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, 2008

FINAL RESULTS

The Directors of Lippo China Resources Limited (the "Company") announce the consolidated final results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31st December, 2008 together with the comparative figures for the corresponding period in 2007 as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 2008

	Note	**2008** *HK$'000*	2007 *HK$'000* (restated)
CONTINUING OPERATIONS			
Revenue	*2*	**379,090**	378,055
Cost of sales		**(187,018)**	(149,919)
Gross profit		**192,072**	228,136
Administrative expenses		**(139,872)**	(136,663)
Other operating expenses		**(135,192)**	(110,539)
Fair value gains/(losses) on investment properties		**(245,718)**	319,250
Gain on disposal of fixed assets		**43,055**	38
Gain on disposal of subsidiaries		**21,421**	83,779
Gain on disposal of available-for-sale financial assets		**14,310**	746
Gain on disposal of associates		**–**	57,620
Net fair value gain on financial assets at fair value through profit or loss		**657**	29,979
Provisions for impairment losses:			
Associates		**(74,478)**	(33,692)
Available-for-sale financial assets		**(50,655)**	(13,775)
Finance costs		**(51,368)**	(73,029)
Share of results of associates		**(89,749)**	620,674
Share of results of jointly controlled entities		**–**	6,680
Profit/(Loss) before tax	*4*	**(515,517)**	979,204
Tax	*5*	**74,271**	(40,455)
Profit/(Loss) for the year from continuing operations		**(441,246)**	938,749
DISCONTINUED OPERATION			
Profit for the year from discontinued operation	*6*	**–**	13,180
Profit/(Loss) for the year		**(441,246)**	951,929

	Note	2008 *HK$'000*	2007 *HK$'000* (restated)
Attributable to:			
Equity holders of the Company		**(396,871)**	656,159
Minority interests		**(44,375)**	295,770
		(441,246)	951,929
		HK cents	*HK cents*
Earnings/(Loss) per share attributable to equity holders of the Company	*7*		
Basic			
– For profit/(loss) for the year		**(4.31)**	7.13
– For profit/(loss) from continuing operations		**(4.31)**	7.03
Diluted			
– For profit/(loss) for the year		**N/A**	N/A
– For profit/(loss) from continuing operations		**N/A**	N/A
Dividends and distributions			
Interim dividend per share		**0.2**	0.2
Special interim dividend per share		**–**	0.8
Special interim distribution per ten shares		**–**	235.9
Final dividend per share		**1.0**	0.4
Special final dividend per share		**–**	0.6

CONSOLIDATED BALANCE SHEET
As at 31st December, 2008

	Note	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Goodwill		**23,371**	23,371
Fixed assets		**327,970**	316,636
Investment properties		**3,134,151**	3,426,316
Properties under development		**48,310**	43,747
Interests in associates		**707,305**	915,338
Interests in jointly controlled entities		**2,694**	2,713
Available-for-sale financial assets		**406,173**	411,057
Loans and advances		**15,930**	–
		4,665,904	5,139,178
CURRENT ASSETS			
Properties held for sale		**10,792**	5,058
Properties under development		**573,713**	461,679
Inventories		**2,080**	1,092
Financial assets at fair value through profit or loss		**64,654**	63,997
Loans and advances		**–**	5,445
Debtors, prepayments and deposits	8	**172,763**	208,898
Cash and bank balances		**614,922**	345,418
		1,438,924	1,091,587
CURRENT LIABILITIES			
Bank loans		**246,953**	46,019
Amount due to a jointly controlled entity		**46,638**	46,968
Creditors, accruals and deposits received	9	**730,959**	586,378
Tax payable		**54,038**	72,022
		1,078,588	751,387
NET CURRENT ASSETS		**360,336**	340,200
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,026,240**	5,479,378
NON-CURRENT LIABILITIES			
Bank loans		**1,163,047**	1,100,590
Deferred rental		**131,617**	84,151
Deferred tax liabilities		**450,990**	512,654
		1,745,654	1,697,395
NET ASSETS		**3,280,586**	3,781,983
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**919,285**	920,109
Reserves		**2,248,240**	2,705,640
		3,167,525	3,625,749
Minority interests		**113,061**	156,234
		3,280,586	3,781,983

Note:

1. PRINCIPAL ACCOUNTING POLICIES

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

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, 2007, with certain comparative amounts which have been reclassified to conform with current year's presentation, except that in the current year, the Group has changed the presentation of revenue and has adopted certain new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "new/ revised HKFRSs") as detailed in Note (a) and (b) below:

(a) Change in the presentation of revenue

In prior years, revenue included the proceeds from sales of securities investment, while the related costs of sales of securities investment were presented as "Cost of sales".

