



Hongkong Chinese Limited

香港華人有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 655)

2009
**INTERIM
REPORT**

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The Directors of Hongkong Chinese Limited (the “Company”) present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th June, 2009.

Condensed Consolidated Income Statement

For the six months ended 30th June, 2009

	Note	Unaudited six months ended 30th June,	
		2009 HK\$'000	2008 HK\$'000
Revenue	3	47,220	71,270
Cost of sales		(12,900)	(17,254)
Gross profit		34,320	54,016
Administrative expenses		(49,292)	(54,596)
Other operating expenses		(25,795)	(17,605)
Net fair value gain/(loss) on financial assets at fair value through profit or loss		20,656	(6,263)
Write-back of provision for impairment loss on an associate		5,000	18,000
Fair value gains on investment properties		–	118,040
Gain on disposal of subsidiaries		–	7,417
Finance costs		(8,241)	(14,946)
Share of results of associates	4	(119,451)	16,198
Share of results of jointly controlled entities		(40,139)	(606)
Profit/(Loss) before tax	5	(182,942)	119,655
Tax	6	2,860	(17,237)
Profit/(Loss) for the period		(180,082)	102,418
Attributable to:			
Equity holders of the Company		(163,457)	103,920
Minority interests		(16,625)	(1,502)
		(180,082)	102,418
		HK cents	HK cents
Earnings/(Loss) per share attributable to equity holders of the Company	7		
Basic		(9.0)	7.0
Diluted		N/A	N/A
		HK\$'000	HK\$'000
Interim distribution	8	–	31,819

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2009

	Unaudited	
	six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Profit/(Loss) for the period	(180,082)	102,418
Other comprehensive income/(loss) for the period:		
Exchange differences on translation of foreign operations	(7,282)	39,130
Net fair value loss on available-for-sale financial assets	(12,128)	(6,702)
Deferred tax arising from fair value loss on available-for-sale financial assets	2,178	1,637
Derecognition of available-for-sale financial assets	–	(261)
Surplus on revaluation of leasehold land and buildings	32,108	–
Deferred tax arising from surplus on revaluation of leasehold land and buildings	(3,853)	–
Release of reserve in respect of deconsolidation of subsidiaries	–	(1,252)
Share of other comprehensive income/(loss) of associates and jointly control entities	(28,169)	186,672
Other comprehensive income/(loss) for the period, net of tax	(17,146)	219,224
Total comprehensive income/(loss) for the period	(197,228)	321,642
Attributable to:		
Equity holders of the Company	(180,025)	323,232
Minority interests	(17,203)	(1,590)
	(197,228)	321,642

Condensed Consolidated Statement of Financial Position

As at 30th June, 2009

	Note	30th June, 2009 HK\$'000 (Unaudited)	31st December, 2008 HK\$'000 (Audited)
Non-current assets			
Goodwill		71,485	71,485
Fixed assets		124,818	132,625
Investment properties		558,328	530,336
Properties under development		281,101	259,482
Interests in associates	4	3,103,880	3,261,481
Interests in jointly controlled entities		211,966	254,931
Available-for-sale financial assets	9	82,388	90,905
Held-to-maturity financial assets	10	9,446	9,467
Loans and advances	11	38,712	41,059
Deferred tax assets		416	184
		4,482,540	4,651,955
Current assets			
Properties held for sale		9,300	11,975
Financial assets at fair value through profit or loss	12	56,007	47,505
Loans and advances	11	423,670	161,390
Debtors, prepayments and deposits	13	91,267	99,619
Client trust bank balances		559,250	509,355
Cash and bank balances		670,787	743,112
		1,810,281	1,572,956
Current liabilities			
Bank and other borrowings	14	354,809	386,182
Creditors, accruals and deposits received	15	632,916	606,140
Current, fixed, savings and other deposits of customers	16	162,337	133,220
Tax payable		3,528	9,157
		1,153,590	1,134,699
Net current assets		656,691	438,257
Total assets less current liabilities		5,139,231	5,090,212

Condensed Consolidated Statement of Financial Position (Continued)

As at 30th June, 2009

	Note	30th June, 2009 HK\$'000 (Unaudited)	31st December, 2008 HK\$'000 (Audited)
Non-current liabilities			
Bank and other borrowings	14	448,436	201,503
Deferred tax liabilities		28,149	27,792
		476,585	229,295
Net assets			
		4,662,646	4,860,917
Equity			
Equity attributable to equity holders of the Company			
Share capital	17	1,816,652	1,818,186
Reserves	18	2,671,870	2,851,404
		4,488,522	4,669,590
Minority interests		174,124	191,327
		4,662,646	4,860,917

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2009

Unaudited

	Attributable to equity holders of the Company												Total equity
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Distributable reserves	Total	Minority interests	
				(Note 18(c))	(Note 18(d))	(Note 18(e))				(Note 18(b))			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st January, 2009	1,818,186	44,026	7,219	11,794	6,796	891	(4,117)	-	258,496	2,526,299	4,669,590	191,327	4,860,917
Loss for the period	-	-	-	-	-	-	-	-	-	(163,457)	(163,457)	(16,625)	(180,082)
Other comprehensive income/(loss)	-	-	-	-	-	-	(9,950)	28,255	(34,873)	-	(16,568)	(578)	(17,146)
Total comprehensive income/(loss)	-	-	-	-	-	-	(9,950)	28,255	(34,873)	(163,457)	(180,025)	(17,203)	(197,228)
Repurchase of shares	(1,534)	-	-	1,534	-	-	-	-	-	(1,043)	(1,043)	-	(1,043)
Transfer of reserve	-	-	-	-	84	-	-	-	-	(84)	-	-	-
At 30th June, 2009	1,816,652	44,026	7,219	13,328	6,880	891	(14,067)	28,255	223,623	2,361,715	4,488,522	174,124	4,662,646

Unaudited

	Attributable to equity holders of the Company												Total equity
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Exchange equalisation reserve	Distributable reserves	Total	Minority interests		
				(Note 18(c))	(Note 18(d))	(Note 18(e))			(Note 18(b))				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1st January, 2008	1,346,829	50,988	6,800	11,760	5,370	891	133,747	274,960	2,853,980	4,685,325	12,078	4,697,403	
Profit for the period	-	-	-	-	-	-	-	-	103,920	103,920	(1,502)	102,418	
Other comprehensive income/(loss)	-	-	-	-	-	-	248	219,064	-	219,312	(88)	219,224	
Total comprehensive income/(loss)	-	-	-	-	-	-	248	219,064	103,920	323,232	(1,590)	321,642	
Rights issue	471,390	(6,962)	-	-	-	-	-	-	-	464,428	-	464,428	
Advances from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	16,662	16,662	
Changes in interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	3,493	3,493	
Deconsolidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	(272)	(272)	
Transfer of reserve	-	-	-	-	1,426	-	-	-	(1,426)	-	-	-	
2007 final distribution, declared	-	-	-	-	-	-	-	-	(67,341)	(67,341)	-	(67,341)	
At 30th June, 2008	1,818,219	44,026	6,800	11,760	6,796	891	133,995	494,024	2,889,133	5,405,644	30,371	5,436,015	

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2009

	Note	Unaudited six months ended 30th June,	
		2009 HK\$'000	2008 HK\$'000
Net cash from/(used in) operating activities		(275,398)	30,959
Net cash from/(used in) investing activities		2,474	(26,377)
Net cash from financing activities		201,401	375,886
Net increase/(decrease) in cash and cash equivalents		(71,523)	380,468
Cash and cash equivalents at 1st January		743,112	434,583
Exchange realignments		(802)	(452)
Cash and cash equivalents at 30th June	19	670,787	814,599

Notes to the Interim Financial Statements

1. Principal Accounting Policies

The interim financial statements 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 accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31st December, 2008, except in relation to the following new/revised Hong Kong Financial Reporting Standards (“HKFRS”), HKASs and Interpretations (hereinafter collectively referred to as the “new/revised HKFRSs”), which have become effective for accounting periods beginning on or after 1st January, 2009, that are adopted for the first time for the current period’s financial statements:

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
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instrument: Disclosures – Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
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
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
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvement to HKFRSs*

* Except for the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1st July, 2009.

The adoption of the above new/revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated interim financial statements, except for the followings:

HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 “Segment Reporting”, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group’s major customers. The Group adopted HKFRS 8 from 1st January, 2009. The adoption of the standard has no effect on the financial position or results of operations of the Group. It does, however, result in certain presentational changes in the presentation and disclosures of financial statements.

Notes to the Interim Financial Statements *(Continued)*

1. Principal Accounting Policies *(Continued)*

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group adopted HKAS 1 (Revised) from 1st January, 2009. The adoption of the revised standard has no effect on the financial position or results of operations of the Group. It does, however, result in certain presentational changes in the presentation and disclosures of financial statements.

