ended 31st December, 2007 (excluding the special interim distribution declared on 17th July, 2007) will be HK2 cents per share (2006 – HK0.6 cent per share) amounting to approximately HK$184,022,000 (2006 – HK$55,206,000). Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend and the special final dividend will be paid on Friday, 27th June, 2008 to shareholders whose names appear on the Register of Members on Thursday, 5th June, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 2nd June, 2008 to Thursday, 5th June, 2008 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the final dividend and the special final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 30th May, 2008.

BUSINESS REVIEW

Overview

The Hong Kong economy sustained a robust momentum of growth in 2007, with GDP growing at a rate of 6.3 per cent. Falling unemployment rate and continuing strong domestic consumption boosted market confidence. Supported by an environment of low interest rate and capital inflow, the local property and stock markets rallied. Stock prices and market turnover surged to record highs in October 2007 before the corrections in stock markets around the world took place due to concern of a slowdown in the US economy, stemming from sub-prime mortgage problems. The PRC economy continued to grow at a fast pace in 2007, with the GDP growth rate reaching 11.9 per cent. The implementation of further tightening macro-economic measures in the PRC might slow down the pace of growth but these measures will be beneficial for maintaining healthy and steady growth in the longer term.

Results

Following the distribution in specie of the Company's approximate 72.26 per cent. shareholding in Hongkong Chinese Limited ("HKC") to the shareholders of the Company in July 2007, HKC ceased to be a subsidiary of the Company and the Company has no longer consolidated HKC's results since then. Pre-operating expenses incurred for the opening of the new department stores affected the Group's profitability in the second half of the year. Nevertheless, the Group still maintained satisfactory results in 2007. It achieved a profit attributable to shareholders of HK$656 million for the year ended 31st December, 2007, compared to a profit of HK$394 million in 2006.

Retail business

The Group's department store chain "Robbinz" was established in the PRC during the year. "Robbinz" is positioned to serve the fast growing mid-to-upper consumer segment providing customers with one-stop shopping service. The continuing fast-growing PRC economy has resulted in the rise of the middle class and increase in purchasing power. The total retail sales of consumer goods in the PRC during 2007 amounted to approximately RMB8,921 billion, an increase of approximately 16.8 per cent. when compared with 2006. Such favourable environment has provided a good opportunity for the development of the Group's retail business in the PRC.

The flagship store of "Robbinz" in Tianjin, with a gross floor area of approximately 98,000 square metres, was opened in November 2007. The second "Robbinz" store in Chengdu, with a gross floor area of approximately 28,000 square metres, was opened in December 2007. Both stores are located at prime locations in the city centre and under 20-year leases.

According to the business development plan, the Group will open more department stores in municipalities and provincial capitals of the PRC in the near future. Two more new "Robbinz" stores shall be opened in Xuzhou and Yangzhou (both in Jiangsu Province) respectively, after which the Group will operate and manage a total retail space of approximately 300,000 square metres. The Group will continue to look for suitable opportunities to extend its market share in the retail sector in the PRC.

Auric Pacific Group Limited (together with its subsidiaries, the "APG Group"), in which the Group is interested in approximately 49.3 per cent. of its issued share capital and the shares of which are listed on the Main Board of SGX-ST, achieved a net profit after tax of S$51.5 million for the year ended 31st December, 2007, compared to a profit of S$22.3 million in 2006.

During the year, the APG Group acquired Edmontor Investments Pte Ltd, the holding company of Delifrance Asia Limited ("Delifrance Asia"). Delifrance Asia and its subsidiaries (the "Delifrance Asia Group") operates the Delifrance chain of cafes and bristros with presence in a number of countries and cities in Asia including, inter alia, Hong Kong, Shanghai, Singapore, Malaysia, Indonesia and Thailand. The acquisition of the Delifrance Asia Group has provided the APG Group a good opportunity to achieve cross synergy.

