



Lippo Limited

力寶有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 226)

2009
**INTERIM
REPORT**

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The Directors of Lippo 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

		Unaudited	
		six months ended 30th June,	
		2009	2008
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	228,716	247,263
Cost of sales		(104,733)	(111,680)
Gross profit		123,983	135,583
Administrative expenses		(106,861)	(107,647)
Other operating expenses		(107,103)	(73,185)
Fair value gains on investment properties		125,324	342,990
Net fair value gain/(loss) on financial assets at fair value through profit or loss		21,091	(5,659)
Write-back of provision for impairment loss on an associate		5,000	18,000
Excess over the cost of business combination	4	1,870	13,175
Gain on disposal of subsidiaries		–	7,417
Finance costs		(27,727)	(43,992)
Share of results of associates	5	(134,563)	17,056
Share of results of jointly controlled entities	6	89,466	(606)
Profit/(Loss) before tax	7	(9,520)	303,132
Tax	8	(21,432)	(44,195)
Profit/(Loss) for the period		(30,952)	258,937
Attributable to:			
Equity holders of the Company		15,826	156,871
Minority interests		(46,778)	102,066
		(30,952)	258,937
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company			
Basic	9	3	35
Diluted		N/A	35
		HK\$'000	HK\$'000
Interim dividend	10	10,009	10,843

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	(30,952)	258,937
Other comprehensive income/(loss) for the period:		
Exchange differences on translation of foreign operations	(6,654)	145,655
Net fair value gain/(loss) on available-for-sale financial assets	(35,841)	25,762
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 reserves in respect of deconsolidation of subsidiaries	–	(1,252)
Share of other comprehensive income/(loss) of associates and jointly control entities	(19,435)	193,145
Other comprehensive income/(loss) for the period, net of tax	(31,497)	364,686
Total comprehensive income/(loss) for the period	(62,449)	623,623
Attributable to:		
Equity holders of the Company	(3,216)	348,565
Minority interests	(59,233)	275,058
	(62,449)	623,623

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		94,856	94,856
Fixed assets		467,212	479,357
Investment properties		3,768,055	3,613,887
Properties under development		353,630	329,867
Interests in associates	5	3,907,073	4,080,457
Interests in jointly controlled entities		348,220	257,625
Available-for-sale financial assets	11	465,396	498,278
Held-to-maturity financial assets	12	9,446	9,467
Loans and advances	13	38,712	56,989
Deferred tax assets		416	184
		9,453,016	9,420,967
Current assets			
Properties held for sale		21,518	23,547
Properties under development		657,501	573,713
Inventories		3,405	2,080
Financial assets at fair value through profit or loss	14	121,096	112,159
Loans and advances	13	439,269	161,390
Debtors, prepayments and deposits	15	465,987	275,405
Client trust bank balances		559,250	509,355
Pledged time deposits		–	26,400
Cash and bank balances		1,057,481	1,441,456
		3,325,507	3,125,505
Current liabilities			
Bank and other borrowings	16	582,276	699,232
Amount due to a jointly controlled entity		47,181	46,638
Creditors, accruals and deposits received	17	1,716,480	1,357,803
Current, fixed, savings and other deposits of customers	18	162,337	133,220
Tax payable		61,612	63,195
		2,569,886	2,300,088
Net current assets		755,621	825,417
Total assets less current liabilities		10,208,637	10,246,384

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	16	1,622,029	1,554,550
Deferred rental		150,685	131,617
Deferred tax liabilities		483,044	468,140
		2,255,758	2,154,307
Net assets			
		7,952,879	8,092,077
Equity			
Equity attributable to equity holders of the Company			
Share capital	19	50,043	53,297
Reserves	20	4,589,756	4,636,939
		4,639,799	4,690,236
Minority interests		3,313,080	3,401,841
		7,952,879	8,092,077

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2009

	Unaudited													
	Attributable to equity holders of the Company													
	Share issued capital	Share premium account	Share option reserve	Special capital reserve (Note 20 (a))	Capital redemption reserve (Note 20 (b))	Legal reserve (Note 20 (c))	Regulatory reserve (Note 20 (c))	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	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	53,297	914,507	23,920	1,709,202	18,781	3,465	458	134,854	9,859	189,643	1,632,250	4,690,236	3,401,841	8,092,077
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	-	15,826	15,826	(46,778)	(30,952)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	(15,762)	15,775	(19,055)	-	(19,042)	(12,455)	(31,497)
Total comprehensive income/(loss)	-	-	-	-	-	-	-	(15,762)	15,775	(19,055)	15,826	(3,216)	(59,233)	(62,449)
Repurchase of shares	(3,254)	-	-	-	3,254	-	-	-	-	-	(37,212)	(37,212)	-	(37,212)
Repurchase of shares from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,193)	(1,193)
Changes in interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,870)	(1,870)
Transfer of reserve	-	-	-	-	-	47	-	-	-	-	(47)	-	-	-
2008 final dividend, declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	(10,009)	(10,009)	-	(10,009)
2008 final dividend, declared and paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(26,465)	(26,465)
At 30th June, 2009	50,043	914,507	23,920	1,709,202	22,035	3,512	458	119,092	25,634	170,588	1,600,808	4,639,799	3,313,060	7,952,879