In the current year, the Group has revised the presentation of revenue in order to provide more relevant information in respect of the Group's operations and to conform with market practices. The proceeds from sales of securities investment are offset against the cost of sales of securities investment and are presented as gain/(loss) on sales of securities investment in the consolidated profit and loss account within revenue.

The effects of the change in the presentation of revenue have been accounted for retrospectively with comparative figures restated. The change does not have any impact on the results of the Group in respect of current and prior years.

(b) New/Revised HKFRSs

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's final results:

HKAS 39 and HKFRS 7 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [1]
HKFRS 1 (Revised)	First-time Adoption of HKFRSs [2]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations [1]
HKFRS 3 (Revised)	Business Combinations [2]
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instrument: Disclosures – Improving Disclosures about Financial Instruments[1]
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]
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation [1]
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items [2]
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments, Recognitions and Measurement – Embedded Derivatives [5]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [3]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate [1]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation [4]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners [2]
HK(IFRIC)-Int 18	Transfers Assets from Customers [2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendment to HKFRS 5 which is effective for annual periods beginning on or after 1st July, 2009, other amendments are effective for annual periods beginning on or after 1st January, 2009 although there are separate transitional provisions for each standard.

[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 July, 2008
[4] Effective for annual periods beginning on or after 1st October, 2008
[5] Effective for annual periods ending on or after 30th June, 2009

* Improvements to HKFRSs contain amendments to HKFRS 5, HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS 16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

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, income from securities investment which includes gain/(loss) on sales of securities investments, dividend income and related interest income, gross income from underwriting and securities broking, sales income from food 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:

	2008	2007
	HK$'000	*HK$'000*
		(restated)
Treasury investment	**7,555**	20,361
Property investment and development	**189,989**	200,240
Securities investment	**2,677**	9,883
Retail business	**120,070**	39,205
Other	**58,799**	108,366
Attributable to continuing operations	**379,090**	378,055
Corporate finance and securities broking attributable to discontinued operation	**–**	67,424
	379,090	445,479

Revenue attributable to other business in 2007 included 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 of HK$15,388,000. Revenue attributable to banking business was analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Interest income	**–**	12,428
Commission income	**–**	2,132
Other revenues	**–**	828
	–	15,388

3. SEGMENT INFORMATION

Segment information is presented by business segment, for the primary segment, and by geographical segment, for the secondary segment. 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 operation of department stores;

(e) the "other" segment comprises principally food business, the provision of commercial and retail banking services, the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services; and

(f) 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:

	2008									
	Continuing operations							Discontinued operation		
	Treasury investment HK$'000	Property investment and development HK$'000	Securities investment HK$'000	Retail business HK$'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	7,555	189,989	2,677	120,070	58,799	–	379,090	–	–	379,090
Inter-segment	–	3,669	–	–	–	(3,669)	–	–	–	–
Total	7,555	193,658	2,677	120,070	58,799	(3,669)	379,090	–	–	379,090
Segment results	6,457	(35,959)	(33,011)	(174,255)	(31,358)	(3,669)	(271,795)	–	–	(271,795)
Unallocated corporate expenses							(102,605)	–		(102,605)
Finance costs							(51,368)	–		(51,368)
Share of results of associates	–	1,331	–	–	(91,080)	–	(89,749)	–	–	(89,749)
Loss before tax							(515,517)	–		(515,517)
Tax							74,271	–		74,271
Loss for the year							(441,246)	–		(441,246)
Assets and liabilities										
Segment assets	614,922	3,896,041	470,827	342,476	26,947	–	5,351,213	–	–	5,351,213
Interests in associates	–	6,301	–	–	701,004	–	707,305	–	–	707,305
Interests in jointly controlled entities	–	2,694	–	–	–	–	2,694	–	–	2,694
Unallocated assets							43,616	–		43,616
Total assets							6,104,828	–		6,104,828
Segment liabilities	–	2,420,236	263,888	662,870	385,072	(2,874,418)	857,648	–	–	857,648
Unallocated liabilities							1,966,594	–		1,966,594
Total liabilities							2,824,242	–		2,824,242