2. Segment Information

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

- (a) the property investment and development segment includes letting, resale and development of properties;
- (b) the treasury investment segment includes investments in cash and bond markets;
- (c) the securities investment segment includes dealings in securities and disposals of investments;
- (d) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (e) the banking business segment engages in the provision of commercial and retail banking services;
- (f) the project management segment engages in the provision of project management, marketing, sales administrative and other related services; and
- (g) the "other" segment comprises principally the development of computer hardware and software, money lending and the provision of fund management and investment advisory services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

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

Notes to the Interim Financial Statements (Continued)

2. Segment Information (Continued)

The following tables present revenue and profit/(loss) information regarding the Group's reportable segments for the six months ended 30th June, 2009 and 2008, respectively.

	Six months ended 30th June, 2009								
	Property investment and development	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Project management	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue									
External	5,884	736	4,314	22,947	6,677	1,761	4,901	-	47,220
Inter-segment	-	-	-	-	-	590	2,960	(3,550)	-
Total	5,884	736	4,314	22,947	6,677	2,351	7,861	(3,550)	47,220
Segment results	(4,981)	531	23,763	(2,421)	295	(1,665)	8,227	(3,202)	20,547
Unallocated corporate expenses									(35,658)
Finance costs									(8,241)
Share of results of associates	(121,958)	-	-	-	-	-	2,507	-	(119,451)
Share of results of jointly controlled entities	(40,139)	-	-	-	-	-	-	-	(40,139)
Loss before tax									(182,942)
Tax									2,860
Loss for the period									(180,082)

	Six months ended 30th June, 2008								
	Property investment and development	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Project management	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue									
External	4,419	2,896	(5,614)	41,235	9,498	8,475	10,361	-	71,270
Inter-segment	-	-	-	11	-	7,282	871	(8,164)	-
Total	4,419	2,896	(5,614)	41,246	9,498	15,757	11,232	(8,164)	71,270
Segment results	121,929	2,662	(19,646)	10,714	1,584	7,931	23,546	(7,721)	140,999
	(Note)								
Unallocated corporate expenses									(24,122)
Finance costs									(12,814)
Share of results of associates	13,160	-	-	-	-	-	3,038	-	16,198
Share of results of jointly controlled entities	(78)	-	-	-	-	-	(528)	-	(606)
Profit before tax									119,655
Tax									(17,237)
Profit for the period									102,418

Note: The amount included fair value gains on investment properties of HK\$118,040,000.

Notes to the Interim Financial Statements (Continued)

3. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, gross proceeds from sales of properties, gross income on treasury investment which includes interest income on bank deposits and debt securities, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, gross income from underwriting and securities broking, gross interest income, commissions, dealing income and other revenues from a banking subsidiary, gross income from project management and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

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

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Property investment and development	5,884	4,419
Treasury investment	736	2,896
Securities investment	4,314	(5,614)
Corporate finance and securities broking	22,947	41,235
Banking business	6,677	9,498
Project management	1,761	8,475
Other	4,901	10,361
	47,220	71,270

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

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Interest income	5,084	6,040
Commission income	1,588	2,823
Other revenues	5	635
	6,677	9,498

Notes to the Interim Financial Statements (Continued)

4. Share of Results of Associates/Interests in Associates

Share of results of associates included the Group's share of loss in Lippo ASM Asia Property LP ("LAAP"), a property fund which has participated in a joint venture to invest in Overseas Union Enterprise Limited ("OUE"), a listed company in the Republic of Singapore principally engaged in property investment and development and hotel operations, of approximately HK\$121,675,000 (2008 – share of profit of HK\$12,975,000). The loss in 2009 was mainly derived from the impairment losses made for the property development projects under OUE as a result of the continuing volatile financial and economic conditions.

Interests in associates included the Group's interest in LAAP of approximately HK\$2,839,698,000 (31st December, 2008 – HK\$2,989,503,000).

5. Profit/(Loss) before Tax

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

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Interest income:		
Listed financial assets at fair value through profit or loss	–	543
Unlisted financial assets at fair value through profit or loss	465	1,310
Listed available-for-sale financial assets	689	–
Listed held-to-maturity financial assets	472	427
Loans and advances	297	1,685
Banking business	5,084	6,040
Other	736	2,896
Dividend income:		
Listed investments	146	381
Unlisted investments	1,635	1,128
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	147	(9,274)
Unlisted financial assets at fair value through profit or loss	760	(255)
Unlisted available-for-sale financial assets	–	126
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	11,784	(11,524)
Unlisted	8,872	5,261
Interest expense attributable to banking business	(309)	(870)
Depreciation	(3,121)	(3,224)
Loss on disposal of properties	(145)	–
Loss on disposal of fixed assets	(14)	–
Cost of inventories sold	(2,579)	–

Notes to the Interim Financial Statements (Continued)

6. Tax

	Six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Hong Kong:		
Charge for the period	254	–
Underprovision/(Overprovision) in prior periods	(2,264)	918
Deferred	(1,554)	70
	(3,564)	988
Overseas:		
Charge for the period	704	2,011
Underprovision in prior periods	–	258
Deferred	–	13,980
	704	16,249
Total charge/(credit) for the period	(2,860)	17,237

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2008 – 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated on the estimated assessable profits for the period at the tax rates prevailing in the countries/jurisdictions in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

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 loss for the period attributable to equity holders of the Company of HK\$163,457,000 (2008 – profit of HK\$103,920,000); and (ii) the weighted average number of 1,816,874,000 ordinary shares (2008 – 1,479,964,000 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented for the six months ended 30th June, 2009 and 2008 as the share options and warrants outstanding during these periods had no dilutive effect on the basic earnings/(loss) per share for these periods.

Notes to the Interim Financial Statements (Continued)

8. Interim Distribution

	Six months ended 30th June,	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim distribution, declared – Nil (2008 – HK1.75 cents per ordinary share)	–	31,819

9. Available-for-sale Financial Assets

	30th June, 2009	31st December, 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets stated at fair value:		
Debt securities listed overseas	14,554	12,559
Unlisted investment funds	61,264	71,814
	75,818	84,373
Financial assets stated at cost:		
Unlisted equity securities	88,294	88,386
Unlisted debt securities	3,165	3,165
Provision for impairment losses	(84,889)	(85,019)
	6,570	6,532
	82,388	90,905

The debt securities had effective interest rates ranging from nil to 10 per cent. (31st December, 2008 – nil to 10 per cent.) per annum.

Notes to the Interim Financial Statements (Continued)

9. Available-for-sale Financial Assets (Continued)

An analysis of the issuers of available-for-sale financial assets is as follows:

	30th June, 2009	31st December, 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities:		
Corporate entities	88,294	88,386
Debt securities:		
Club debenture	3,165	3,165
Corporate entities	5,333	3,490
Banks and other financial institutions	9,221	9,069
	17,719	15,724

10. Held-to-maturity Financial Assets

	30th June, 2009	31st December, 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Debt securities, at amortised cost:		
Listed overseas	9,446	9,467
Market value of listed debt securities	8,370	9,760

The debt securities had an effective interest rate of 9 per cent. (31st December, 2008 – 9 per cent.) per annum.

An analysis of the issuers of held-to-maturity financial assets is as follows:

	30th June, 2009	31st December, 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Banks and other financial institutions	9,446	9,467

Notes to the Interim Financial Statements (Continued)

11. Loans and Advances

The balance mainly comprised of loans and advances to customers of the Group in respect of securities broking and banking business of HK\$453,968,000 (31st December, 2008 – HK\$195,283,000).

The loans and advances to customers of the Group have effective interest rates ranging from 2 per cent. to 9 per cent. (31st December, 2008 – 3 per cent. to 9 per cent.) per annum. The carrying amounts of loans and advances approximate to their fair values. Certain balances arising from securities broking and banking operation are secured by clients' properties, deposits and securities being held as collaterals with carrying amounts of HK\$362,050,000 (31st December, 2008 – HK\$419,914,000).

As at the end of the reporting period, the overdue or impaired balances are related to banking and money lending operations. Movements of the allowance for bad and doubtful debts during the period are as follows:

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Balance at beginning of period	8,597	2,868
Impairment allowance released	(211)	–
Balance at end of period	8,386	2,868

Except for the above, the remaining balances are neither overdue nor impaired and are related to a range of customers for whom there are no recent history of default.

12. Financial Assets at Fair Value through Profit or Loss

	30th June,	31st December,
	2009	2008
	HK\$'000	HK\$'000
Held for trading:		
Equity securities:		
Listed in Hong Kong	26,322	7,611
Listed overseas	2,860	2,141
	29,182	9,752
Investment funds:		
Unlisted	26,825	29,953
Other:		
Unlisted	–	7,800
	56,007	47,505

Notes to the Interim Financial Statements (Continued)

12. Financial Assets at Fair Value through Profit or Loss (Continued)

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

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Equity securities:		
Public sector entities	7,096	–
Corporate entities	17,127	9,752
Banks and other financial institutions	4,959	–
	29,182	9,752

13. Debtors, Prepayments and Deposits

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

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Repayable on demand	44,272	44,010
Within 30 days	13,948	19,162
	58,220	63,172

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.