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30th June, 2009

	Unaudited													
	Attributable to equity holders of the Company													
	Issued capital	Share premium account	Share option reserve	Special capital reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	(Note 20 (a)) HK\$'000	(Note 20 (b)) HK\$'000	(Note 20 (c)) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2008	43,373	517,794	22,308	1,709,202	17,861	2,732	458	222,643	9,859	224,454	2,019,373	4,790,057	3,588,709	8,378,766
Profit for the period	-	-	-	-	-	-	-	-	-	-	156,871	156,871	102,066	258,937
Other comprehensive income	-	-	-	-	-	-	-	28,327	-	163,367	-	191,694	172,992	364,686
Total comprehensive income	-	-	-	-	-	-	-	28,327	-	163,367	156,871	348,565	275,058	623,623
Rights issues	10,844	396,701	-	-	-	-	-	-	-	-	-	407,545	209,097	616,642
Advances from minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	16,662	16,662
Repayment to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(240)	(240)
Changes in interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	3,493	3,493
Deconsolidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(272)	(272)
Transfer of reserve	-	-	-	-	-	733	-	-	-	-	(733)	-	-	-
2007 final dividend, declared to shareholders of the Company	-	-	-	-	-	-	-	-	-	-	(17,349)	(17,349)	-	(17,349)
2007 final dividend and special final dividend, declared and paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(28,511)	(28,511)
At 30th June, 2008	54,217	914,495	22,308	1,709,202	17,861	3,465	458	250,970	9,859	387,821	2,158,162	5,528,818	4,063,996	9,592,814

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2009

		Unaudited	
		six months ended 30th June,	
		2009	2008
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Net cash from/(used in) operating activities		(170,065)	17,937
Net cash used in investing activities		(66,229)	(161,256)
Net cash from/(used in) financing activities		(148,376)	675,435
Net increase/(decrease) in cash and cash equivalents		(384,670)	532,116
Cash and cash equivalents at 1st January		1,441,456	783,403
Exchange realignments		695	12,739
Cash and cash equivalents at 30th June	<i>21</i>	1,057,481	1,328,258

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 retail business segment engages in operation of department stores;
- (c) the treasury investment segment includes investments in cash and bond markets;
- (d) the securities investment segment includes dealings in securities and disposals of investments;
- (e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (f) the banking business segment engages in the provision of commercial and retail banking services; and
- (g) the "other" segment comprises principally food business, the development of computer hardware and software, money lending and the provision of property, project and 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	Retail business	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	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	95,734	56,305	9,137	4,314	22,947	6,677	33,602	-	228,716
Inter-segment	5,903	-	-	-	-	-	3,550	(9,453)	-
Total	101,637	56,305	9,137	4,314	22,947	6,677	37,152	(9,453)	228,716
Segment results	195,203	(77,056)	8,473	23,581	(2,421)	295	26,005	(5,025)	169,055
	<i>(Note)</i>								
Unallocated corporate expenses									(105,751)
Finance costs									(27,727)
Share of results of associates	(126,994)	-	-	-	-	-	(7,569)	-	(134,563)
Share of results of jointly controlled entities	89,466	-	-	-	-	-	-	-	89,466
Loss before tax									(9,520)
Tax									(21,432)
Loss for the period									(30,952)

	Six months ended 30th June, 2008								
	Property investment and development	Retail business	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	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	94,087	54,186	6,406	(5,583)	41,235	9,498	47,434	-	247,263
Inter-segment	7,497	-	-	-	11	-	8,153	(15,661)	-
Total	101,584	54,186	6,406	(5,583)	41,246	9,498	55,587	(15,661)	247,263
Segment results	430,172	(67,652)	6,021	(20,139)	10,714	1,584	46,614	(13,264)	394,050
	<i>(Note)</i>								
Unallocated corporate expenses									(65,508)
Finance costs									(41,860)
Share of results of associates	6,673	-	-	-	-	-	10,383	-	17,056
Share of results of jointly controlled entities	(78)	-	-	-	-	-	(528)	-	(606)
Profit before tax									303,132
Tax									(44,195)
Profit for the period									258,937

Note: The amount included fair value gains on investment properties of HK\$125,324,000 (2008 – HK\$342,990,000).

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 rental income from department stores, 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, sales income from food business, gross income from property and 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	95,734	94,087
Retail business	56,305	54,186
Treasury investment	9,137	6,406
Securities investment	4,314	(5,583)
Corporate finance and securities broking	22,947	41,235
Banking business	6,677	9,498
Other	33,602	47,434
	228,716	247,263

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. Excess over the Cost of Business Combination

The amount represented the excess of the Group's additional share of net fair value of identifiable assets, liabilities and contingent liabilities of Hongkong Chinese Limited ("HKC") and Lippo China Resources Limited ("LCR"), both being listed subsidiaries of the Company, and its subsidiaries over the costs incurred thereon, resulted from the repurchase of its own shares by each of HKC and LCR from the market.

5. 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).

6. Share of Results of Jointly Controlled Entities

The amount included the Group's share of profit in Tanglin Residential Pte. Ltd. ("Tanglin") which was set up for the purposes of a property development project in the Republic of Singapore (the "Project"). Tanglin is the legal and beneficial owner, and developer of the Project and had pre-sold all of the units to buyers. During the six months ended 30th June, 2009, approximately 81 per cent. of the units have been handed over to the buyers and the Group registered a share of profit of HK\$129,605,000 (2008 – Nil).

