LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 156)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2013

The Directors of Lippo China Resources Limited (the "Company") announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th September, 2013 together with the comparative figures for the six months ended 30th June, 2012 (the "period ended 30th June, 2012") as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2013

		Unaudited Six months ended	
	Note	**30th September, 2013** *HK$'000*	30th June, 2012 *HK$'000* (Restated)
Revenue	*2*	**1,414,076**	1,286,909
Cost of sales		**(726,319)**	(669,750)
Gross profit		**687,757**	617,159
Administrative expenses		**(430,551)**	(365,165)
Other operating expenses		**(179,521)**	(188,082)
Gain on disposal of available-for-sale financial assets		**131,599**	—
Gain on disposal of investment properties		**—**	19,685
Net fair value gain/(loss) on investment properties		**(10,211)**	503,329
Net fair value loss on financial instruments at fair value through profit or loss		**(68,537)**	(17,365)
Finance costs		**(50,244)**	(24,808)
Share of results of associates		**(4,654)**	413
Share of results of joint ventures		**3,131**	2,163
Profit before tax	*4*	**78,769**	547,329
Income tax	*5*	**68,433**	(128,138)
Profit for the period		**147,202**	419,191

	Note	Unaudited Six months ended 30th September, 2013 HK$'000	30th June, 2012 HK$'000 (Restated)
Attributable to:			
Equity holders of the Company		**159,030**	412,744
Non-controlling interests		**(11,828)**	6,447
		147,202	419,191
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	*6*		
Basic		**1.73**	4.49
Diluted		**1.73**	4.49

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2013

	Unaudited Six months ended 30th September, 2013 HK$'000	30th June, 2012 HK$'000 (Restated)
Profit for the period	**147,202**	419,191
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale financial assets:		
Changes in fair value	**(538)**	16,662
Reclassification adjustments for disposal	**(118,914)**	—
	(119,452)	16,662
Exchange differences on translation of foreign operations	**25,166**	16,855
Other comprehensive income/(loss) for the period, net of tax	**(94,286)**	33,517
Total comprehensive income for the period	**52,916**	452,708
Attributable to:		
Equity holders of the Company	**82,611**	427,754
Non-controlling interests	**(29,695)**	24,954
	52,916	452,708

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2013

	Note	**30th September, 2013**	31st March, 2013
		HK$'000	*HK$'000*
		(Unaudited)	(Restated)
Non-current assets			
Intangible assets		**559,510**	575,813
Exploration and evaluation assets		**104,072**	97,345
Fixed assets		**362,221**	366,420
Investment properties		**4,711,503**	4,599,855
Interests in associates		**85,226**	85,419
Interests in joint ventures		**16,234**	17,261
Available-for-sale financial assets		**131,021**	288,713
Debtors, prepayments and deposits	*8*	**41,067**	40,985
Other financial assets		**34,521**	17,639
Deferred tax assets		**7,653**	6,106
		6,053,028	6,095,556
Current assets			
Properties held for sale		**12,543**	13,248
Properties under development		**387,139**	314,274
Inventories		**254,253**	212,980
Loans and advances		**97,496**	—
Debtors, prepayments and deposits	*8*	**541,748**	498,580
Financial assets at fair value through profit or loss		**216,886**	519,592
Other financial assets		**981**	7,275
Tax recoverable		**3,564**	5,437
Restricted cash		**57,492**	66,193
Cash and bank balances		**1,270,561**	1,611,315
		2,842,663	3,248,894
Current liabilities			
Bank and other borrowings		**455,007**	116,453
Creditors, accruals and deposits received	*9*	**642,224**	636,302
Other financial liabilities		**17,810**	134,632
Tax payable		**61,895**	69,080
		1,176,936	956,467
Net current assets		**1,665,727**	2,292,427
Total assets less current liabilities		**7,718,755**	8,387,983