As at 30th June, 2009, receivables of HK\$15,874,000 (31st December, 2008 – HK\$15,874,000) related to a property development project were impaired and provided for. Except for this, the remaining balances are neither overdue nor impaired and are related to a range of customers for whom there are no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

The balance mainly comprised of receivables from customers and securities brokers of the Group in respect of securities broking business of HK\$52,572,000 (31st December, 2008 – HK\$44,646,000). Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing. The carrying amounts of debtors and deposits approximate to their fair values.

Notes to the Interim Financial Statements (Continued)

14. Bank and Other Borrowings

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Bank loans:		
Secured (Note (a))	201,503	201,503
Unsecured	269,558	39,277
	471,061	240,780
Other borrowings:		
Unsecured (Note (b))	332,184	346,905
	803,245	587,685
Less: Amount classified under current portion	(354,809)	(386,182)
Non-current portion	448,436	201,503
Bank and other borrowings by currency:		
Hong Kong dollar	497,206	211,903
United States dollar	286,754	356,505
Renminbi	19,285	19,277
	803,245	587,685
Bank loans repayable:		
Within one year	269,558	39,277
In the third to fifth years, inclusive	201,503	201,503
	471,061	240,780
Other borrowings repayable:		
Within one year	85,251	346,905
In the second year	246,933	–
	332,184	346,905

The carrying amounts of the Group's bank and other borrowings approximate to their fair values and bear interest at rates ranging from 1.0 per cent. to 6.0 per cent. (31st December, 2008 – 1.6 per cent. to 6.0 per cent.) per annum.

Notes to the Interim Financial Statements (Continued)

14. Bank and Other Borrowings (Continued)

Note:

- (a) The bank loans as at 30th June, 2009 were secured by first legal mortgages over certain investment properties of the Group with carrying amounts of HK\$411,878,000 (31st December, 2008 – HK\$410,000,000).
- (b) The Group's other borrowings as at 30th June, 2009 comprised of unsecured loans advanced from Lippo Limited ("Lippo"), an intermediate holding company of the Company, and a third party, of HK\$246,933,000 (31st December, 2008 – HK\$191,903,000) and HK\$85,251,000 (31st December, 2008 – HK\$155,002,000), respectively. The loan advanced from Lippo is repayable on or before 30th June, 2011. The loan advanced from third party was renewed for one additional year on terms mutually agreed with the lender and is repayable on or before 26th June, 2010.

15. Creditors, Accruals and Deposits Received

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

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Repayable on demand	607,909	534,248
Within 30 days	15,274	19,319
	623,183	553,567

The outstanding balances that are repayable on demand include client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking business. As at 30th June, 2009, total client trust bank balances amounted to HK\$559,250,000 (31st December, 2008 – HK\$509,355,000).

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

16. Current, Fixed, Savings and Other Deposits of Customers

The current, fixed, savings and other deposits of customers attributable to banking business have effective interest rates ranging from nil to 2.9 per cent. (31st December, 2008 – 0.3 per cent. to 4.5 per cent.) per annum.

Notes to the Interim Financial Statements (Continued)

17. Share Capital

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Authorised:		
4,000,000,000 ordinary shares of HK\$1.00 each	4,000,000	4,000,000
Issued and fully paid:		
1,816,651,927 (31st December, 2008 – 1,818,185,927*) ordinary shares of HK\$1.00 each	1,816,652	1,818,186

* After taking into account 34,000 ordinary shares of HK\$1.00 each repurchased prior to 31st December, 2008 and cancelled subsequent to 31st December, 2008.

During the period, the Company had repurchased a total of 1,534,000 ordinary shares (2008 – Nil) of HK\$1.00 each in the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), all of which were subsequently cancelled. The discount of HK\$491,000 (2008 – Nil) arising from such repurchases has been credited to the distributable reserves of the Company and an amount of HK\$1,534,000 (2008 – Nil) was transferred from distributable reserves to the capital redemption reserve as set out in the condensed consolidated statement of changes in equity on page 6.

The repurchases of the Company’s shares during the period were effected by the Directors with a view to benefiting shareholders as a whole by enhancing the net asset value per share of the Company.

Share option scheme

Pursuant to the share option scheme of the Company (the “Share Option Scheme”) adopted and approved by the shareholders of the Company, Lippo Limited, an intermediate holding company of the Company, and Lippo China Resources Limited, a former intermediate holding company of the Company, on 7th June, 2007 (the “Adoption Date”), the board of the Directors of the Company (the “Board”) may, at its discretion, offer to grant to any eligible employee (including director, officer and/or employee of the Group or any member of it); or any consultant, adviser, supplier, customer or sub-contractor of the Group or any member of it; or any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Group or any member of it or as having spent any material time in or about the promotion of the Group or its business (together the “Eligible Person”) an option to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide Eligible Persons with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. Under the rules of the Share Option Scheme, no further options shall be granted on and after the tenth anniversary of the Adoption Date. The options can be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which shall not be later than the day last preceding the tenth anniversary of the date of grant. The Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such term(s) on the grant of an option. No grantee of option is required to pay for the grant of the relevant option.

Notes to the Interim Financial Statements *(Continued)*

17. Share Capital *(Continued)*

Share option scheme *(Continued)*

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30 per cent. of the issued shares of the Company from time to time. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any shares subject to options granted after the Adoption Date pursuant to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company on the Adoption Date, that is, 134,682,909 shares (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed one per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; (ii) the average closing price of the shares of the Company for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

On 17th December, 2007, options were granted under the Share Option Scheme without consideration to Eligible Persons including, inter alia, certain Directors and employees of the Company to subscribe for a total of 13,468,000 ordinary shares of HK\$1.00 each in the Company (the "Shares") at an initial exercise price of HK\$1.68 per Share (subject to adjustment). Due to the rights issue of new shares of the Company in June 2008 in the proportion of seven rights shares for every twenty shares held, adjustments were made to the number of Shares subject to the options of the Company and the exercise price, resulting in options to subscribe for a total of 18,181,800 Shares at an exercise price of HK\$1.24 per Share (subject to adjustment), with effect from 27th June, 2008. The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012.

On 1st August, 2008, an option was granted under the Share Option Scheme without consideration to an Eligible Person to subscribe for 2,025,000 Shares at an exercise price of HK\$1.00 per Share (subject to adjustment). Such option could not be exercised from the date of grant to 31st July, 2009. Such option is exercisable from 1st August, 2009 to 16th December, 2012.

As at 1st January, 2009, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 20,206,800 Shares (the "Option Shares").

Notes to the Interim Financial Statements (Continued)

17. Share Capital (Continued)

Share option scheme (Continued)

Details of the Option Shares granted under the Share Option Scheme are summarised as follows:

Participants	Date of grant	Exercise price per share HK\$	Number of Option Shares
			Balance as at 1st January, 2009 and 30th June, 2009
Directors:			
John Lee Luen Wai	17th December, 2007	1.24	4,590,000
Leon Chan Nim Leung	17th December, 2007	1.24	810,000
Kor Kee Yee	17th December, 2007	1.24	607,500
Albert Saychuan Cheok	17th December, 2007	1.24	607,500
Victor Yung Ha Kuk	17th December, 2007	1.24	607,500
Tsui King Fai	17th December, 2007	1.24	607,500
Employees (Note)	17th December, 2007	1.24	7,516,800
Others	17th December, 2007	1.24	2,835,000
	1st August, 2008	1.00	2,025,000
Total			20,206,800
Weighted average exercise price per Share (HK\$)			1.22

Note: Employees refer to the employees of the Group as at 30th June, 2009 working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, other than the Directors and chief executive of the Company.

No option of the Company was granted, exercised, cancelled or lapsed during the period.

The exercise prices of the Option Shares and exercise periods of the options outstanding as at 30th June, 2009 are as follows:

Number of Option Shares	Exercise price per share (Note) HK\$	Exercise period
18,181,800	1.24	17th June, 2008 to 16th December, 2012
2,025,000	1.00	1st August, 2009 to 16th December, 2012

Note: The exercise prices of the Option Shares are subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

Notes to the Interim Financial Statements (Continued)

17. Share Capital (Continued)

Warrants

As at 1st January, 2009, the Company had 202,023,707 units of warrants outstanding with an aggregate subscription value of approximately HK\$252,530,000. Each warrant entitles the holder thereof to subscribe in cash for one ordinary share of HK\$1.00 in the Company at a subscription price of HK\$1.25 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive). During the six months ended 30th June, 2009, no warrants were cancelled or exercised. The exercise in full of the outstanding warrants as at 30th June, 2009 would, under the present capital structure of the Company, result in the issue of 202,023,707 additional ordinary shares of HK\$1.00 each in the Company.

18. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the condensed consolidated statement of changes in equity on page 6.

- (a) Cancellation of share premium account and transfer to distributable reserves:
Pursuant to a special resolution passed at a special general meeting of the Company on 2nd December, 1997, the entire amount standing to the credit of the share premium account of HK\$3,630,765,000 was cancelled (the "Cancellation"). The credit arising from the Cancellation was transferred to distributable reserves. The balance of the reserves arising from the Cancellation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company.
- (b) Distributable reserves of the Group at 30th June, 2009 comprise retained profits of HK\$1,306,796,000 (31st December, 2008 – HK\$1,470,337,000) and the remaining balance arising from the Cancellation of HK\$1,054,919,000 (31st December, 2008 – HK\$1,055,962,000).
- (c) The capital redemption reserve is not available for distribution to shareholders.
- (d) The legal reserve represents the part of reserve generated by a banking subsidiary of the Company which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which the subsidiary operates.
- (e) The regulatory reserve represents the part of reserve generated by a banking subsidiary of the Company arising from the difference between the impairment allowance made under HKAS 39 and for regulatory purpose.