Notes to the Interim Financial Statements (Continued)

7. 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	545	1,685
Banking business	5,084	6,040
Other	9,137	6,406
Dividend income:		
Listed investments	146	412
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	11,747	(11,497)
Unlisted	9,344	5,838
Interest expense attributable to banking business	(309)	(870)
Depreciation	(16,180)	(13,909)
Loss on disposal of properties	(145)	(510)
Loss on disposal of fixed assets	(17)	(2)
Cost of inventories sold	(7,228)	(5,447)

Notes to the Interim Financial Statements (Continued)

8. Tax

	Six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Hong Kong:		
Charge for the period	1,358	1,560
Underprovision/(Overprovision) in prior periods	(2,295)	482
Deferred	21,615	9,286
	20,678	11,328
Overseas:		
Charge for the period	9,553	7,606
Underprovision in prior periods	9	826
Deferred	(8,808)	24,435
	754	32,867
Total charge for the period	21,432	44,195

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.

Notes to the Interim Financial Statements (Continued)

9. Earnings Per Share Attributable to Equity Holders of the Company

(a) *Basic earnings per share*

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company of HK\$15,826,000 (2008 – HK\$156,871,000); and (ii) the weighted average number of 503,094,000 ordinary shares (2008 – 453,948,000 ordinary shares) in issue during the period.

(b) *Diluted earnings per share*

No diluted earnings per share is presented for the six months ended 30th June, 2009 as the share options and warrants outstanding during the period had no dilutive effect on the basic earnings per share for the period.

Diluted earnings per share for the six months ended 30th June, 2008 is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company of HK\$156,871,000; and (ii) the weighted average number of 454,031,000 ordinary shares, calculated as follows:

	Six months ended 30th June, 2008 <u>'000</u>
Weighted average number of ordinary shares in issue used for the purpose of basic earnings per share calculation	453,948
Effect of dilution – weighted average number of ordinary shares that assumed to have been issued: (Note)	
Warrants	<u>83</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>454,031</u>

Note: All the share options outstanding during the six months ended 30th June, 2008 had no dilutive effect on the basic earnings per share.

10. Interim Dividend

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Interim dividend, declared, of HK2 cents (2008 – HK2 cents) per ordinary share	10,009	10,843

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

Notes to the Interim Financial Statements (Continued)

11. Available-for-sale Financial Assets

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Financial assets stated at fair value:		
Equity securities listed overseas	347,311	376,616
Debt securities listed overseas	14,554	12,559
Unlisted debt securities	12,177	6,621
Unlisted investment funds	61,264	71,814
	435,306	467,610
Financial assets stated at cost:		
Unlisted equity securities	140,849	140,941
Unlisted debt securities	12,175	12,175
Unlisted investment funds	15,461	15,461
	168,485	168,577
Provision for impairment losses	(138,395)	(137,909)
	30,090	30,668
	465,396	498,278

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

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

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Equity securities:		
Corporate entities	488,160	517,557
Debt securities:		
Club debentures	12,175	12,175
Corporate entities	17,510	10,111
Banks and other financial institutions	9,221	9,069
	38,906	31,355

Notes to the Interim Financial Statements (Continued)

12. Held-to-maturity Financial Assets

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

13. 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 HK\$'000	2008 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.

Notes to the Interim Financial Statements (Continued)

14. Financial Assets at Fair Value through Profit or Loss

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Held for trading:		
Equity securities:		
Listed in Hong Kong	26,322	7,611
Listed overseas	3,146	2,464
	29,468	10,075
Investment funds:		
Unlisted	91,628	94,284
Other:		
Unlisted	–	7,800
	121,096	112,159

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

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Equity securities:		
Public sector entities	7,096	–
Corporate entities	17,413	10,075
Banks and other financial institutions	4,959	–
	29,468	10,075

Notes to the Interim Financial Statements (Continued)

15. Debtors, Prepayments and Deposits

The balance mainly comprised of progress billing receivables in respect of the sales of property units under a development project in the Republic of Singapore of HK\$244,092,000 (31st December, 2008 – HK\$6,541,000).

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

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Outstanding balances with ages:		
Repayable on demand	44,272	44,010
Within 30 days	19,110	24,174
Between 31 and 60 days	441	2,643
Between 61 and 90 days	291	1,123
Between 91 and 180 days	348	2,722
Over 180 days	757	1,076
	65,219	75,748

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.

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)

16. Bank and Other Borrowings

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Bank loans:		
Secured (Note (a))	1,849,496	2,059,503
Unsecured	269,558	39,277
	2,119,054	2,098,780
Other borrowings:		
Unsecured (Note (b))	85,251	155,002
	2,204,305	2,253,782
Less: Amount classified under current portion	(582,276)	(699,232)
Non-current portion	1,622,029	1,554,550
Bank and other borrowings by currency:		
Hong Kong dollar	1,363,273	1,288,000
United States dollar	286,754	356,505
Renminbi	432,187	432,012
Singapore dollar	122,091	177,265
	2,204,305	2,253,782
Bank loans repayable:		
Within one year	497,025	544,230
In the second year	418,376	405,357
In the third to fifth years, inclusive	517,630	337,575
After five years	686,023	811,618
	2,119,054	2,098,780
Other borrowings repayable:		
Within one year	85,251	155,002

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 – 1.3 per cent. to 6.0 per cent.) per annum.