	Note	30th September, 2013 HK$'000 (Unaudited)	31st March, 2013 HK$'000 (Restated)
Non-current liabilities			
Bank and other borrowings		**1,403,920**	1,921,291
Creditors, accruals and deposits received	*9*	**24,724**	25,080
Other financial liabilities		**48,578**	32,440
Deferred tax liabilities		**616,548**	690,699
		2,093,770	2,669,510
Net assets		**5,624,985**	5,718,473
Equity			
Equity attributable to equity holders of the Company			
Issued capital		**918,691**	918,691
Reserves		**3,858,586**	3,835,629
		4,777,277	4,754,320
Non-controlling interests		**847,708**	964,153
		5,624,985	5,718,473

Note:

1. PRINCIPAL ACCOUNTING POLICIES

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

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, these interim results now presented cover a six-month period from 1st April, 2013 to 30th September, 2013, and the comparative figures in these interim results cover a six-month period from 1st January, 2012 to 30th June, 2012.

The accounting policies and basis of preparation adopted in the preparation of these interim results are consistent with those used in the Group's audited financial statements for the fifteen months ended 31st March, 2013, except as described below.

The Group has adopted the following new and revised Hong Kong Financial Reporting Standards ("HKFRS"), HKASs and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs"), which have become effective for accounting periods beginning on or after 1st April, 2013, for the first time for the current period's interim results:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *— Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 13 and HKAS 1 Amendments, the adoption of the above new and revised HKFRSs has had no significant financial effect on these interim results.

HKFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in HKAS 27 and HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also addresses the issues raised in HK(SIC)-Int 12. HKFRS 10 affects the accounting for the Group's interests in Auric Pacific Group Limited ("Auric") and Asia Now Resources Corp. ("Asia Now").

Auric is a company listed on the Singapore Exchange Securities Trading Limited. The Group's interest in Auric was reduced from 51.2 per cent. to 49.3 per cent. in February 2006, and Auric has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the absolute size of the Group's holding of voting rights and the relative size and dispersion of holdings of other shareholders, the Group has determined that its equity interest held would be sufficient to maintain the control in Auric under HKFRS 10. Upon the adoption of HKFRS 10, Auric is treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective.

Asia Now is a company listed on the TSX Venture Exchange of Canada. The Group has held approximately 49.9 per cent. in its issued share capital since November 2010, and Asia Now has been regarded as an associate of the Group and accounted for using the equity method of accounting. Having considered the absolute size of the Group's holding of voting rights and the relative size and dispersion of holdings of other shareholders, the Group has determined that its equity interest held would be sufficient to give it control over Asia Now since November 2010 under HKFRS 10. Upon the adoption of HKFRS 10, Asia Now is treated as a subsidiary of the Group and consolidated as if HKFRS 10 had always been effective.

This change in accounting policy has been applied retrospectively and the effects are summarised below:

	Six months ended 30th June, 2012
	HK$'000
Consolidated income statement	
Increase in revenue	1,163,972
Increase in cost of sales	(660,223)
Increase in gross profit	503,749
Increase in administrative expenses	(338,399)
Increase in other operating expenses	(148,854)
Increase in net fair value loss on financial instruments at fair value through profit or loss	(2,129)
Increase in finance costs	(982)
Decrease in share of results of associates	(4,941)
Increase in share of results of joint ventures	2,197
Increase in income tax expense	(6,124)
Increase in profit for the period	4,517
Increase in profit for the period attributable to non-controlling interests	4,517

The above change has had no effect on the basic earnings per share and diluted earnings per share of the Group.

	31st March, 2013 *HK$'000*
Consolidated statement of financial position	
Non-currents assets	
Increase in intangible assets	575,813
Increase in exploration and evaluation assets	97,345
Increase in fixed assets	249,793
Decrease in interests in associates	(773,896)
Increase in interests in joint ventures	12,362
Increase in available-for-sale financial assets	52,085
Increase in debtors, prepayments and deposits	40,985
Increase in deferred tax assets	6,106
	260,593
Currents assets	
Increase in inventories	212,980
Increase in debtors, prepayments and deposits	412,707
Increase in financial assets at fair value through profit or loss	229,073
Increase in tax recoverable	5,437
Increase in restricted cash	33,204
Increase in cash and bank balances	408,960
	1,302,361
Currents liabilities	
Increase in bank and other borrowings	35,785
Increase in creditors, accruals and deposits received	448,298
Increase in other financial liabilities	98,919
Increase in tax payable	22,867
	605,869
Non-currents liabilities	
Increase in bank and other borrowings	519
Increase in creditors, accruals and deposits received	25,080
Increase in deferred tax liabilities	28,967
	54,566
Increase in net assets	902,519
Increase in non-controlling interests and equity	902,519

HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. Some of the disclosures for financial instruments are specifically required in the interim financial information.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains or losses on defined benefit plans and revaluation of land and buildings). The Group's presentation of other comprehensive income in these interim results has been modified accordingly.