Notes to the Interim Financial Statements (Continued)

19. Notes to the Condensed Consolidated Cash Flow Statement

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	670,787	977,140
Treasury bills	–	18,430
	670,787	995,570
Less: Restricted cash and bank balances (Note)	–	(180,971)
	670,787	814,599

Note: The balance as at 30th June, 2008 represented amount received from over-subscription of the rights issue of the Company, which was refunded to the applicants in July 2008.

20. Contingent Liabilities

At 30th June, 2009, the Group had the following contingent liabilities relating to its banking subsidiary:

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Guarantees and other endorsements	17,782	17,753
Liabilities under letters of credit on behalf of customers	5,973	7,267
	23,755	25,020

21. Capital Commitments

The Group had the following commitments at 30th June, 2009:

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	37,890	51,558
Other capital commitments:		
Contracted, but not provided for (Note)	76,312	68,390
	114,202	119,948

Note: The balance included the Group's capital commitments in respect of the formation of joint ventures for certain property projects in the Republic of Singapore of approximately HK\$75 million (31st December, 2008 – HK\$64 million).

Notes to the Interim Financial Statements (Continued)

22. Related Party Transactions

- (a) During the period, the Company paid rental expenses of HK\$1,698,000 (2008 – HK\$981,000) to Porbandar Limited, a fellow subsidiary of the Company, in respect of office premises occupied by the Company. During the six months ended 30th June, 2008, Lippo Securities Holdings Limited (“LSHL”), a wholly-owned subsidiary of the Company, paid rental expenses of HK\$2,311,000 to Prime Power Investment Limited, a fellow subsidiary of the Company, in respect of office premises occupied by LSHL. The above rentals were determined by reference to open market rentals.
- (b) During the period, ImPac Asset Management (HK) Limited, a wholly-owned subsidiary of the Company, received investment advisory income from Lippo ASM Investment Management Limited, an associate of the Group, amounting to HK\$5,700,000 (2008 – HK\$5,649,000).
- (c) During the period, the Company paid finance costs to Lippo of HK\$2,514,000 (2008 – HK\$5,162,000), in respect of the loan advanced to the Company.
- (d) During the period, Lippo Realty (Singapore) Pte. Limited, a wholly-owned subsidiary of the Company, received project management income of HK\$1,016,000 (2008 – HK\$14,216,000) and HK\$165,000 (2008 – HK\$348,000) from associates and jointly controlled entities of the Group, respectively.
- (e) As at 30th June, 2009, the Group had amounts due from associates in a total of HK\$396,420,000 (31st December, 2008 – HK\$408,147,000) and amounts due from jointly controlled entities in a total of HK\$187,972,000 (31st December, 2008 – HK\$188,568,000). The balances with the associates are unsecured, interest-free and have no fixed terms of repayment. The balance with the jointly controlled entities included a loan of HK\$3,974,000 (31st December, 2008 – HK\$3,974,000), which is secured by certain shares of a jointly controlled entity, bears interest at United States dollar prime rate plus 2 per cent. per annum and has no fixed terms of repayment. The remaining balances with the jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of the balances approximate to their fair values.

23. Financial Risk Management Objectives and Policies

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group’s activities at all times. The risk management function is carried out by individual business units and regularly overseen by the Group’s senior management with all the risk limits approved by the Executive Directors of the Group and they are summarised below:

(a) *Credit risk*

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from lending, treasury, investment and other activities undertaken by the Group.

The credit policies for banking and margin lending businesses set out in details the credit approval and monitoring mechanism, the loan classification criteria and provision policy. Credit approval is conducted in accordance with the credit policies, taking into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group’s total assets. Day-to-day credit management is performed by management of individual business units.

Notes to the Interim Financial Statements (Continued)

23. Financial Risk Management Objectives and Policies (Continued)

(a) Credit risk (Continued)

The Group has established guidelines to ensure that all new debt investments are properly made, taking into account factors such as the credit rating requirements, the maximum exposure limit to a single corporate or issuer. All relevant departments within the Group are involved to ensure that appropriate processes, systems and controls are set in place before and after the investments are acquired.

(b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations met with the statutory requirement on minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitored the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources.

An analysis of the maturity profile of assets and liabilities of the Group analysed by the remaining period at the reporting date to the contractual maturity date is as follows:

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
At 30th June, 2009							
Assets							
Amount due from a jointly controlled entity	-	-	-	-	-	3,974	3,974
Debt securities:							
Held-to-maturity financial assets	-	-	-	-	9,446	-	9,446
Available-for-sale financial assets	-	-	-	-	-	17,719	17,719
Loans and advances	113,892	292,408	17,370	16,996	21,716	-	462,382
Debtors and deposits	45,659	17,673	403	-	-	21,690	85,425
Client trust bank balances	281,647	277,603	-	-	-	-	559,250
Cash and bank balances	216,900	453,887	-	-	-	-	670,787
	658,098	1,041,571	17,773	16,996	31,162	43,383	1,808,983
Liabilities							
Bank and other borrowings	-	269,558	85,251	448,436	-	-	803,245
Creditors, accruals and deposit received	608,817	18,701	287	1,441	-	3,670	632,916
Current, fixed, savings and other deposits of customers	79,789	79,856	2,692	-	-	-	162,337
	688,606	368,115	88,230	449,877	-	3,670	1,598,498

Notes to the Interim Financial Statements (Continued)

23. Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity risk (Continued)

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
At 31st December, 2008							
Assets							
Amount due from a jointly controlled entity	-	-	-	-	-	3,974	3,974
Debt securities:							
Held-to-maturity financial assets	-	-	-	-	9,467	-	9,467
Available-for-sale financial assets	-	-	-	-	-	15,724	15,724
Loans and advances	114,477	30,514	16,399	17,364	23,695	-	202,449
Debtors and deposits	45,253	23,001	273	-	-	26,540	95,067
Client trust bank balances	157,023	352,332	-	-	-	-	509,355
Cash and bank balances	240,840	502,272	-	-	-	-	743,112
	<u>557,593</u>	<u>908,119</u>	<u>16,672</u>	<u>17,364</u>	<u>33,162</u>	<u>46,238</u>	<u>1,579,148</u>
Liabilities							
Bank and other borrowings	-	20,000	366,182	201,503	-	-	587,685
Creditors, accruals and deposit received	534,969	50,221	5,325	420	-	15,205	606,140
Current, fixed, savings and other deposits of customers	101,153	27,120	4,947	-	-	-	133,220
	<u>636,122</u>	<u>97,341</u>	<u>376,454</u>	<u>201,923</u>	<u>-</u>	<u>15,205</u>	<u>1,327,045</u>

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest bearing assets and liabilities. The Group's interest rate positions arise mainly from treasury, banking and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. The interest rate risk is managed and monitored regularly by senior management of the Group.

Notes to the Interim Financial Statements (Continued)

23. Financial Risk Management Objectives and Policies (Continued)

(d) *Foreign currency risk*

Foreign currency risk is the risk to earnings or capital arising from movements of foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its banking activities, foreign exchange dealings and other investment activities.

The Group monitors the relative foreign exchange positions of its assets and liabilities and allocates accordingly to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swap and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

(e) *Equity price risk*

Equity price risk is the risk that the fair value of financial assets decrease as a result of changes in the levels of equity indices and the value of individual financial assets. The Group is exposed to equity price risk arising from individual financial assets classified as available-for-sale financial assets (Note 9) and financial assets at fair value through profit or loss (Note 12) as at 30th June, 2009. The Group's listed financial assets are mainly listed on the Hong Kong and Singapore stock exchanges and are valued at quoted market prices at the reporting date.

The Group uses Value at Risk ("the VaR") model to assess possible changes in the market value of the investment portfolio based on historical data. The VaR figure are regularly reviewed by senior management of the Group to ensure the loss arising from the changes in the market value of the investment portfolios is capped within an acceptable range.

Supplementary Financial Information

Disclosure Pursuant to Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30th June, 2009 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	Pro forma combined statement of financial position as at 30th June, 2009 HK\$'000	Group's attributable interest as at 30th June, 2009 HK\$'000
Intangible assets	977,859	977,859
Fixed assets	2,685,709	2,673,828
Investment properties	5,148,544	5,148,544
Properties under development	6,849,206	5,569,401
Interests in associates	3,750,033	3,750,033
Available-for-sale financial assets	334,788	334,788
Debtors, prepayments and deposits	57,372	43,081
Cash and bank balances	1,097,910	1,026,335
Creditors, accruals and deposits received	(325,122)	(275,362)
Bank and other borrowings	(9,618,588)	(8,796,384)
Tax payable	(131,868)	(131,868)
Shareholders' advance	(1,065,130)	(584,556)
Deferred tax liabilities	(711,877)	(711,877)
Other net assets	82,136	80,292
	9,130,972	9,104,114

The Group's attributable interest in the respective assets and liabilities represents that portion attributable to the Group before minority interests included therein.