	2007 (restated) Continuing operations							Discontinued operation		
	Treasury investment *HK$'000*	Property investment and development *HK$'000*	Securities investment *HK$'000*	Retail business *HK$'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	9,883	39,205	108,366	–	378,055	67,424	–	445,479
Inter-segment	21,046	5,692	–	–	882	(27,620)	–	164	(164)	–
Total	41,407	205,932	9,883	39,205	109,248	(27,620)	378,055	67,588	(164)	445,479
Segment results	39,626	579,539	26,126	(125,824)	83,147	(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
Assets and liabilities										
Segment assets	345,418	4,082,399	475,054	352,376	14,588	–	5,269,835	–	–	5,269,835
Interests in associates	–	10,389	–	–	904,949	–	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

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

			2008		
	Hong Kong	**Republic of Singapore**	**Mainland China**	**Other**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue	**102,368**	**911**	**275,010**	**801**	**379,090**
Attributable to discontinued operation	**–**	**–**	**–**	**–**	**–**
Revenue from continuing operations	**102,368**	**911**	**275,010**	**801**	**379,090**
Segment assets	**1,567,600**	**686,735**	**2,727,491**	**413,003**	**5,394,829**
Interests in associates	**7,651**	**589,241**	**9,155**	**101,258**	**707,305**
Interests in jointly controlled entities	**–**	**2,694**	**–**	**–**	**2,694**
Total assets					**6,104,828**

			2007 (restated)		
	Hong Kong	Republic of Singapore	Mainland China	Other	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	178,218	58,464	179,074	29,723	445,479
Attributable to discontinued operation	(67,424)	–	–	–	(67,424)
Revenue from continuing operations	110,794	58,464	179,074	29,723	378,055
Segment assets	1,752,211	559,800	2,583,134	417,569	5,312,714
Interests in associates	13,460	706,391	8,445	187,042	915,338
Interests in jointly controlled entities	–	2,713	–	–	2,713
Total assets					6,230,765

4. PROFIT/(LOSS) BEFORE TAX

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

	2008	2007
	HK$'000	*HK$'000*
Interest income:		
Listed financial assets at fair value through profit or loss	**–**	821
Unlisted financial assets at fair value through profit or loss	**–**	324
Loans and advances	**331**	575
Banking operation	**–**	12,428
Other	**7,555**	20,361
Dividend income:		
Listed investments	**43**	1,003
Unlisted investments	**816**	5,648
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**1,818**	(130)
Unlisted financial assets at fair value through profit or loss	**–**	2,217
Unlisted available-for-sale financial assets	**14,310**	746
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	**(446)**	11,388
Unlisted	**1,103**	18,591
Provision for impairment losses on available-for-sale financial assets:		
Listed	**(39,015)**	–
Unlisted	**(11,640)**	(13,775)
Receivables written off	**(23,487)**	–
Depreciation	**(34,590)**	(12,458)
Gain/(Loss) on disposal of fixed assets:		
Leasehold land and buildings	**43,094**	–
Other items of fixed assets	**(39)**	38
Loss on disposal of investment properties	**(1,834)**	–
Cost of inventories sold	**(10,660)**	(7,330)

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

5. TAX

	2008	2007
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the year	**2,557**	1,376
Overprovision in prior years	**(508)**	(396)
Deferred	**(75,281)**	50,227
	(73,232)	51,207
Overseas:		
Charge for the year	**10,733**	23,889
Underprovision in prior years	**566**	112
Deferred	**(12,338)**	(34,753)
	(1,039)	(10,752)
Total charge/(credit) for the year	**(74,271)**	40,455

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2007 – 17.5 per cent.) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31st December, 2008. 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.

6. 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 then 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 final results of the Group.

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

	2007
	HK$'000
Revenue	67,424
Cost of sales	(23,234)
Gross profit	44,190
Administrative expenses	(15,760)
Other operating expenses	(5,573)
Finance costs	(9,677)
Profit before tax	13,180
Tax	–
Profit for the year	13,180
	HK cents
Earnings per share	
Basic, from the discontinued operation	0.10
Diluted, from the discontinued operation	N/A

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the year attributable to equity holders of the Company; and (ii) the weighted average number of 9,199,648,000 ordinary shares (2007 – 9,201,089,000 ordinary shares) in issue during the year.