2. REVENUE

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

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

	Six months ended	
	30th September, 2013	30th June, 2012
	HK$'000	*HK$'000* (Restated)
Property investment	**105,379**	110,489
Treasury investment	**8,528**	2,480
Securities investment	**35,628**	17,811
Food businesses	**1,244,011**	1,141,334
Other	**20,530**	14,795
	1,414,076	1,286,909

3. SEGMENT INFORMATION

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

(a) the property investment segment includes letting and resale of properties;

(b) the property development segment includes development and sale of properties;

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

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

(e) the food businesses segment mainly includes distribution of consumer food and non-food products, food manufacturing and retailing, the management of restaurants and food court operations; and

(f) the "other" segment comprises principally mineral exploration, extraction and processing, money lending and the provision of property management services.

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

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

Six months ended 30th September, 2013

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Food businesses HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue								
External	**105,379**	**—**	**7,467**	**32,284**	**1,257,049**	**11,897**	**—**	**1,414,076**
Inter-segment	**5,336**	**—**	**—**	**—**	**—**	**—**	**(5,336)**	**—**
Total	**110,715**	**—**	**7,467**	**32,284**	**1,257,049**	**11,897**	**(5,336)**	**1,414,076**
Segment results	**72,093** *(Note)*	**(6,071)**	**7,467**	**94,038**	**(4,146)**	**(2,182)**	**—**	**161,199**
Unallocated corporate expenses								**(30,663)**
Finance costs								**(50,244)**
Share of results of associates	**—**	**—**	**—**	**—**	**—**	**(4,654)**	**—**	**(4,654)**
Share of results of joint ventures	**—**	**2**	**—**	**—**	**3,129**	**—**	**—**	**3,131**
Profit before tax								**78,769**

Six months ended 30th June, 2012 (restated)

	Property investment HK$'000	Property development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Food businesses HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue								
External	110,489	—	1,535	20	1,166,758	8,107	—	1,286,909
Inter-segment	3,054	—	—	—	—	—	(3,054)	—
Total	113,543	—	1,535	20	1,166,758	8,107	(3,054)	1,286,909
Segment results	618,247 *(Note)*	(2,829)	1,527	(15,216)	23,509	(6,518)	—	618,720
Unallocated corporate expenses								(49,159)
Finance costs								(24,808)
Share of results of associates	—	—	—	—	—	413	—	413
Share of results of joint ventures	—	(14)	—	—	2,197	(20)	—	2,163
Profit before tax								547,329

Note: The amount included net fair value loss on investment properties of HK$10,211,000 (period ended 30th June 2012 — gain of HK$503,329,000).

4. PROFIT BEFORE TAX

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

	Six months ended 30th September, 2013 *HK$'000*	Six months ended 30th June, 2012 *HK$'000* (Restated)
Interest income:		
Unlisted financial assets at fair value through profit or loss	**—**	325
Financial assets at fair value through profit or loss designated as such upon initial recognition	**2,166**	12,880
Loans and advances	**1,622**	—
Other	**8,528**	2,480
Dividend income:		
Listed investments	**2,871**	292
Unlisted investments	**1,179**	—
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**29,412**	129
Listed available-for-sale financial assets	**131,599**	—
Derivative financial instruments	**(3,449)**	4,185
Fixed assets	**(167)**	47
Gain on deemed disposal of an associate	**5,467**	—
Net fair value gain/(loss) on:		
Listed financial assets at fair value through profit or loss	**(58,423)**	(15,549)
Unlisted financial assets at fair value through profit or loss	**(2,505)**	1,923
Financial liabilities at fair value through profit or loss designated as such upon initial recognition	**(1,381)**	(3,136)
Derivative financial instruments	**(6,228)**	(603)
Write-back of provision/(Provision) for impairment losses on:		
Unlisted available-for-sale financial assets	**—**	878
Inventories	**(6,565)**	(8,290)
Bad and doubtful debts	**(1,425)**	(1,479)
Fixed assets	**(889)**	(5,259)
Intangible assets	**—**	(198)
Depreciation	**(44,220)**	(31,401)
Amortisation of intangible assets	**(8,638)**	(8,698)
Foreign exchange gains/(losses) — net	**9,480**	(7,099)
Cost of inventories sold	**(651,135)**	(600,269)