Management Discussion and Analysis

The global financial crisis has been wide reaching, affecting economies across the globe. Although the global stock markets appeared to stabilise and recorded a rebound in the second quarter of 2009, the effects of the fiscal and monetary stimuli implemented by governments globally had yet to materially flow through to the real economy. The property markets in Singapore and other Asian countries remained sluggish in the first half of the year and the overall performance of the Group suffered as a result.

Results for the period

Turnover for the six months ended 30th June, 2009 totalled HK\$47 million, which was 34 per cent. lower than the HK\$71 million recorded in 2008 resulting from the adverse impact of the global volatile financial and economic market.

Facing the adversity, for the six months ended 30th June, 2009, the Group reported a loss attributable to shareholders of HK\$163 million (2008 – profit of HK\$104 million). The deterioration in results was mainly derived from impairment of the property-related projects in its associates and jointly controlled entities as a result of the current unstable financial and economic conditions.

Property investment and development

The property investment and development business recorded a revenue of HK\$6 million in the first half of 2009 (2008 – HK\$4 million). The increase was mainly due to the sale of the remaining unit of a residential development project in Singapore during the period. While there is an absence of revaluation gain on its investment properties (2008 – HK\$118 million) during the period, the segment registered a loss of HK\$5 million, as compared to profit of HK\$122 million in 2008.

The Group has invested in a property fund, Lippo ASM Asia Property LP (the “LAAP”), which has indirect interests in Overseas Union Enterprise Limited (“OUE”), a listed company in Singapore principally engaged in property investments and development and hotel operations. The hotels managed by OUE, including inter alia the Meritus Mandarin Hotel in Singapore, are strategically located in various well-known tourist districts of Singapore, Malaysia and mainland China. OUE also holds interests in prime office buildings, such as 50 Collyer Quay near Marina Bay and the OUB Centre in the central financial and business district of Singapore. Over the last two to three years, OUE has participated in a number of property development and investment projects, which include the redevelopment projects at 21 Angullia Park (formerly Parisian) and 25 Leonie Hill Road (formerly Grangeford) in Singapore. To enhance its recurrent rental income, OUE has renovated the Mandarin Gallery of the Meritus Mandarin Hotel. For the first half of 2009, the Group registered a share of loss of HK\$122 million from the investment as compared to the share of profit of HK\$13 million in 2008. The loss was mainly attributable to a number of factors, which include provision for impairment loss on its development properties, lower hotel revenue due to severe global economic downturn and human swine

Management Discussion and Analysis *(Continued)*

flu pandemic, and loss of rental income from the Mandarin Gallery during the renovation period. The Mandarin Gallery will be upgraded to a premier luxury retail mall and is expected to commence operation in the fourth quarter of 2009, with committed leases of nearly all the retail space.

Additionally, the Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore, Thailand and Japan. These projects include the development at Holland Road, Sentosa Cove and Kim Seng Road in Singapore, and the Beijing Economic-Technological Development Area in Beijing, which are expected to be completed in 2011 and beyond. Due to the severe global economic downturn, the luxury property market in Singapore is hard hit. As a result, provision for impairment of development properties was made by a jointly controlled entity.

Treasury and securities investments

After massive fund injections by various countries, the global stock markets were stabilised. Benefited from the liquidity flow into the market, the Group recorded fair value gain for its investment portfolio during the period. For the six months ended 30th June, 2009, treasury and securities investments business registered a profit of HK\$24 million (2008 – loss of HK\$17 million).

It appears that the sustainability of the liquidity flow and the degree of spillover to the broader economy are still unclear, the financial markets will remain volatile. The Group will be watchful on market developments and will continue to be prudent in managing its investment portfolio with a continuing focus on improving overall asset quality.

Corporate finance and securities broking

Despite Hong Kong capital market was gradually recovered from the financial turmoil in the first half of 2009, participation from retail investors remained inactive in this highly volatile market. As a result, the Group's corporate finance and securities broking business was adversely affected. For the six months ended 30th June, 2009, it registered a decrease in turnover to HK\$23 million (2008 – HK\$41 million) and HK\$2 million loss was derived from this segment (2008 – profit of HK\$11 million).

Banking business

The Macau Chinese Bank Limited ("MCB") is a wholly-owned subsidiary of the Company. In the first half of 2009, the Macau banking market has yet been recovered from the global credit crunch. Despite the tough operating environment, MCB managed to maintain the quality of its client and loan portfolio. Management continued to lend conservatively and seek growth in areas where appropriate in a selective manner. With a lower interest rate environment, the banking business delivered a turnover of HK\$7 million (2008 – HK\$9 million) in 2009, with a profit of HK\$0.3 million (2008 – HK\$1.6 million).

Management Discussion and Analysis *(Continued)*

Other businesses

With the unstable property market, revenue generated from property project management in Singapore in the period fell to HK\$2 million (2008 – HK\$16 million), with a loss contribution of HK\$2 million (2008 – profit of HK\$8 million).

Financial position

As at 30th June, 2009, the Group's total assets slightly increased to HK\$6.3 billion (31st December, 2008 – HK\$6.2 billion). Property-related assets decreased to HK\$4.2 billion (31st December, 2008 – HK\$4.4 billion), representing 66 per cent. (31st December, 2008 – 71 per cent.) of the total assets. Investment portfolio of the Group amounted to HK\$148 million, comprising debt and equity securities of HK\$60 million (31st December, 2008 – HK\$46 million) and investment funds of HK\$88 million (31st December, 2008 – HK\$102 million). The investment portfolio represented 2 per cent. (31st December, 2008 – 2 per cent.) of the Group's total assets. Total liabilities slightly increased to HK\$1.6 billion (31st December, 2008 – HK\$1.4 billion). The Group's financial position remained healthy and current ratio (measured as current assets to current liabilities) increased to 1.6 to 1 (31st December, 2008 – 1.4 to 1).

As at 30th June, 2009, the bank and other borrowings of the Group (other than those attributable to banking business) increased to HK\$803 million (31st December, 2008 – HK\$588 million). As at 30th June, 2009, total bank loans amounted to HK\$471 million (31st December, 2008 – HK\$241 million), comprising secured bank loans of HK\$202 million (31st December, 2008 – HK\$202 million) and unsecured bank loans of HK\$269 million (31st December, 2008 – HK\$39 million), which were denominated in Hong Kong dollars, United States dollars or Renminbi (31st December, 2008 – denominated in Hong Kong dollars, United States dollars and Renminbi). The bank loans were secured by first legal mortgages over certain investment properties of the Group. The bank loans carried interest at floating rates and 57 per cent. of the bank loans (31st December, 2008 – 16 per cent.) were repayable within one year. The Group's other borrowings as at 30th June, 2009 comprised of unsecured loans advanced from Lippo Limited ("Lippo") and a third party of HK\$247 million (31st December, 2008 – HK\$192 million) and HK\$85 million (31st December, 2008 – HK\$155 million) respectively. The advance from Lippo would be repayable on or before 30th June, 2011, while the third party's advance would be repayable on or before 26th June, 2010. At the end of the period, gearing ratio (measured as total borrowings to shareholders' funds) increased to 18 per cent. (31st December, 2008 – 13 per cent.).

The net asset value of the Group remained strong and amounted to HK\$4.5 billion (31st December, 2008 – HK\$4.7 billion). This was equivalent to HK\$2.5 per share (31st December, 2008 – HK\$2.6 per share).

Management Discussion and Analysis *(Continued)*

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 period (31st December, 2008 – Nil). Aside from those arising from the normal course of the Group's banking operation, the Group had no material contingent liabilities outstanding (31st December, 2008 – Nil).

As at 30th June, 2009, the Group's total capital commitment decreased to HK\$114 million (31st December, 2008 – HK\$120 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 210 employees as at 30th June, 2009 (2008 – 207 employees). Total staff costs (including directors' emoluments) during the period amounted to HK\$32 million (2008 – HK\$41 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under the share option scheme of the Company.

Outlook

It appears that the latter half of 2009 will continue to be a difficult period. 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 was hard hit by the economic crisis. It is generally believed that mainland China will be among the first to rebound and recover at a faster pace than other countries. The Group will continue to focus on developments in the Asia Pacific region. At the same time, it will continue to remain prudent in managing its property and investment portfolios.

Business Review and Prospects

Business Review

The financial crisis which struck the world in late 2008 continued to take its toll on the global economy in the first half of 2009. Economies around the world, including those in the Asia Pacific region, continued to be weighed down by the aftermath. Although the financial markets appeared to have stabilized over the last couple of months, it remains to be seen whether the broader real economy is on the path to sustained recovery. By and large, the property markets in mainland China, Singapore and other Asian countries where the Group has investments remained sluggish in the first half of this year.