	2008	2007
	HK$'000	*HK$'000*
Consolidated profit/(loss) for the year attributable to equity holders of Company:		
From continuing operations	**(396,871)**	646,635
From discontinued operation	**–**	9,524
	(396,871)	656,159

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented for the years ended 31st December, 2008 and 2007 as the share options outstanding during these years had no dilutive effect on the basic earnings/(loss) per share for these years.

8. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	2008	2007
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days	**5,012**	27,133
Between 31 and 60 days	**2,643**	139
Between 61 and 90 days	**1,123**	1
Between 91 and 180 days	**2,722**	132
Over 180 days	**1,076**	–
	12,576	27,405

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.

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

9. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	2008	2007
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Within 30 days	**33,285**	38,585
Between 31 and 60 days	**10,107**	7,361
Between 61 and 90 days	**2,854**	–
Between 91 and 180 days	**1,405**	–
Over 180 days	**660**	–
	48,311	45,946

The balances of trade creditors are non-interest-bearing.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2008, the worsening of the US subprime mortgage crisis led to a massive credit crunch resulting in a severe global financial turmoil. Economies and property markets around the world suffered, which adversely affected the Group's property related businesses. At the same time, the economic downturn and rising unemployment significantly weakened consumer sentiment, posing challenges to the Group's retail business. Overall performance of the Group suffered as a result.

Results for the year

Turnover for the year ended 31st December, 2008 totalled HK$379 million (2007 – HK$378 million, as restated). Property investment and development as well as retail business were the principal sources of revenue of the Group, contributing 50 per cent. (2007 – 53 per cent., as restated) and 32 per cent. (2007 – 10 per cent., as restated) of the total turnover, respectively.

Facing the adversity, for the year 2008 the Group reported a loss attributable to shareholders from continuing operations of HK$397 million (2007 – profit of HK$263 million when profit contributed by Hongkong Chinese Limited ("HKC") and its subsidiaries (collectively the "HKC Group"), which ceased to be subsidiaries since July 2007, was excluded). The deterioration in results was mainly derived from downward adjustments to property revaluation, impairment of its investments, fair value changes in its investment portfolio and loss incurred by the Group's incipient retail business in mainland China.

Property investment and development

Property markets in the region which the Group conducts its business deteriorated in the fourth quarter of 2008. Nevertheless, rental income in 2008 increased to HK$190 million (2007 – HK$180 million, excluding the rental income of HK$20 million contributed by HKC Group), benefiting from the quality and the strategic locations of its investment properties.

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 achieve satisfactory occupancy and renewal rental rates. The rental income of these properties registered an increase of 11 per cent. and 15 per cent. respectively. Property letting business continued to provide stable and recurrent revenue to the Group. However, given the downturn in the property markets in the region, the Group recorded a total revaluation loss on investment properties of HK$246 million (2007 – gain of HK$319 million) during the year. As a result, the segment had a loss of HK$36 million in 2008 (2007 – profit of HK$580 million).

The Group cautiously looked for opportunities to realise the increase in value of its property assets under the booming market before the onset of the financial turmoil. In January 2008, the Group completed the disposal of the entire 10th Floor together with 4 car parking spaces at AXA Centre in Wanchai, Hong Kong at a total consideration of HK$69 million. In August 2008, the Group completed the disposal of the entire 23rd Floor of Tower One, Lippo Centre, Hong Kong at a consideration of HK$250 million. In September 2008, the Group completed the disposal of its interest in a property located at No. 2 Pu Du Si Xi Xiang, Dongcheng District, Beijing, China for a consideration of HK$65 million. All these disposals contributed satisfactory profit to the Group during the year.

The Group has also participated in a number of well-located property development projects in Singapore and mainland China. Two development projects in Singapore, Newton One in which the Group is interested in 100 per cent. and The Metropolitan Condominium which is a 50:50 joint venture development with CapitaLand Limited, are scheduled for completion in 2009. All units put up for sale in these two projects were pre-sold before the end of 2007 and the revenue is expected to be recognised in 2009.