5. INCOME TAX

	Six months ended 30th September, 2013 *HK$'000*	Six months ended 30th June, 2012 *HK$'000* (Restated)
Hong Kong:		
Charge for the period	**1,321**	2,841
Overprovision in prior periods	**(275)**	—
Deferred	**319**	863
	1,365	3,704
Overseas:		
Charge for the period	**20,919**	17,651
Overprovision in prior periods	**(643)**	(287)
Deferred	**(90,074)**	107,070
	(69,798)	124,434
Total charge/(credit) for the period	**(68,433)**	128,138

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (period ended 30th June, 2012 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

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

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of 9,186,913,000 ordinary shares (period ended 30th June, 2012 — 9,191,253,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

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

Diluted earnings per share for the period ended 30th June, 2012 is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of 9,191,735,000 ordinary shares, as follows:

	Number of shares Six months ended 30th June, 2012
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	9,191,253,000
Effect of dilution — weighted average number of ordinary shares:	
Share options	482,000
	9,191,735,000

7. INTERIM DIVIDEND

	Six months ended **30th September, 2013** ***HK$'000***	 30th June, 2012 *HK$'000*
Interim dividend, declared, of HK0.2 cent (period ended 30th June, 2012 — HK0.3 cent) per ordinary share	**18,374**	27,554

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

8. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	30th September, 2013 *HK$'000*	31st March, 2013 *HK$'000* (Restated)
Outstanding balances with ages:		
Within 30 days	**257,139**	231,515
Between 31 and 60 days	**83,680**	57,747
Between 61 and 90 days	**35,919**	36,778
Between 91 and 180 days	**6,252**	13,167
Over 180 days	**1,321**	1,094
	384,311	340,301

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.

9. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	30th September, 2013 *HK$'000*	31st March, 2013 *HK$'000* (Restated)
Outstanding balances with ages:		
Within 30 days	**154,184**	125,936
Between 31 and 60 days	**29,365**	22,167
Between 61 and 90 days	**13,399**	8,531
Between 91 and 180 days	**15,053**	21,049
Over 180 days	**2,586**	1,987
	214,587	179,670

The balances of trade creditors are non-interest-bearing and are normally settled on their normal trade terms of 7 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to a resolution of the Board of Directors passed on 28th December, 2012, the Company's financial year end date was changed from 31st December to 31st March. Accordingly, these interim results cover a six-month period from 1st April, 2013 to 30th September, 2013, and the comparative figures cover a six-month period from 1st January, 2012 to 30th June, 2012 ("2012").

For the six months ended 30th September, 2013, the Group reported a profit attributable to shareholders of HK$159 million (2012 — HK$413 million), benefited from the realisation of available-for-sale financial assets. The decrease in profit was mainly due to the non-recurrence of significant fair value gains on investment properties for the six months ended 30th September, 2013 as compared with 2012.

Results for the financial period

Auric Pacific Group Limited ("Auric") and Asia Now Resources Corp. ("Asia Now") were previously regarded as associates of the Group. Following the adoption of Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" by the Group from 1st April, 2013 onwards, both are treated as subsidiaries of the Group. Auric is a company listed in Singapore and is principally engaged in food businesses. Asia Now is a company listed in Canada and is engaged in the business of exploration of mineral deposits. Their results and financial position are consolidated in the Group's financial statements with retrospective adjustments on prior period figures.