In order to focus its resources into expanding existing and newly acquired core businesses, in February 2008, the APG Group entered into an agreement for the disposal of its entire interest in One Phillip Street in Singapore for a cash consideration of approximately S$99 million. The disposal will give rise to a net gain of approximately S$13.5 million to the APG Group.

The operating environment of Robinson and Company, Limited ("Robinson"), in which the APG Group was interested approximately 29.99 per cent., has changed significantly since the APG Group's acquisition in 2006. The global economy has been experiencing greater volatility as sub-prime woes continue to affect global financial markets and the general economic environment which in turn have affected consumer sentiment and spending in the markets where Robinson operates. Rising rental and staff costs have also contributed to an increasingly challenging operating environment. As the prospects for Robinson would be subject to greater uncertainty, the APG Group accepted the cash offer for Robinson (the "Offer") at a price of S$7.20 per share in April 2008 which was a timely opportunity for the APG Group to divest its investment in Robinson at an attractive price. The aggregate consideration received by the APG Group under the Offer amounted to approximately S$185.6 million.

Property investment and development

The Group's investment properties continued to enjoy high occupancy during the year. Rental provided the Group with stable income. Lippo Plaza at Huaihai Zhong Road, Shanghai maintained very high occupancy at satisfactory rental rates.

In order to have more strategic flexibility over its existing property interests, the Group acquired in October 2007 the remaining 30 per cent. interest in Tecwell Limited which in turn owns 95 per cent. interest in Lippo Plaza in Shanghai, for an aggregate consideration of US$52.2 million. In December 2007, the Group also entered into an agreement with the PRC joint venture partner pursuant to which the rights of the latter in the 力寶中旅廣場 (Lippo CTS Plaza) project in Zhuhai, representing approximately 22.85 per cent. of the gross floor area thereof, would be transferred to the Group for an aggregate consideration of RMB110 million.

Distribution in specie

During the year, the Company, HKC and Lippo Limited ("Lippo"), the holding company of the Company (collectively, the "Lippo Group") undertook a realignment to streamline the corporate structure of the Lippo Group. The Company declared a special interim distribution by way of distribution in specie of its approximate 72.26 per cent. shareholding in HKC to its shareholders in July 2007 (the "Distribution"). As a result, the Company ceased to be the holding company of HKC, while Lippo has become the beneficial owner of approximately 51.4 per cent. of the issued share capital of HKC. The Distribution has resulted in a clearer and better defined operational model for the Lippo Group. Following the realignment, HKC will primarily focus on property investment and development while the Company will primarily focus on retail business. The better defined and more focused separate operations of the Company, HKC and Lippo will enable investors to better appraise, assess and distinguish the values, potential and performance of each of the listed entities within the Lippo Group.

PROSPECTS

Looking ahead, we believe the Hong Kong economy will continue to benefit from low interest rate environment and steady economic growth in the PRC. Nevertheless, there are a number of uncertainties in the external environment. Prevailing sluggishness in the US economy arising from the sub-prime mortgage problems has increased the chance of a recession of the US economy. Together with tightened liquidity and continued deterioration in the credit market, the global economy will inevitably be affected in varying degrees. Despite these uncertainties, there is also broad optimism about the economic and business prospects in the surrounding Asian countries, including the PRC where the 2008 Beijing Olympic Games will be held in August this year.

The overall outlook for the Group is promising. With strong fundamentals, the Group is in an excellent position to benefit from the continuing economic growth in Asia, particularly in the PRC. We are optimistic about the prospects of the Company and Management will continue to adopt a cautious and prudent approach to capture suitable investment opportunities and maximize returns for our shareholders.

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

During the year ended 31st December, 2007, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CODE OF 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.

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31st December, 2007.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the audited consolidated financial statements of the Company for the year ended 31st December, 2007.

By Order of the Board
Lippo China Resources Limited
John Luen Wai Lee
Director

Hong Kong, 17th April, 2008

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