Notes to the Interim Financial Statements (Continued)

16. Bank and Other Borrowings (Continued)

Note:

(a) At 30th June, 2009, the bank loans were secured by:

- (i) shares in certain listed subsidiaries of the Group with market value of HK\$1,663,575,000 (31st December, 2008 – HK\$1,227,473,000); and
- (ii) first legal mortgages over certain investment properties, leasehold land and buildings and properties under development with carrying amounts of HK\$3,201,200,000 (31st December, 2008 – HK\$3,073,317,000), HK\$117,551,000 (31st December, 2008 – HK\$119,075,000) and HK\$657,501,000 (31st December, 2008 – HK\$573,713,000), respectively.

The bank loans as at 31st December, 2008 were also secured by fixed deposits of the Company with carrying amount of HK\$26,400,000.

(b) The Group's other borrowings as at 30th June, 2009 comprised of an unsecured loan advanced from a third party of HK\$85,251,000 (31st December, 2008 – HK\$155,002,000), which was renewed for one additional year on terms mutually agreed with the lender and is repayable on or before 26th June, 2010.

17. Creditors, Accruals and Deposits Received

The balance mainly comprised of sale deposits in respect of the sales of property units under a development project in the Republic of Singapore of HK\$827,415,000 (31st December, 2008 – HK\$437,726,000).

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

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Outstanding balances with ages:		
Repayable on demand	607,909	534,248
Within 30 days	42,557	52,604
Between 31 and 60 days	6,082	10,107
Between 61 and 90 days	1,203	2,854
Between 91 and 180 days	966	1,405
Over 180 days	1,449	660
	660,166	601,878

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.

Notes to the Interim Financial Statements (Continued)

18. 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.

**19. Share Capital
Shares**

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Authorised:		
30,000,000,000 (31st December, 2008 – 30,000,000,000) ordinary shares of HK\$0.10 each	3,000,000	3,000,000
Issued and fully paid:		
500,433,372 (31st December, 2008 – 532,968,372) ordinary shares of HK\$0.10 each	50,043	53,297

During the period, a total of 32,535,000 ordinary shares (2008 – Nil) of HK\$0.10 each were repurchased on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and were subsequently cancelled by the Company. The premium of HK\$33,958,000 (2008 – Nil) arising from such repurchases has been charged to the retained profits of the Company and an amount of HK\$3,254,000 (2008 – Nil) was transferred from retained profits to the capital redemption reserve as set out in the condensed consolidated statement of changes in equity on pages 6 and 7.

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.

Warrants

As at 1st January, 2009, the Company had 54,214,266 units of warrants outstanding with an aggregate subscription value of approximately HK\$254,807,000. Each warrant entitles the holder thereof to subscribe in cash for one ordinary share of HK\$0.10 in the Company 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 days inclusive). During the six months ended 30th June, 2009, no warrants were cancelled or exercised. The exercise in full of the outstanding warrants would, under the present capital structure of the Company, result in the issue of 54,214,266 additional ordinary shares of HK\$0.10 each in the Company.

Notes to the Interim Financial Statements (Continued)

19. Share Capital (Continued)

Share Option Schemes

Details of the share option schemes of the Company and its subsidiaries are as follows:

(a) *Share Option Scheme of the Company adopted on 7th June, 2007*

Pursuant to the share option scheme of the Company (the "Share Option Scheme") adopted and approved by the shareholders of the Company on 7th June, 2007 (the "Adoption Date"), the board of the Directors (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 date 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.

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 43,373,501 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 1 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.

Notes to the Interim Financial Statements (Continued)

19. Share Capital (Continued)

Share Option Schemes (Continued)

(a) Share Option Scheme of the Company adopted on 7th June, 2007 (Continued)

On 17th December, 2007, options were granted under the Share Option Scheme without consideration to Eligible Persons including, inter alia, certain Directors of the Company and employees of the Group to subscribe for a total of 4,337,000 ordinary shares of HK\$0.10 each in the Company (the "Shares") at an initial exercise price of HK\$6.98 per Share (subject to adjustment). Due to the rights issue of new shares of the Company in June 2008 in the proportion of one rights share for every four shares held, adjustments were made to the number of shares subject to the options and the exercise price, resulting in options to subscribe for a total of 5,421,250 Shares at an exercise price of HK\$5.58 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 625,000 Shares at an exercise price of HK\$3.95 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 6,046,250 Shares (the "Option Shares").

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 Luen Wai Lee	17th December, 2007	5.58	1,125,000
Leon Nim Leung Chan	17th December, 2007	5.58	193,750
Jark Pui Lee	17th December, 2007	5.58	162,500
Edwin Neo	17th December, 2007	5.58	162,500
King Fai Tsui	17th December, 2007	5.58	162,500
Victor Ha Kuk Yung	17th December, 2007	5.58	162,500
Employees (Note)	17th December, 2007	5.58	3,352,500
	1st August, 2008	3.95	625,000
Others	17th December, 2007	5.58	100,000
Total			6,046,250
Weighted average exercise price per Share (HK\$)			5.41

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.