Turnover for the six months ended 30th September, 2013 totalled HK$1,414 million (2012 — HK$1,287 million, restated). Property investment and food businesses were the principal sources of revenue of the Group, representing 96 per cent. (2012 — 99 per cent., restated) of the total turnover.

Property investment

Property investment business continued to provide stable and recurring rental income to the Group. Total segment revenue from the property investment business for the six months ended 30th September, 2013 amounted to HK$111 million (2012 — HK$114 million), mainly contributed by Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmarks of the Group in Hong Kong and in mainland China respectively. The Group recorded revaluation loss on its investment properties of HK$10 million for the period (2012 — gain of HK$503 million) which leaded to the segment profit decreasing to HK$72 million (2012 — HK$618 million).

The Group undertakes strategic reviews of its assets from time to time with a view to maximising returns to its shareholders. In October 2013, the Company proposed to dispose its entire interest in Lippo Plaza in Shanghai to a real estate investment trust proposed to be listed in Singapore (OUE Commercial Real Estate Investment Trust) (the "Disposal"), with more details mentioned under the section "Business review" below.

Property development

The Group primarily focuses on property development projects in mainland China and participated in development projects in Huai An City (the "Huai An Project") and Taizhou City (the "Taizhou Project"), both in Jiangsu Province. Huai An Project will be developed into an integrated residential, commercial and retail complex, whereas Taizhou Project is a residential project comprising townhouses and residential apartments. Constructions are expected to be commenced soon.

The segment loss for the six months ended 30th September, 2013 amounted to HK$6 million (2012 — HK$3 million), mainly came from the pre-operating costs incurred during the period.

Food businesses

The Group's food businesses are mainly operated by Auric and its subsidiaries (the "APG Group"), which in turn has a controlling stake in Food Junction Holdings Limited ("Food Junction"), both are listed companies in Singapore.

During the period, food businesses segment recorded a revenue of HK$1,257 million (2012 — HK$1,167 million, restated), mainly from wholesale and distribution of fast-moving consumer goods and the food retail operations in chains of bakeries, cafes and bistros. Although higher sales were generated from existing and new agencies, the operating environment remains challenging with operating costs increasing as a result of rising costs for labour, rental and raw materials. The food businesses segment recorded a loss of HK$4 million (2012 — profit of HK$24 million, restated). The Group will remain focused on its core business and expand its business operations cautiously.

APG Group held 60 per cent. of the total issued redeemable preference shares ("RPS") and the sole share in Auric Pacific Real Estate Fund (the "Fund"), a private equity fund sponsored by the APG Group. In 2010, the Fund acquired a mezzanine loan of approximately HK$218 million owing from a third party (the "Previous Lender"), which was secured by a piece of land. There was a default by the borrower of the mezzanine loan in 2012. After extensive negotiations, the issue was resolved by the purchase of all the RPS held by the Fund and ordinary share held under the APG Group to the indirect holding company of the Previous Lender and settlement of all the overdue interest (save for default interests). The disposal was completed in May 2013 and the APG Group received consideration of approximately HK$131 million, being approximately 60 per cent. of the outstanding principal amount of the mezzanine loan, the sole investment of the Fund. As a result, the financial assets at fair value through profit or loss and the other financial liabilities under the current portion decreased to HK$217 million (31st March, 2013 — HK$520 million, restated) and HK$18 million (31st March, 2013 — HK$135 million, restated), respectively.

In June 2013, APG Group made a voluntary unconditional cash offer to acquire all the issued and paid up ordinary shares in the capital of Food Junction, other than treasury shares and those already owned, controlled or agreed to be acquired by APG Group, at an offer price of S$0.255 in cash for each share (the "Offer"). The Offer was closed on 14th August, 2013. Up to 1st October, 2013, APG Group held 95.7 per cent. of all the shares in Food Junction and the total consideration was approximately HK$71 million.

Treasury and securities investments

For the six months ended 30th September, 2013, treasury and securities investments businesses recorded a revenue of HK$40 million (2012 — HK$2 million, restated), mainly attributable to the disposal of the Group's financial assets held for trading. The Group cautiously managed its investment portfolio and looked for opportunities to realise its profit. During the six months ended 30th September, 2013, the Group sold certain available-for-sale financial assets and realised a gain of HK$132 million (2012 — Nil).