Retail business

The Group opened two department stores in mainland China under the trade name of "Robbinz" in Tianjin and Chengdu respectively, with a total gross floor area of approximately 126,000 square metres in late 2007 and such stores became fully operational in 2008. Therefore, turnover generated from this segment increased significantly to HK$120 million in 2008 (2007 – HK$39 million). Turnover comprised of net proceeds received from concessionaire sales and gross rental income. These two stores are in their second year of operation and are in the process of optimising their performance. For the full year 2008, the retail business reported a loss of HK$174 million (2007 – HK$126 million). The segment recorded a capital expenditure of HK$44 million (2007 – HK$195 million). This is related to store opening capex recognised in 2008 as well as further capex incurred to draw additional vendors.

The Tianjin store is at a prime location in the city centre offering a shopping destination for consumers. It is currently in the process of optimising its vendor mix by introducing more competitive brands and wider product variety. In May 2008, the Chengdu store was temporarily closed for 2 days after a tragic earthquake struck in Sichuan. It resumed its normal operation shortly after.

Other businesses

Following the distribution of its interest in HKC in July 2007, treasury and securities investment no longer remained as one of the core businesses of the Group. Loss attributable to treasury and securities investments for the year amounted to HK$27 million (2007 – profit of HK$66 million). The loss is mainly due to impairment of its investments as a result of the current adverse financial and economic conditions. During the year, the Group registered a share of loss of HK$91 million from a listed associate in Singapore, Auric Pacific Group Limited ("APG"). APG are mainly engaged in food manufacturing, wholesale and distribution, food retail and food court operation as well as property and securities investments. Singapore, where APG conducts most of its business, is in recession and as a result APG's performance is adversely affected. However, with food as a basic necessity, APG's core food related businesses should remain resilient.

Financial position

As at 31st December, 2008, the Group's total assets amounted to HK$6.1 billion (2007 – HK$6.2 billion). Property-related assets decreased to HK$3.9 billion (2007 – HK$4.1 billion), representing 64 per cent. (2007 – 66 per cent.) of the total assets. On the other hand, investment portfolio of the Group stood at HK$0.5 billion (2007 – HK$0.5 billion), representing 8 per cent. (2007 – 8 per cent.) of the Group's total assets. The cash and cash equivalents of the Group increased to HK$615 million (2007 – HK$345 million). The Group's financial position remained strong. Current ratio of the Group (measured as current assets to current liabilities) stood at 1.33 to 1 (2007 – 1.45 to 1).

As at 31st December, 2008, the bank loans of the Group increased to HK$1,410 million (2007 – HK$1,147 million). All the bank loans were secured by certain properties of the Group. 58 per cent. and 29 per cent. (2007 – 54 per cent. and 27 per cent.) of the loans were denominated in Hong Kong dollars and Renminbi respectively. All bank loans carried interest at floating rates and 18 per cent. (2007 – 4 per cent.) of the bank loans were repayable within one year. At the end of the year, gearing ratio (measured as total borrowings, net of minority interests, to shareholders' funds) was 43.9 per cent. (2007 – 31.2 per cent.).

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 (2007 – 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 respect of its residential project to Vesta Investment Corporation Limited ("Vesta") and Vesta issued floating rate notes 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. As at 31st December, 2008, the net maximum exposure to the Group was approximately HK$18 million (2007 – HK$86 million). Save as aforesaid, the Group had no material contingent liabilities outstanding (2007 – Nil).

As at 31st December, 2008, the Group had total capital commitment of HK$203 million (2007 – HK$366 million). 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 851 employees as at 31st December, 2008, (2007 – 931 employees). The decrease in the number of employees was due to the operation optimisation of our retail business in mainland China. Total staff costs (including directors' emoluments) during the year amounted to HK$99 million (2007 – HK$135 million, including 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

It appears that 2009 will continue to be a difficult year. Economy remains sluggish globally, consumer sentiment is weak, property sector is still depressed and financial markets continue to be volatile. Business environment remains challenging to companies around the world. However the Group remains positive of the prospects of the Asia Pacific region over the medium term despite the fact that, similar to other regions, it is hard hit by the economic crisis. It is possible that once the world recovers from the current doldrums, key economies in the region such as mainland China will be among the first to rebound and become vibrant again. The Group will continue to focus on developments in the Asia Pacific region, especially in mainland China. At the same time, it will continue to remain prudent in managing its property and investment portfolios.