Notes to the Interim Financial Statements (Continued)

19. Share Capital (Continued)

Share Option Schemes (Continued)

(a) *Share Option Scheme of the Company adopted on 7th June, 2007* (Continued)

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 of the Company outstanding as at 30th June, 2009 are as follows:

Number of Option Shares	Exercise price per Share (Note) HK\$	Exercise period
5,421,250	5.58	17th June, 2008 to 16th December, 2012
625,000	3.95	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.

(b) *Share Option Scheme of Lippo China Resources Limited adopted on 7th June, 2007*

The principal terms of the rules of the share option scheme of LCR, a listed subsidiary of the Company, adopted and approved by the shareholders of LCR and the Company on 7th June, 2007 (the "LCR Share Option Scheme") are substantially the same as the terms of the Share Option Scheme as mentioned above.

On 17th December, 2007, options were granted under the LCR Share Option Scheme without consideration to eligible persons of the LCR Share Option Scheme including, inter alia, certain directors and employees of LCR to subscribe for a total of 92,010,000 ordinary shares of HK\$0.10 each in LCR (the "LCR Shares") at an exercise price of HK\$0.267 per share (subject to adjustment). 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 LCR Share Option Scheme without consideration to an Eligible Person to subscribe for 7,000,000 LCR Shares at an exercise price of HK\$0.169 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 LCR Share Option Scheme to subscribe for a total of 99,010,000 LCR Shares (the "LCR Option Shares"), before taking into account an option to subscribe for 5,000,000 LCR Option Shares lapsed on 1st January, 2009.

Notes to the Interim Financial Statements (Continued)

19. Share Capital (Continued)

Share Option Schemes (Continued)

(b) Share Option Scheme of Lippo China Resources Limited adopted on 7th June, 2007 (Continued)

During the period, details of movement in the LCR Option Shares granted under the LCR Share Option Scheme are summarised as follows:

Participants	Date of grant	Exercise price per share HK\$	Number of LCR Option Shares		
			Balance as at 1st January, 2009	Lapsed during the period	Balance as at 30th June, 2009
Directors:					
John Luen Wai Lee	17th December, 2007	0.267	22,000,000	–	22,000,000
Leon Nim Leung Chan	17th December, 2007	0.267	3,000,000	–	3,000,000
Edwin Neo	17th December, 2007	0.267	2,300,000	–	2,300,000
King Fai Tsui	17th December, 2007	0.267	2,300,000	–	2,300,000
Victor Ha Kuk Yung	17th December, 2007	0.267	2,300,000	–	2,300,000
Employees (Note)					
	17th December, 2007	0.267	20,260,000	–	20,260,000
	1st August, 2008	0.169	7,000,000	–	7,000,000
Others	17th December, 2007	0.267	39,850,000*	7,500,000	32,350,000
Total			99,010,000*	7,500,000	91,510,000
Weighted average exercise price per share (HK\$)			0.260	0.267	0.260

Note: Employees refer to the employees of LCR and its subsidiaries 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.

* before taking into account an option to subscribe for 5,000,000 LCR Option Shares lapsed on 1st January, 2009

Save as disclosed herein, no option of LCR was granted, exercised, cancelled or lapsed during the period.

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

Number of LCR Option Shares	Exercise price per share (Note) HK\$	Exercise period
84,510,000	0.267	17th June, 2008 to 16th December, 2012
7,000,000	0.169	1st August, 2009 to 16th December, 2012

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

Notes to the Interim Financial Statements *(Continued)*

19. Share Capital *(Continued)*

Share Option Schemes *(Continued)*

(c) *Share Option Scheme of Hongkong Chinese Limited adopted on 7th June, 2007*

The principal terms of the rules of the share option scheme of HKC, a listed subsidiary of the Company, adopted and approved by the shareholders of HKC, LCR and the Company on 7th June, 2007 (the "HKC Share Option Scheme") are substantially the same as the terms of the Share Option Scheme as mentioned above.

On 17th December, 2007, options were granted under the HKC Share Option Scheme without consideration to eligible persons of HKC Share Option Scheme including, inter alia, certain directors and employees of HKC to subscribe for a total of 13,468,000 ordinary shares of HK\$1.00 each in HKC (the "HKC Shares") at an initial exercise price of HK\$1.68 per share (subject to adjustment). Due to the rights issue of new shares of HKC in June 2008 in the proportion of seven rights shares for every twenty shares held, adjustments were made to the number of HKC Shares subject to the options of HKC and the exercise price, resulting in options to subscribe for a total of 18,181,800 HKC 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 HKC Share Option Scheme without consideration to an Eligible Person to subscribe for 2,025,000 HKC 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 HKC Share Option Scheme to subscribe for a total of 20,206,800 HKC Shares (the "HKC Option Shares").