Against this backdrop, the performance of the Group in the first six months of this year dipped. The Group recorded an unaudited consolidated loss attributable to shareholders of approximately HK\$163 million for the six months ended 30th June, 2009, as compared to a profit of HK\$104 million in the corresponding period of 2008. The loss was, among other things, mainly attributable to the impairment losses made for the property development projects by its associates/jointly controlled entities as a result of the continuing volatile financial and economic conditions.

In the past few years, the Group has participated in the development of various property projects in Singapore. These projects will likely be completed over the medium term in 2011 and beyond.

The Group has a 50 per cent. interest in a joint venture established to acquire and develop the property located at Sentosa Cove, Sentosa Island, Singapore (the "Sentosa Cove Property"). The Sentosa Cove Property comprises two parcels of land with total site area of approximately 239,200 square feet. A total of one hundred and twenty four high-end luxury residential units, with a total saleable area of approximately 320,860 square feet, will be developed on the Sentosa Cove Property. Construction works have commenced. Now named "Marina Collection", the pre-sale of the residential units was launched before the end of 2007. The response was satisfactory.

The Group has a 30 per cent. interest in a joint venture which acquired and will develop the site located at 53 Holland Road, Singapore (the "Holland Road Property") which has a site area of approximately 36,339 square feet. The plan is to develop the Holland Road Property, now named as "The Holland Collection", into a luxury residential development with completion expected to be in 2012.

The Group also has a 50 per cent. interest in a joint venture which acquired and will develop the property located at No. 100, Kim Seng Road, Singapore (the "Kim Seng Property"). The Kim Seng Property which has a site area of approximately 60,393 square feet will be re-developed into a residential development (to be named as "Centennia Suites") with a saleable area of approximately 177,555 square feet.

Business Review and Prospects *(Continued)*

Lippo ASM Asia Property LP (“LAAP”) of which a wholly-owned subsidiary of the Company is the limited partner, is a property fund set up in 2005 with the investment objective of investing in real estate in the Asia Region. LAAP has an indirect ownership interest in the majority shareholder of a joint venture which in turn is a majority shareholder of Overseas Union Enterprise Limited (“OUE”), a listed company in Singapore principally engaged in property investments and development and hotel operations. OUE has interests in prime office buildings in the Central Business District in Singapore as well as hotels in the Asia region, including the Meritus Mandarin Hotel in Singapore. Renovation of Mandarin Gallery at the Meritus Mandarin Hotel is in progress. Mandarin Gallery, which will be upgraded to a premier luxury retail mall, is expected to commence operation and contribute revenue in the fourth quarter of 2009, with committed leases of nearly all the retail space of 126,000 square feet. Despite the current uncertain market conditions, these high quality properties are able to generate substantial, stable and recurring income for OUE.

The Group also participated in property projects in China, including Lippo Tower in Chengdu and the development project at a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) (the “BDA Project”) in which the Group has about 85.7 per cent. interest. With a total site area of approximately 51,209 square metres, the current development plan for the BDA Project comprises office buildings, apartments and shopping mall totaling a gross floor area of about 270,000 square metres, including the basement. The BDA Project is currently in the planning approval stage.

The Macau Chinese Bank Limited (“MCB”) is a wholly-owned subsidiary of the Company, The Macau economy continued to be affected by the global financial crisis in the first half of 2009. While recognizing that MCB’s future performance will be dependent on Macau’s economy, the Group will nevertheless continue to seek business opportunities for MCB to enhance its competitiveness in the Macau banking sector.

The weak stock market in Hong Kong in the first quarter of 2009 has resulted in reduced market turnover and public offering activities during that period. This has affected the performance and profitability of Lippo Securities Holdings Limited, a wholly-owned subsidiary of the Company, and its subsidiaries, which are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services. The global and local stock markets began to rebound and pick up in the second quarter of 2009 which benefited the performance of the securities brokerage business of the Group. The outlook for the local stock market will be dependent on developments in the market environment in China and globally.

The Group will continue to be watchful on market developments and will manage its portfolio with a continuing focus on improving overall asset quality.

Business Review and Prospects *(Continued)*

Prospects

The expansive fiscal and monetary stimulus programs implemented by governments around the world appeared to have stabilized the markets over the last few months. While this has clearly encouraged economies to bounce back, it is still early to say whether the worst of the financial crisis is over and the global economy is back on sustained recovery path. It seems likely that the markets in the near future would see more volatility. China, supported by its extensive stimulus and investment programs, seems well placed to be one of the first economies to recover from the current global economic crisis, which in turn will have a positive impact on Hong Kong and other neighboring Asian countries.

The Company, being the principal property arm of the Lippo Group, will continue to focus on property investment and development businesses. Despite the current challenges, management remains positive about the prospects of the region over the medium term. Management will continue to adopt a cautious and prudent approach in managing the Group's property portfolio and other businesses and in assessing new investment opportunities.

Additional Information

Interim Distribution

The Directors have resolved not to declare payment of any interim distribution for the six months ended 30th June, 2009 (2008 – HK1.75 cents per share).

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations

As at 30th June, 2009, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code") were as follows:

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

(a) The Company

Name of Director	Number of ordinary shares of HK\$1.00 each in the Company			Number of underlying ordinary shares of HK\$1.00 each in the Company				Approximate percentage of total interests in the issued share capital	
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests		
				Options ^a	Warrants ^a	Warrants ^a	Warrants ^a		
Mochtar Riady	-	-	1,014,222,978	-	-	-	106,765,641	1,120,988,619	61.71
			<i>Note (i)</i>				<i>Note (i)</i>		
Stephen Tjondro Riady	-	-	1,014,222,978	-	-	-	106,765,641	1,120,988,619	61.71
			<i>Note (i)</i>				<i>Note (i)</i>		
John Lee Luen Wai	270	270	-	4,590,000	30	30	-	4,590,600	0.25
Leon Chan Nim Leung	-	-	-	810,000	-	-	-	810,000	0.04
Tsui King Fai	-	67,500	-	607,500	-	7,500	-	682,500	0.04
Albert Saychuan Cheek	-	-	-	607,500	-	-	-	607,500	0.03
Kor Kee Yee	-	-	-	607,500	-	-	-	607,500	0.03
Victor Yung Ha Kuk	-	-	-	607,500	-	-	-	607,500	0.03

Additional Information *(Continued)*

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations *(Continued)*

Interests in shares and underlying shares of the Company and associated corporations
(Continued)

(a) *The Company (Continued)*

- [^] The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by the Company (the "Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Share Option Scheme to subscribe for ordinary shares of HK\$1.00 each in the Company at an initial exercise price of HK\$1.68 per share (subject to adjustment). Pursuant to the rights issue of new shares of the Company in June 2008 on the basis of seven rights shares for every twenty shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK\$1.68 per share to HK\$1.24 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 17 to the interim financial statements.
- ⁺ The holders of the warrants of the Company are entitled to subscribe for ordinary shares of HK\$1.00 each in the Company at a subscription price of HK\$1.25 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive).

Additional Information (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and associated corporations
(Continued)

(b) Lippo Limited ("Lippo")

Name of Director	Number of ordinary shares of HK\$0.10 each in Lippo		Number of underlying ordinary shares of HK\$0.10 each in Lippo			Total interests	Approximate percentage of total interests in the issued share capital
	Personal interests (held as beneficial owner)	Other interests	Personal interests (held as beneficial owner)	Options*	Warrants [®] Warrants [®]		
Mochtar Riady	-	319,322,219	-	-	35,312,240	354,634,459	70.87
		<i>Notes (i) and (ii)</i>			<i>Notes (i) and (ii)</i>	<i>Notes (i) and (ii)</i>	
Stephen Tjondro Riady	-	319,322,219	-	-	35,312,240	354,634,459	70.87
		<i>Notes (i) and (ii)</i>			<i>Notes (i) and (ii)</i>	<i>Notes (i) and (ii)</i>	
John Lee Luen Wai	1,031,250	-	1,125,000	103,125	-	2,259,375	0.45
Leon Chan Nim Leung	-	-	193,750	-	-	193,750	0.04
Victor Yung Ha Kuk	-	-	162,500	-	-	162,500	0.03
Tsui King Fai	-	-	162,500	-	-	162,500	0.03

* The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by Lippo (the "Lippo Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Lippo Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in Lippo at an initial exercise price of HK\$6.98 per share (subject to adjustment). Pursuant to the rights issue of new shares of Lippo in June 2008 on the basis of one rights share for every four shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK\$6.98 per share to HK\$5.58 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the period. Details of the Directors' interests in underlying shares in respect of the options are summarised in Note (v) below.

[®] The holders of the warrants of Lippo are entitled to subscribe for ordinary shares of HK\$0.10 each in Lippo at a subscription price of HK\$4.70 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive).