DIVIDENDS

The Directors have resolved to recommend to shareholders at the forthcoming Annual General Meeting the payment of a final dividend of HK1 cent per share (2007 – HK0.4 cent per share and a special final dividend of HK0.6 cent per share) amounting to approximately HK$91.9 million for the year ended 31st December, 2008 (2007 – approximately HK$92 million). Together with the interim dividend of HK0.2 cent per share (2007 – excluding the special interim distribution declared on 17th July, 2007, HK0.2 cent per share and a special interim dividend of HK0.8 cent per share) paid on 22nd October, 2008, total dividends for the year ended 31st December, 2008 will be HK1.2 cent per share (2007 – excluding the special interim distribution declared on 17th July, 2007, HK2 cents per share) amounting to approximately HK$110.3 million (2007 – approximately HK$184 million). Subject to the approval of shareholders at the forthcoming Annual General Meeting, the final dividend will be paid on or about Friday, 26th June, 2009 to shareholders whose names appear on the Register of Members on Wednesday, 10th June, 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 8th June, 2009 to Wednesday, 10th June, 2009 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the proposed final dividend and be entitled to attend and vote at the forthcoming Annual General Meeting, 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, 5th June, 2009.

BUSINESS REVIEW

Overview

2008 turned out to be a difficult and challenging year for the Group. In the early part of the year, mainland China experienced a number of tragic natural disasters of snow storm and earthquakes. The property market in mainland China slowed down as a result of tightening macro-economic policies since late 2007. Towards the latter half of the year, the worsening US sub-prime mortgage crisis led to the collapse of major US financial institutions and a massive credit crunch which escalated into a global financial turmoil on a scale not seen before. Economies around the world, developed and developing alike, experienced contraction. Stock markets in Hong Kong and mainland China suffered as a result. In a sharp reversal from the surging prices in 2007, property markets in the region fell in the latter half of 2008. In mainland China, weak stock and property markets together with falling exports led to a GDP registering lower growth in 2008. Inevitably mainland China retail consumption was also affected.

Results

The present global financial crisis has been particularly severe and wide reaching, affecting economies across the globe, including Hong Kong and other locations in which the Group has investments. The Group, as is the case with many companies, has been adversely affected. For the year ended 31st December, 2008, the Company recorded a consolidated loss attributable to shareholders of approximately HK$397 million, as compared to a profit of HK$656 million in 2007. The deterioration in results was mainly attributable to revaluation losses of the property portfolio and fair value changes in the investment portfolio as a result of the current adverse financial and economic conditions as well as loss incurred by the Group's incipient retail business in mainland China.

In the face of rapidly weakening market conditions, the Group took steps through the year to consolidate its core businesses, review the continuing viability of projects in the pipeline, re-examine the quality of its investment portfolio, and conserve cash to weather the tough times ahead. The Group does not have any exposure to equity or currency accumulators. Its cash and liquidity position has benefited from the disposal of assets during the year.

Property investment and development

Following the downturn of economic conditions in the second half of the year, the occupancy rate of the Group's investment properties dropped slightly but was still maintained at a satisfactory level. Rental from its investment properties in Hong Kong and mainland China continued to provide the Group with stable income.

Since the beginning of 2008, the Group has taken a prudent strategy in managing its property portfolio. The Group took steps to realize the value of its assets and increase the cash reserve. During the year, the Group successfully completed the disposal of the entire 23rd Floor of Tower One, Lippo Centre, Hong Kong for a consideration of HK$250 million and such disposal contributed satisfactory profit to the Group. In September 2008, the Group also successfully disposed of its entire interest in the property located at No. 2 Pu Du Si Xi Xiang, Dongcheng District, Beijing, China for an aggregate consideration of approximately HK$65 million. The Group will continue to be vigilant on market developments and will manage its portfolio in a prudent manner accordingly.

Retail business

The Group's department store chain "Robbinz" was established in mainland China in 2007. In late 2007, Robbinz opened two department stores, in Tianjin and Chengdu respectively, with a total gross floor area of approximately 126,000 square metres.

The Tianjin and Chengdu stores were in full operation during the year. The Tianjin store, with its prime location in the city centre, provides a quality choice of shopping destination for consumers. Sales and promotional campaigns were launched on a regular basis to drive shopper traffic and build the "Robbinz" brand.

In May 2008, Sichuan was struck by a tragic earthquake that left thousands homeless. Robbinz's operation in Chengdu was inevitably affected and as a result the store was closed for two days. Overall consumer sentiment remained weak after the earthquake. A series of promotional campaigns were launched to rebuild traffic and the store gradually resumed its normal operation.