Notes to the Interim Financial Statements (Continued)

19. Share Capital (Continued)

Share Option Schemes (Continued)

(c) Share Option Scheme of Hongkong Chinese Limited adopted on 7th June, 2007 (Continued)

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

Participants	Date of grant	Exercise price per share HK\$	Number of HKC Option Shares
			Balance as at 1st January, 2009 and 30th June, 2009
Directors:			
John Luen Wai Lee	17th December, 2007	1.24	4,590,000
Leon Nim Leung Chan	17th December, 2007	1.24	810,000
King Fai Tsui	17th December, 2007	1.24	607,500
Victor Ha Kuk Yung	17th December, 2007	1.24	607,500
Other directors of HKC	17th December, 2007	1.24	1,215,000
Employees (Note)	17th December, 2007	1.24	7,516,800
Others	17th December, 2007 1st August, 2008	1.24 1.00	2,835,000 2,025,000
Total			20,206,800
Weighted average exercise price per share (HK\$)			1.22

Note: Employees refer to the employees of HKC and its subsidiaries 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 HKC was granted, exercised, cancelled or lapsed during the period.

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

Number of HKC 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 HKC Option Shares are subject to adjustment in case of rights or bonus issues, or other similar changes in HKC's share capital.

Notes to the Interim Financial Statements *(Continued)*

20. 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 pages 6 and 7.

(a) Special capital reserve

Pursuant to a special resolution passed at an extraordinary general meeting of the Company on 23rd December, 1998 and the subsequent confirmation by the court on 26th January, 1999, the then entire amount standing to the credit of the share capital account of the Company of approximately HK\$1,709,202,000 was cancelled on 27th January, 1999 (the "Cancellation").

The credit arising from the Cancellation was transferred to a special capital reserve account.

(b) Legal reserve

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.

(c) Regulatory reserve

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)

21. Notes to the Condensed Consolidated Cash Flow Statement

	six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	1,057,481	1,552,316
Treasury bills	–	18,430
	1,057,481	1,570,746
Less: Restricted cash and bank balances (Note)	–	(242,488)
	1,057,481	1,328,258

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

22. Contingent Liabilities

At 30th June, 2009, the Group had the following contingent liabilities:

(a) *Guarantees in respect of banking facilities*

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Guarantees provided in respect of banking facilities granted to an associate	–	258

(b) *Details of contingent liabilities relating to banking business*

As at 30th June, 2009, the Group had contingent liabilities relating to its banking subsidiary of HK\$23,755,000 (31st December, 2008 – HK\$25,020,000), comprising guarantees and other endorsements of HK\$17,782,000 (31st December, 2008 – HK\$17,753,000) and liabilities under letters of credit on behalf of customers of HK\$5,973,000 (31st December, 2008 – HK\$7,267,000).

(c) *Cost overruns undertaking and deed of understanding relating to the Securitisation Exercise*

On 25th July, 2007, a jointly controlled entity of the Group entered into an agreement to sell all of the rights, title and interest in the receivables of a property development project in the Republic of Singapore, in respect of units which have been sold, to Vesta Investment Corporation Limited (“Vesta”) and Vesta issued floating rate notes to institutional investors upon the purchase of the receivables (the “Securitisation Exercise”). On the same date, the Group entered into a cost overruns undertaking and a deed of understanding in relation to the Securitisation Exercise. As at 30th June, 2009, the net maximum exposure to the Group was approximately HK\$18,112,000 (31st December, 2008 – HK\$18,224,000).

Notes to the Interim Financial Statements (Continued)

23. Capital Commitments

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

	30th June, 2009 HK\$'000	31st December, 2008 HK\$'000
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	132,455	243,871
Other capital commitments:		
Contracted, but not provided for (Note)	87,162	79,240
	219,617	323,111

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).

24. Related Party Transactions

- (a) As at 30th June, 2009, the Group had amounts due from associates in a total of HK\$449,407,000 (31st December, 2008 – HK\$462,136,000), amounts due to associates in a total of HK\$3,654,000 (31st December, 2008 – HK\$1,975,000), amounts due from jointly controlled entities in a total of HK\$187,972,000 (31st December, 2008 – HK\$188,568,000) and amount due to a jointly controlled entity of HK\$47,181,000 (31st December, 2008 – HK\$46,638,000).

The balances with the associates are unsecured, interest-free and have no fixed terms of repayment except for the balance of HK\$4,500,000 (31st December, 2008 – HK\$4,500,000) due from Maxipo International Limited which bears interest at Hong Kong dollar prime rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited.

The balance due to a jointly controlled entity is unsecured, bears interest at a fixed rate of 3.61 per cent. per annum and has no fixed terms of repayment. The balances 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.

- (b) During the period, ImPac Asset Management (HK) Limited, a wholly-owned subsidiary of HKC which in turn is a non-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, Lippo Realty (Singapore) Pte. Limited, a wholly-owned subsidiary of HKC which in turn is a non-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.

Notes to the Interim Financial Statements (Continued)

25. 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.

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 and 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 for 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.