The investment market continues to be challenging and full of uncertainties and unrealised fair value loss was recorded. The treasury and securities investments business recorded a profit of HK$102 million (2012 — loss of HK$14 million).

Other businesses

Other businesses mainly comprise mineral exploration, extraction and processing, money lending and the provision of property management services. The other businesses segment reported a loss of HK$2 million for the six months ended 30th September, 2013 (2012 — HK$7 million, restated), with turnover of HK$12 million (2012 — HK$8 million).

Financial Position

As at 30th September, 2013, the Group's total assets decreased to HK$8.9 billion (31st March, 2013 — HK$9.3 billion, restated). Property-related assets increased to approximately HK$5.3 billion (31st March, 2013 — HK$5.1 billion), representing 60 per cent. (31st March, 2013 — 55 per cent., restated) of the total assets. Total liabilities decreased to HK$3.3 billion (31st March, 2013 — HK$3.6 billion, restated), mainly due to the repayment of bank loans. The Group's financial position remained healthy.

As at 30th September, 2013, the bank loans and other borrowings of the Group decreased to HK$1.9 billion (31st March, 2013 — HK$2.0 billion, restated). The bank loans amounted to HK$1.9 billion as at 30th September, 2013 (31st March, 2013 — HK$2.0 billion, restated), which were denominated in Hong Kong dollars, Renminbi and Malaysian Ringgit. Approximately 98 per cent. (31st March, 2013 — 98 per cent., restated) of the bank loans were secured by certain properties and certain bank deposits. Where appropriate, the Group uses interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. As at 30th September, 2013, approximately 41 per cent. (31st March, 2013 — 37 per cent., restated) of the Group's bank borrowings effectively carried fixed rate of interest and the remaining were at floating rates. The Group has obligations under finance leases for certain plant and equipment which amounted to HK$0.7 million as at 30th September, 2013 (31st March, 2013 — HK$0.9 million, restated). These obligations are secured by the rights to the leased plant and equipment. As at 30th September 2013, approximately 24 per cent. (31st March, 2013 — 6 per cent., restated) of the total bank and other borrowings were repayable within one year. At the end of the reporting period, the gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 38.4 per cent. (31st March, 2013 — 42.4 per cent., restated).

The net asset value of the Group remained strong and amounted to HK$4.8 billion (31st March, 2013 — HK$4.8 billion). This was equivalent to HK52 cents per share (31st March, 2013 — HK52 cents per share).

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

As at 30th September, 2013, the Group had bankers' guarantees of approximately HK$44 million (31st March, 2013 — HK$44 million, restated) issued in lieu of rental, security and utility deposits for the premises used for operation of food businesses. Approximately 84 per cent. (31st March, 2013 — 93 per cent., restated) of the bankers' guarantees were secured by certain bank deposits of the Group. Aside from the abovementioned, the Group had no material contingent liabilities outstanding as at 30th September, 2013 (31st March, 2013 — Nil). Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st March, 2013 — Nil).

As at 30th September, 2013, the Group's total capital commitment amounted to HK$204 million (31st March, 2013 — HK$108 million, restated), mainly related to the property development projects of the Group. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had 3,089 employees as at 30th September, 2013 (30th June, 2012 — 2,954 employees, restated). Staff costs (including directors' emoluments) charged to the income statement during the period amounted to HK$268 million (2012 — HK$225 million, restated). Certain employees of Asia Now were granted options under the share option scheme of Asia Now. The Group ensures that its employees are offered competitive remuneration packages.

Outlook

The global economic environment has stablised since last year but it is still overshadowed by a considerable uncertainty. The Group is seeking to streamline and strengthen its existing business to meet the challenges ahead. With the increase in working capital after the Disposal, the Group will continue to cautiously manage its investment portfolio in view of the market conditions and its business needs with a view to maximising returns to the shareholders of the Company.