Additional Information (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and associated corporations
(Continued)

(c) *Lippo China Resources Limited ("LCR")*

Name of Director	Number of ordinary shares of HK\$0.10 each in LCR	Number of underlying ordinary shares of HK\$0.10 each in LCR	Number of underlying ordinary shares of HK\$0.10 each in LCR		Approximate percentage of total interests in the issued share capital
			Personal interests (held as beneficial owner)	Total interests	
	Other interests		Options [#]		
Mochtar Riady	6,544,696,389	–	–	6,544,696,389	71.21
	<i>Notes (i), (ii) and (iii)</i>				
Stephen Tjondro Riady	6,544,696,389	–	–	6,544,696,389	71.21
	<i>Notes (i), (ii) and (iii)</i>				
John Lee Luen Wai	–	22,000,000	22,000,000	22,000,000	0.24
Leon Chan Nim Leung	–	3,000,000	3,000,000	3,000,000	0.03
Victor Yung Ha Kuk	–	2,300,000	2,300,000	2,300,000	0.03
Tsui King Fai	–	2,300,000	2,300,000	2,300,000	0.03

[#] The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by LCR (the "LCR Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the LCR Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in LCR at an exercise price of HK\$0.267 per share (subject to adjustment). None of the options were exercised by any of the above Directors during the period and the number of underlying ordinary shares of HK\$0.10 each in LCR in respect of which options have been granted to them as at 1st January, 2009 and 30th June, 2009 were the same as set out above.

Additional Information (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and associated corporations
(Continued)

Note:

- (i) As at 30th June, 2009, Lippo Cayman Limited ("Lippo Cayman"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, was indirectly interested in 1,014,222,978 ordinary shares and HK\$133,457,051.25 warrants giving rise to an interest in 106,765,641 underlying ordinary shares of the Company, totalling 1,120,988,619 ordinary shares and underlying ordinary shares of HK\$1.00 each in, representing approximately 61.71 per cent. of the then issued share capital of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of, the issued share capital of Lippo Cayman. Lanius is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius is accustomed to act. Dr. Mochtar Riady does not have any interests in the share capital of Lanius. The beneficiaries of the trust include Dr. Mochtar Riady, Mr. Stephen Tjondro Riady and their respective family members. Dr. Mochtar Riady as the founder and beneficiary of the trust and Mr. Stephen Tjondro Riady as beneficiary of the trust are taken to be interested in Lippo Cayman under the SFO.
- (ii) As at 30th June, 2009, Lippo Cayman, and through its wholly-owned subsidiaries, Lippo Capital Limited, J & S Company Limited and Huge Returns Limited, and its subsidiary, Lippo Securities Limited ("Lippo Securities"), was directly and indirectly interested in an aggregate of 319,322,219 ordinary shares and HK\$165,967,528 warrants giving rise to an interest in 35,312,240 underlying ordinary shares of Lippo, totalling 354,634,459 ordinary shares and underlying ordinary shares of HK\$0.10 each in, representing approximately 70.87 per cent. of the issued share capital of, Lippo. Lippo Securities is a wholly-owned subsidiary of the Company which in turn is a 55.83 per cent. subsidiary of Lippo.
- (iii) As at 30th June, 2009, Lippo was indirectly interested in 6,544,696,389 ordinary shares of HK\$0.10 each in, representing approximately 71.21 per cent. of the issued share capital of, LCR.
- (iv) The percentages of the issued share capital stated in this section were arrived based on the issued share capital of each of the Company, Lippo and LCR (as the case may be) as at 30th June, 2009.

Additional Information (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and associated corporations
(Continued)

Note: (Continued)

- (v) Details of the Directors' interests in underlying shares in respect of the options granted under the Lippo Share Option Scheme are summarised as follows:

Name of Director	Exercise price per share	Number of underlying ordinary shares of HK\$0.10 each in Lippo in respect of which options have been granted
		Balance as at 1st January, 2009 and 30th June, 2009
	<i>HK\$</i>	
John Lee Luen Wai	5.58	1,125,000
Leon Chan Nim Leung	5.58	193,750
Victor Yung Ha Kuk	5.58	162,500
Tsui King Fai	5.58	162,500

The above interests in the underlying shares of the Company and its associated corporations in respect of options were held pursuant to unlisted physically settled equity derivatives.

The above interests in the underlying shares of the Company and its associated corporations in respect of warrants were held pursuant to listed physically settled equity derivatives.

Additional Information (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and associated corporations (Continued)

As at 30th June, 2009, Dr. Mochtar Riady, as founder and beneficiary of the aforesaid discretionary trust, and Mr. Stephen Tjondro Riady as beneficiary of the aforesaid discretionary trust, through their interests in Lippo Cayman as mentioned in Note (i) above, were also taken to be interested in the share capital of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Abital Trading Pte. Limited	Ordinary shares	2	100
AcrossAsia Limited	Ordinary shares	3,669,576,788	72.45
		<i>(Note a)</i>	
Actfield Limited	Ordinary shares	1	100
Boudry Limited	Ordinary shares	1,000	100
Congrad Holdings Limited	Ordinary shares	1	100
CRC China Limited	Ordinary shares	1	100
Cyport Limited	Ordinary shares	1	100
East Winds Food Pte Ltd.	Ordinary shares	400,000	88.88
		<i>(Note b)</i>	
Fantax Limited	Ordinary shares	1	100
First Bond Holdings Limited	Ordinary shares	1	100
First Tower Corporation	Ordinary shares	1	100
Glory Power Worldwide Limited	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Grandform Limited	Ordinary shares	1	100
Grandhill Asia Limited	Ordinary shares	1	100
Greenroot Limited	Ordinary shares	1	100
Hennessy Holdings Limited	Ordinary shares	1	100
		<i>(Note c)</i>	
HKCL Holdings Limited	Ordinary shares	50,000	100
Honix Holdings Limited	Ordinary shares	1	100
Huge Returns Limited	Ordinary shares	1	100
Ivey International Limited	Ordinary shares	1	100
J & S Company Limited	Ordinary shares	1	100

Additional Information (Continued)

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)

Interests in shares and underlying shares of the Company and associated corporations
(Continued)

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Lippo Assets (International) Limited	Ordinary shares	1,000,000	100
	Non-voting deferred shares	15,000,000	100
Lippo Capital Limited	Ordinary shares	705,690,000	100
Lippo Energy Company N.V.	Ordinary shares	6,000	100
Lippo Energy Holding Limited	Ordinary shares	1	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Holding America Inc.	Ordinary shares	1	100
Lippo Holding Company Limited	Ordinary shares	2,500,000	100
	Non-voting deferred shares	7,500,000	100
Lippo Holdings Inc.	Ordinary shares	1	100
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Lippo Strategic Holdings Inc.	Ordinary shares	1	100
Lippo World Holdings Limited	Ordinary shares	1	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
Nelton Limited	Ordinary shares	10,000	100
Obermac Limited	Ordinary shares	1	100
Pointbest Limited	Ordinary shares	1	100
Prime Success Limited	Ordinary shares	1	100
		<i>(Note d)</i>	
SCR Ltd.	Ordinary shares	1	100
Sinotrend Global Holdings Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd. ("HCB General")	Ordinary shares	70,000	70
Thornton Pacific Limited	Ordinary shares	1	100
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Welux Limited	Ordinary shares	1	100

Additional Information *(Continued)*

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations *(Continued)*

Interests in shares and underlying shares of the Company and associated corporations *(Continued)*

Note:

- a. The interests included 219,600,000 ordinary shares held by Mideast Pacific Strategic Holdings Limited in which Lippo Cayman controlled a 30 per cent. interest.
- b. The interests were held by HCB General, a 70 per cent. subsidiary of Lippo Cayman.
- c. The interest was held through Lippo, a 63.81 per cent. subsidiary of Lippo Cayman.
- d. The interest was held by Lippo, a 63.81 per cent. subsidiary of Lippo Cayman.

As at 30th June, 2009, Mr. Stephen Tjondro Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares of HK\$1.00 each in, representing 25 per cent. of, the issued share capital of Lanius which is the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of, the issued share capital of Lippo Cayman. Lanius is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and beneficiary. The beneficiaries of the trust also include, inter alia, Mr. Stephen Tjondro Riady. Dr. Mochtar Riady does not have any interests in the share capital of Lanius but the shareholders of Lanius are accustomed to act in accordance with his instructions.

As at 30th June, 2009, Mr. John Lee Luen Wai, as beneficial owner, was also interested in 230,000 ordinary shares of HK\$0.10 each in, representing approximately 0.0045 per cent. of, the issued share capital of AcrossAsia Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company.

As at 30th June, 2009, Mr. Kor Kee Yee, as beneficial owner, was interested in 2,444,000 ordinary shares of HK\$1.00 each in, representing approximately 9.29 per cent. of, the issued share capital of TechnoSolve Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company.

As at 30th June, 2009, save as disclosed herein, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Additional Information *(Continued)*

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations *(Continued)*

Interests in shares and underlying shares of the Company and associated corporations *(Continued)*

All the interests stated above represent long positions. Save as disclosed herein, as at 30th June, 2009, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, as at 30th June, 2009, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted), were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Changes in Directors' Information

Pursuant to rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the changes in Directors' information since the date of the Company's 2008 Annual Report are set out below:

Mr. John Lee Luen Wai resigned as a director of Medco Holdings, Inc., a public listed company in the Philippines, with effect from 23rd July, 2009.

Mr. Albert Saychuan Cheok was appointed an independent non-executive director of Eoncap Islamic Bank Berhad and MIMB Investment Bank Berhad, both are banks in Malaysia with effect from 1st June, 2009 and 17th June, 2009 respectively.