Notes to the Interim Financial Statements (Continued)

25. Financial Risk Management Objectives and Policies (Continued)

(b) Liquidity risk (Continued)

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	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Undated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30th June, 2009							
Assets							
Amount due from an associate	-	-	-	-	-	4,500	4,500
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	-	-	-	-	12,177	26,729	38,906
Loans and advances	113,892	292,408	32,969	16,996	21,716	-	477,981
Debtors and deposits	45,659	272,094	2,861	140	-	90,883	411,637
Client trust bank balances	281,647	277,603	-	-	-	-	559,250
Cash and bank balances	435,380	622,101	-	-	-	-	1,057,481
	876,578	1,464,206	35,830	17,136	43,339	126,086	2,563,175
Liabilities							
Bank and other borrowings	-	284,558	297,718	936,006	686,023	-	2,204,305
Amount due to a jointly controlled entity	-	-	-	-	-	47,181	47,181
Creditors, accruals and deposit received	608,817	78,559	32,155	39,619	-	957,330	1,716,480
Current, fixed, savings and other deposits of customers	79,789	79,856	2,692	-	-	-	162,337
	688,606	442,973	332,565	975,625	686,023	1,004,511	4,130,303

Notes to the Interim Financial Statements (Continued)

25. 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 an associate	-	-	-	-	-	4,500	4,500
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	-	-	-	-	6,621	24,734	31,355
Loans and advances	114,477	30,514	16,399	33,294	23,695	-	218,379
Debtors and deposits	45,367	33,436	9,084	37,450	-	94,553	219,890
Client trust bank balances	157,023	352,332	-	-	-	-	509,355
Pledged time deposits	-	26,400	-	-	-	-	26,400
Cash and bank balances	444,352	997,104	-	-	-	-	1,441,456
	761,219	1,439,786	25,483	70,744	39,783	127,761	2,464,776
Liabilities							
Bank and other borrowings	-	50,000	649,232	742,932	811,618	-	2,253,782
Amount due to a jointly controlled entity	-	-	-	-	-	46,638	46,638
Creditors, accruals and deposit received	535,373	117,630	34,855	588,713	-	81,232	1,357,803
Current, fixed, savings and other deposits of customers	101,153	27,120	4,947	-	-	-	133,220
	636,526	194,750	689,034	1,331,645	811,618	127,870	3,791,443

Notes to the Interim Financial Statements (Continued)

25. Financial Risk Management Objectives and Policies (Continued)

(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.

(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, swaps 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 values of financial assets decrease as a result of changes in the levels of equity indices and the values 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 11) and financial assets at fair value through profit or loss (Note 14) as at 30th June, 2009. The Group's listed financial assets are mainly listed on the Hong Kong, Singapore and Indonesia 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 figures 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.

Management Discussion and Analysis

The global financial crisis has been wide reaching, affecting economies across the globe. 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. However, due to the stabilisation and rebound of local property market in the second quarter of 2009 and the share of profit from property sales of a jointly controlled entity, the Group reported a profit attributable to shareholders of HK\$16 million for the six months ended 30th June, 2009 (2008 – HK\$157 million).

Results for the Period

Turnover for the six months ended 30th June, 2009 totalled HK\$229 million, which was 8 per cent. lower than the HK\$247 million recorded in the corresponding period of 2008. Property investment and development as well as retail business were the principal sources of revenue of the Group, contributing 42 per cent. (2008 – 38 per cent.) and 25 per cent. (2008 – 22 per cent.) of the total turnover, respectively.

Property investment and development

The property investment and development business recorded a revenue of HK\$96 million in the first half of 2009 (2008 – HK\$94 million). The increase was mainly due to the sale of the remaining unit of a residential development project in Singapore during the period.

The global economic downturn posed challenges to the local leasing market, with rentals edging down across the board during the period under review. Property rental rates were adjusted downwards in response to the weakening economy and declining market. Nevertheless, rental income slightly decreased to HK\$93 million (2008 – HK\$94 million), benefiting from the quality and the strategic locations of its investment properties.

Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmarks of the Group in Hong Kong and in mainland China respectively, continued to achieve satisfactory occupancy and renewal rental rates. The rental income of Lippo Centre and Lippo Plaza remained constant during the period. Property letting business continued to provide stable and recurrent revenue to the Group. Given the recovery in the property market in Hong Kong, the Group recorded a total revaluation gain on investment properties of HK\$125 million (2008 – HK\$343 million) during the period.

The Group is interested in approximately 47.9 per cent. of a development project at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the “Woonbook Project”). This is a comprehensive property project to be developed into a self-contained community with an approved total gross floor area of approximately three million square metres. The master plan of the project was approved by the relevant government authorities of Korea in the middle of 2008. Site clearance work has completed and infrastructure construction work has already started.

Management Discussion and Analysis *(Continued)*

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 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. Two development projects in Singapore, Newton One in which Lippo China Resources Limited (“LCR”), a listed subsidiary of the Company, is interested in 100 per cent. and The Metropolitan Condominium which is a 50:50 joint venture development between LCR and CapitaLand Limited, had obtained the temporary occupation permits in June 2009. Approximately 81 per cent. of the units at The Metropolitan Condominium have been handed over to the purchasers during the period and the Group registered a share of profit of HK\$130 million. The remaining units of The Metropolitan Condominium and all units of Newton One are expected to be delivered to the buyers in the second half of 2009 and revenue thereon will be recognised accordingly. Other projects include the developments 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 was hard hit. As a result, provision for impairment of development properties was made by a jointly controlled entity.