BUSINESS REVIEW

Overview

With the slow global economic recovery and stabilisation of the eurozone debt crisis starting to show some positive results, the major stock markets in U.S. and Europe began to rebound from the second half of 2012, continuing into the first three quarters of 2013. However, overall, the strength of economic recovery was visibly weak. Other than the old challenges, the global economy had to face new uncertainties and concerns over the possible economic impact of the proposed "tapering" or gradual withdrawal by the U.S. Federal Reserve of its quantitative easing program. On the positive side, amidst the continuing low interest rate and surplus funds environment, the major economies in the Asia region were able to sustain their growth momentum, with mainland China continuing its growth in GDP of approximately 7.7 per cent. for the first three quarters of 2013.

Results

Following the adoption of Hong Kong Financial Reporting Standard 10 entitled "Consolidated Financial Statements" for the financial year commencing on 1st April, 2013, Auric Pacific Group Limited ("Auric", together with its subsidiaries, the "APG Group") and Asia Now Resources Corp. ("Asia Now", together with its subsidiaries, the "Asia Now Group") and their respective subsidiaries have been classified from associates to subsidiaries of the Company with effect from 1st April, 2013. Accordingly, the results, assets and liabilities of the APG Group and Asia Now Group have been consolidated into the financial statements of the Group for the six months ended 30th September, 2013 (the "Current Period"). During the Current Period, the Group recorded a profit attributable to shareholders of approximately HK$159 million, when compared to a profit of approximately HK$413 million for the six months ended 30th June, 2012 (the "Last Period"). The decrease in profit was mainly attributable to the non-recurrence of significant fair value gains on investment properties for the Current Period as compared with the Last Period.

The Group's investment properties enjoyed a satisfactory occupancy rate for the Current Period. Rental income from the investment properties continued to provide the Group with stable recurrent income. The Group undertakes strategic review of the Group's assets from time to time for maximizing returns to its shareholders which may include a possible sale of certain properties held for investment purposes. In October 2013, the Company entered into an agreement for the disposal of the entire issued share capital of Tecwell Limited (the "Disposal") which, through its wholly-owned subsidiary, owns the properties at Lippo Plaza in Shanghai with a total gross floor area of approximately 58,522 square metres, for a cash consideration of approximately HK$843.5 million (subject to adjustment, if any), to a subsidiary of OUE Commercial Real Estate Investment Trust ("OUE C-REIT", formerly known as OUE Commercial Trust). The Disposal is conditional upon, amongst other things, the approval of independent shareholders of the Company, and the completion of the initial public offering and the listing of the units in OUE C-REIT on Singapore Exchange Securities Trading Limited (the "SGX-ST"). In order to distribute the excess cash as a return to the shareholders, on 4th November, 2013, the board of directors of the Company declared a conditional special dividend of HK3.5 cents per share (the "Conditional Special Dividend"), amounting to a total of approximately HK$321.5 million to the shareholders of the Company. The Conditional Special Dividend is subject to the approval of the shareholders of the Company and the completion of the Disposal taking place. The net proceeds from the Disposal after deducting expenses and related taxes attributable to the Disposal are estimated to be approximately

HK$755.3 million (subject to adjustment and audit) which are currently expected to be applied by the Company as to approximately HK$433.8 million for its general corporate purposes, including investments and capital expenditure and approximately HK$321.5 million for payment of the Conditional Special Dividend.

The Group has two major development projects in Jiangsu Province, mainland China. The project situated in Huai An City (the "Huai An Project") will be developed into an integrated residential, commercial and retail complex with a total gross floor area of approximately 250,000 square metres on a site of approximately 41,000 square metres. The Huai An Project is well-located in the central business district of Qing He District which itself is the political, commercial, business, financial and cultural centre of Huai An City. Another project is located in China Medical City (中國醫藥城) ("CMC"), Taizhou City (the "Taizhou Project") with a site of approximately 81,000 square metres and a total gross floor area of approximately 220,000 square metres. The Taizhou Project is a residential development comprising townhouses and residential apartments. CMC is the only national level development zone focused on high-tech medical related industries in mainland China. Construction work planning for each of the Huai An Project and the Taizhou Project is in progress and test piling for both projects has commenced. The above two projects strenghten the Group's strategic growth in property development business.