Additional Information (Continued)

Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance

As at 30th June, 2009, so far as is known to the Directors of the Company, the following substantial shareholders (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) and other persons, other than the Directors or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") and/or as notified to the Company as follows:

Interests of substantial shareholders (as defined under the Listing Rules) and other persons in shares and underlying shares of the Company

Name	Number of ordinary shares of HK\$1.00 each	Number of underlying ordinary shares of HK\$1.00 each	Total interests	Approximate percentage of total interests in the issued share capital
		Warrants (Note 8)		
<i>Substantial shareholders:</i>				
Hennessy Holdings Limited ("Hennessy")	1,014,222,978	106,765,641	1,120,988,619	61.71
Prime Success Limited ("Prime Success")	1,014,222,978	106,765,641	1,120,988,619	61.71
Lippo Limited ("Lippo")	1,014,222,978	106,765,641	1,120,988,619	61.71
Lippo Cayman Limited ("Lippo Cayman")	1,014,222,978	106,765,641	1,120,988,619	61.71
Lanius Limited ("Lanius")	1,014,222,978	106,765,641	1,120,988,619	61.71
Madam Lidya Suryawaty	1,014,222,978	106,765,641	1,120,988,619	61.71
<i>Other persons:</i>				
Farallon Capital Management, L.L.C. ("Farallon")	84,484,650	18,371,478	102,856,128	5.66
Noonday Asset Management, L.P. ("Noonday Asset")	84,484,650	18,371,478	102,856,128	5.66
Noonday Capital, L.L.C. ("Noonday Capital")	84,484,650	18,371,478	102,856,128	5.66
Noonday G.P. (U.S.), L.L.C. ("Noonday G.P.")	84,484,650	18,371,478	102,856,128	5.66

Additional Information (Continued)

Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance (Continued)

Interests of substantial shareholders (as defined under the Listing Rules) and other persons in shares and underlying shares of the Company (Continued)

Note:

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,014,222,978 ordinary shares and HK\$133,456,080 warrants giving rise to an interest in 106,764,864 underlying ordinary shares of the Company, and through Lippo Securities Limited, a wholly-owned subsidiary of the Company, was indirectly interested in HK\$971.25 warrants giving rise to an interest in 777 underlying ordinary shares of the Company, totalling 1,120,988,619 ordinary shares and underlying ordinary shares of HK\$1.00 each in, representing approximately 61.71 per cent. of the issued share capital of, the Company.
2. Hennessy is wholly owned by Prime Success which in turn is wholly owned by Lippo.
3. Lippo Cayman is the holding company of Lippo through direct holding and through wholly-owned subsidiaries, one of which is Lippo Capital Limited which directly holds ordinary shares representing approximately 54.68 per cent. of the issued share capital of Lippo.
4. Lanius is the registered shareholder of the entire issued share capital of Lippo Cayman and is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius is accustomed to act. The beneficiaries of the trust include Dr. Mochtar Riady and his family members. Madam Lidya Suryawaty is the spouse of Dr. Mochtar Riady. Dr. Mochtar Riady is not the registered holder of any shares in the issued share capital of Lanius.
5. Hennessy's interests in the ordinary shares and underlying ordinary shares of the Company were recorded as the interests of Prime Success, Lippo, Lippo Cayman, Lanius and Madam Lidya Suryawaty. The above 1,120,988,619 ordinary shares and underlying ordinary shares in the Company related to the same block of shares and underlying shares that Dr. Mochtar Riady and Mr. Stephen Tjondro Riady were interested, details of which are disclosed in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations".
6. Farallon, through the entities and accounts managed by it as investment adviser, namely Farallon Capital Partners, L.P., Farallon Capital Institutional Partners, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Institutional Partners III, L.P., Farallon Capital Offshore Investors, Inc., Farallon Capital Offshore Investors II, L.P., Farallon Capital Offshore Investors III, Inc., Farallon FCP, Ltd., Farallon FCIP, Ltd., Farallon FCOI II, Ltd., Noonday Capital Partners, L.L.C. and Noonday Offshore, Inc., was indirectly interested in an aggregate of 84,484,650 ordinary shares and HK\$22,964,347.50 warrants giving rise to an interest in 18,371,478 underlying ordinary shares of the Company, totalling 102,856,128 ordinary shares and underlying ordinary shares of HK\$1.00 each in, representing approximately 5.66 per cent. of the issued share capital of, the Company. Noonday Asset, Noonday Capital and Noonday G.P. as subinvestment advisers to each of the aforementioned entities and accounts managed by Farallon, each has an indirect interest in the above 102,856,128 ordinary shares and underlying ordinary shares of the Company.

Additional Information *(Continued)*

Interests and Short Positions of Shareholders Discloseable under the Securities and Futures Ordinance *(Continued)*

Interests of substantial shareholders (as defined under the Listing Rules) and other persons in shares and underlying shares of the Company *(Continued)*

Note: (Continued)

7. The percentages of the issued share capital stated in this section were arrived based on 1,816,651,927 ordinary shares of HK\$1.00 each in issue of the Company as at 30th June, 2009. The percentages of interests of "other persons" in the issued share capital stated in this section were based on the respective disclosure forms filed with the Company.
8. The holders of the warrants of the Company are entitled to subscribe for ordinary shares of HK\$1.00 each in the Company at a subscription price of HK\$1.25 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive).
9. The above interests in the underlying shares of the Company in respect of warrants were held pursuant to listed physically settled equity derivatives.

All the interests stated above represent long positions. Save as disclosed herein, as at 30th June, 2009, none of the substantial shareholders (as defined under the Listing Rules) or other persons, other than the Directors or chief executive of the Company, had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

Details of the share option scheme of the Company are disclosed in Note 17 to the interim financial statements.

Additional Information (Continued)

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30th June, 2009, the Company had repurchased a total of 1,534,000 shares of HK\$1.00 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\$1.00 each repurchased	Price per share or highest price paid per share	Lowest price paid per share	Aggregate price paid
2009		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
January	1,192,000	0.70	0.67	822,280
February	96,000	0.69	0.67	65,060
March	236,000	0.63	0.59	142,980
April	<u>10,000</u>	0.52	N/A	<u>5,200</u>
Total	<u>1,534,000</u>			1,035,520
			Expenses incurred for shares repurchased	<u>7,504</u>
			Aggregate consideration paid	<u>1,043,024</u>

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 six months ended 30th June, 2009. Further details of the repurchases are set out in Note 17 to the interim financial statements.

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 Yung Ha Kuk (Chairman), Mr. Albert Saychuan Cheok and Mr. Tsui King Fai and one non-executive Director, Mr. Leon Chan Nim Leung. 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 June, 2009.

Additional Information *(Continued)*

Code on Corporate Governance Practices

The Company is committed to ensuring high standards of corporate governance practices. The Company's 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 contained 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 June, 2009.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the code for securities transactions by Directors. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code during the period under review.

By Order of the Board
HONGKONG CHINESE LIMITED
John Lee Luen Wai
Director

Hong Kong, 14th September, 2009

Corporate Information

Board of Directors

Non-executive Directors

Dr. Mochtar Riady (*Chairman*)
Mr. Leon Chan Nim Leung

Executive Directors

Mr. Stephen Tjondro Riady
(*Chief Executive Officer*)
Mr. John Lee Luen Wai, J.P.
Mr. Kor Kee Yee

Independent non-executive Directors

Mr. Albert Saychuan Cheok
Mr. Victor Yung Ha Kuk
Mr. Tsui King Fai

Committees

Audit Committee

Mr. Victor Yung Ha Kuk (*Chairman*)
Mr. Leon Chan Nim Leung
Mr. Albert Saychuan Cheok
Mr. Tsui King Fai

Remuneration Committee

Mr. Leon Chan Nim Leung (*Chairman*)
Mr. Stephen Tjondro Riady
Mr. Albert Saychuan Cheok
Mr. Victor Yung Ha Kuk
Mr. Tsui King Fai

Nomination Committee

Mr. Leon Chan Nim Leung (*Chairman*)
Mr. Stephen Tjondro Riady
Mr. Albert Saychuan Cheok
Mr. Victor Yung Ha Kuk
Mr. Tsui King Fai

Secretary

Mr. Andrew Hau Tat Kwong

Auditors

Ernst & Young

Principal Bankers

CITIC Ka Wah Bank Limited
Public Bank (Hong Kong) Limited
Wing Hang Bank, Ltd.
Standard Chartered Bank
The Bank of East Asia, Limited
Raiffeisen Zentralbank Österreich AG,
Singapore Branch
Oversea-Chinese Banking Corporation Limited

Solicitors

Richards Butler
(in association with Reed Smith LLP)

Principal Share Registrars and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Hong Kong Branch Share Registrars, Warrant Registrars and Transfer Office

Tricor Tengis Limited
26th Floor, Tesbury Centre
28 Queen's Road East, Wanchai, Hong Kong

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

24th Floor, Tower One, Lippo Centre
89 Queensway, Hong Kong

Stock Code

655

Warrant Code

561

Website

www.hkchinese.com.hk