Both the Tianjin store and the Chengdu store are in their second year of operation. Management has consistently been reviewing its businesses, identifying areas to drive operational improvement and bringing new products and brands to meet the changing needs of customers. The Tianjin store is in the process of optimizing its vendor mix by introducing more competitive brands and wider product variety to further attract its target customers.

Despite the economic slowdown, the Group remains optimistic about the long-term prospects of the retail business in mainland China. The Group will seek to increase its market share should suitable opportunities arise, especially in the fast-growing provinces.

The downturn of the global economy has also adversely affected Auric Pacific Group Limited ("APG", a company listed on the Main Board of SGX-ST and in which the Group is interested in approximately 49.3 per cent. of its issued share capital, together with its subsidiaries, the "APG Group"). Singapore, where APG derives most of its revenues, is officially in negative growth and recession. As a result, APG recorded a loss of S$34.2 million for the year ended 31st December, 2008, compared to a profit of S$51.5 million. Such loss was mainly attributable to its operating loss and unrealized loss on fair values of its investments. Although the downturn has brought commodity prices lower and the softening property markets have reduced rentals which can be helpful to retail based businesses, these are dwarfed by the impact of the global economic turmoil. It is expected that consumers will be more prudent in their spending in face of a gloomy economy. With food as a basic necessity, it is believed that APG's core food related businesses should remain resilient. During the year, to enhance its presence in the food businesses, the APG Group acquired additional interest in Food Junction Holdings Limited ("Food Junction") by way of a partial offer for shares in Food Junction at a price of S$0.55 each (the "Partial Offer"). Food Junction is a regional food court operation and management specialist and its food courts spread over Singapore, Malaysia, Indonesia and mainland China. Upon the completion of the Partial Offer, Food Junction has become a subsidiary of APG. APG Group is currently interested in approximately 50.5 per cent. of the issued share capital of Food Junction. In October 2008, Food Junction received the Most Transparent Company Award – Catalist (formerly known as SGX Sesdaq) Category from the Securities Investors Association of Singapore. Also, in October 2008, Food Junction had successfully transferred its listing from Catalist to the Main Board of SGX-ST.

In view of the uncertainty in the prospects of Robinson and Company, Limited ("Robinson"), in which the APG Group was interested in approximately 29.99 per cent., the APG Group accepted the cash offer for Robinson (the "Robinson 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 Robinson Offer amounted to approximately S$185.6 million.

PROSPECTS

Construction of two property projects in Singapore, Newton One, in which the Group is interested in 100 per cent., and The Metropolitan Condominium, a 50:50 joint venture development with CapitaLand Limited, are progressing smoothly and scheduled for completion in 2009. All units put up for sale in these two development projects were pre-sold before the end of 2007, and it is expected that the sales proceeds would be recognized in 2009.

Looking ahead, markets will likely continue to be dampened by the global financial turmoil and economic slowdown for an extended period of time. Hong Kong and the neighbouring Asian economies will be similarly affected. However, it is hoped that once the storm subsides, mainland China will be one of the first economies to rebound and help pull Hong Kong and other Asian countries onto recovery with it.

The Group will continue to focus on its existing businesses. Despite the current economic adversity, management remains positive on the future prospects of the region over the medium term. At the same time, management will continue to adopt a cautious and prudent approach in managing the Group's existing businesses, and in assessing new investment opportunities.

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

During the year, the Company had repurchased a total of 8,236,000 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:

Month	Number of shares of HK$0.10 each repurchased	Highest price paid per share	Lowest price paid per share	Total price paid
2008		HK$	HK$	HK$
October	8,086,000	0.10	0.071	687,286
December	150,000	0.097	0.093	14,198
Total	8,236,000			701,484
			Expenses incurred for shares repurchased	22,757
				724,241

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 year.

CODE OF CORPORATE GOVERNANCE PRACTICES

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

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 (the "Code") 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, 2008 except for the deviation from code provision E.1.2 which stipulates that the chairman of the board of a listed issuer should attend the annual general meeting of that issuer. As Mr. James Tjahaja Riady, the Chairman of the Board (the "Chairman") was in overseas for other business commitment, he was unable to attend the annual general meeting of the Company held on 5th June, 2008. To comply with the Code, the Chairman will use his best endeavours to attend future annual general meetings of the Company.

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, 2008.

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

Hong Kong, 16th April, 2009

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 Tjahaja Riady (Chairman), Stephen Tjondro 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.