Auric, a listed company in Singapore in which the Group is interested in approximately 49.3 per cent. of its issued share capital, has become a subsidiary of the Company with effect from 1st April, 2013. Auric recorded a loss attributable to shareholders of approximately S$1,231,000 for the Current Period, as compared with a profit of S$3,149,000 for the Last Period. Rising raw materials and operating costs have eroded the APG Group's gross margins. The APG Group is committed to improve its profitability by rationalizing costs and improving operational efficiency. In June 2013, a wholly-owned subsidiary of Auric (the "Offeror") made a voluntary unconditional cash offer to acquire all the issued and paid-up ordinary shares in the capital of Food Junction Holdings Limited ("Food Junction"), other than treasury shares and those already owned, controlled or agreed to be acquired by the APG Group, at an offer price of S$0.255 in cash for each share (the "Offer"). Auric believes that there are synergistic benefits to be derived by increasing its stake in Food Junction, the current portfolio of which consisting of food courts and restaurants will complement Auric's existing portfolio, and the increase in the sharing of resources relating to marketing and operations between both Auric and Food Junction will contribute to the growth of both companies. The APG Group held approximately 61.4 per cent. interest in Food Junction when the Offer was made. The Offer was closed on 14th August, 2013. As at the close of the Offer, the APG Group was interested in approximately 93.1 per cent. of the issued share capital in Food Junction. The remaining shareholders of Food Junction have a right to require the Offeror to purchase their shares in Food Junction on the same terms as those applicable under the Offer including the Offer price. Such remaining shareholders may exercise their right from 28th August, 2013 to 28th November, 2013 (or such later date as the Offeror may notify in writing). Up to 1st October, 2013, Food Junction's remaining shareholders of approximately 2.6 per cent. have exercised their rights, and the APG Group was then interested in approximately 95.7 per cent. of the issued share capital in Food Junction. In August 2013, an application was made by the Offeror to delist the shares in Food Junction from the SGX-ST after the process to acquire the shares from the remaining shareholders is completed. The SGX-ST had in September 2013 stated that it had no objection to the delisting of Food Junction subject to certain conditions to be fulfilled by Food Junction and the Offeror.

Asia Now, in which the Group is interested in approximately 49.9 per cent. of its issued share capital, has become a subsidiary of the Company with effect from 1st April, 2013. After years of studies, surveys and drillings, Asia Now has scaled down its scale of surveys and drillings. The Asia Now Group is now focused on the concessions, totalling approximately 89 square kilometres, with a total area of approximately 58 square kilometres for two concessions in Habo, Yunnan Province and a total area of approximately 31 square kilometres for the concession in Beiya, Yunnan Province. Asia Now is listed on the TSX Venture Exchange of Canada, and is primarily engaged in the business of exploration of mineral deposits in mainland China.

PROSPECTS

Though there are strong signs that the global economy has picked up gradually, the proposed phased withdrawal by the U.S. Federal Reserve of its quantitative easing program and the uncertainty arising from the yet to be resolved U.S. debt default crisis will undoubtedly affect the pace of the economic recovery in U.S. and elsewhere. Against this backdrop, the Group will continue to streamline and strengthen its existing businesses and operations to meet the challenges ahead. Management will continue to adopt a cautious and prudent approach in selecting suitable investment opportunities to enhance shareholders' value.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (For the six months ended 30th June, 2012 — HK0.3 cent per share) amounting to approximately HK$18.4 million for the six months ended 30th September, 2013 (For the six months ended 30th June, 2012 — approximately HK$27.6 million), which will be paid on or about Monday, 10th February, 2014 to shareholders whose names appear on the Register of Members on Thursday, 30th January, 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 27th January, 2014 to Thursday, 30th January, 2014 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for an interim dividend for the six months ended 30th September, 2013, 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, 24th January, 2014.

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

During the six months ended 30th September, 2013, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company has established an audit committee (the “Committee”). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th September, 2013.

CORPORATE GOVERNANCE

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

To the best knowledge and belief of the Directors, the Directors consider that, save as disclosed below, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th September, 2013. Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings. One of the independent non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 30th August, 2013 as he was travelling overseas and not contactable at that time due to communication problem.

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

Hong Kong, 27th November, 2013

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