Management Discussion and Analysis (Continued)

Retail business

Two department stores in mainland China under the trade name of “Robbinz” in Tianjin and Chengdu respectively, with a total gross floor area of approximately 126,000 square metres, are in the process of optimising their performance. Turnover generated from this segment increased to HK\$56 million (2008 – HK\$54 million). Turnover comprised of net proceeds received from concessionaire sales and gross rental income. The stores are still in their investing period. The retail business reported a loss of HK\$77 million (2008 – HK\$68 million) during the period.

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\$32 million (2008 – loss of HK\$14 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 Hongkong Chinese Limited, a listed 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

During the period, the Group registered a share of loss of HK\$12 million from a listed associate in Singapore, Auric Pacific Group Limited (“APG”). APG is mainly engaged in food manufacturing, wholesale and distribution, food retail and food court operation as well as property and securities investments. Singapore, where APG conducts a majority of its business, was in recession and as a result APG’s performance was adversely affected. However, with food as a basic necessity, APG’s core food related businesses should remain resilient.

Financial position

As at 30th June, 2009, the Group’s total assets increased to HK\$12.8 billion (31st December, 2008 – HK\$12.5 billion). Property-related assets slightly increased to HK\$8.6 billion (31st December, 2008 – HK\$8.5 billion), representing 67 per cent. (31st December, 2008 – 68 per cent.) of the total assets. Investment portfolio of the Group remained at HK\$0.6 billion, representing 5 per cent. of the Group’s total assets.

Total liabilities amounted to HK\$4.8 billion (31st December, 2008 – HK\$4.5 billion). The Group’s financial position remained healthy and current ratio (measured as current assets to current liabilities) slightly decreased to 1.3 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) slightly decreased to HK\$2,204 million (31st December, 2008 – HK\$2,254 million). Total bank loans amounted to HK\$2,119 million (31st December, 2008 – HK\$2,099 million), comprising secured bank loans of HK\$1,849 million (31st December, 2008 – HK\$2,060 million) and unsecured bank loans of HK\$270 million (31st December, 2008 – HK\$39 million), which were denominated in Hong Kong dollars, United States dollars, Singapore dollars or Renminbi (31st December, 2008 – denominated in Hong Kong dollars, United States dollars, Singapore dollars or Renminbi). The bank loans were secured by certain properties and shares in certain subsidiaries of the Group. The bank loans carried interest at floating rates and 23 per cent. of the bank loans (31st December, 2008 – 26 per cent.) were repayable within one year. As at 30th June, 2009, a loan of HK\$85 million (31st December, 2008 – HK\$155 million) was advanced by a third party. Such advance was unsecured and would be repayable on or before 26th June, 2010. At the end of the period, gearing ratio (measured as total borrowings, net of minority interests, to shareholders’ funds) decreased to 34.3 per cent. (31st December, 2008 – 35.3 per cent.).

The net asset value of the Group remained strong and amounted to HK\$4.6 billion (31st December, 2008 – HK\$4.7 billion). This was equivalent to HK\$9.3 per share (31st December, 2008 – HK\$8.8 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). On 25th July, 2007, a jointly controlled entity of the Group entered into an agreement to sell all of the rights, title and interest in the receivables in respect of its residential project to Vesta Investment Corporation Limited ("Vesta") and Vesta issued floating rate notes to institutional investors upon the purchase of the receivables (the "Securitisation Exercise"). On the same date, the Group entered into a cost overruns undertaking and a deed of understanding in relation to the Securitisation Exercise. As at 30th June, 2009, the net maximum exposure to the Group was approximately HK\$18 million (31st December, 2008 – HK\$18 million). Save as aforesaid and 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\$220 million (31st December, 2008 – HK\$323 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 1,089 employees as at 30th June, 2009 (2008 – 1,142 employees). The decrease in the number of employees was due to optimisation of our retail operation in mainland China. Total staff costs (including directors' emoluments) during the period amounted to HK\$75 million (2008 – HK\$84 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 and its subsidiaries.

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, especially in mainland China. At the same time, it will continue to remain prudent in managing its property and investment portfolios.

Business Review and Prospects

Business Review

Overview

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 financial markets appeared to have stabilised over the last couple of months, it remains to be seen whether the broader real economy is on the path to sustained recovery.

Results

During the period under review, the performance of the Group was also affected by the economic conditions of the countries and locations where the Group has operations. The Company recorded a consolidated profit attributable to shareholders of approximately HK\$16 million for the six months ended 30th June, 2009, as compared with a profit of HK\$157 million for the same period in 2008. Lippo China Resources Limited (“LCR”, together with its subsidiaries, the “LCR Group”), a 71.21 per cent. listed subsidiary of the Company, remained profitable for the first half of the year. It recorded a consolidated profit attributable to shareholders of approximately HK\$175 million for the period under review, as compared with a profit of HK\$236 million for the same period in 2008. The performance of Hongkong Chinese Limited (“HKC”, together with its subsidiaries, the “HKC Group”), a 55.83 per cent. listed subsidiary of the Company, dipped for the first half of the year. It recorded a consolidated loss attributable to shareholders of approximately HK\$163 million for the six months ended 30th June, 2009, as compared with a profit of HK\$104 million for the last corresponding period. The loss of HKC 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.

Property investment and development

The Group’s investment properties continued to enjoy high occupancy during the period under review. Rental provided the Group with stable income. Lippo Plaza at Huaihai Zhong Road, Shanghai maintained high occupancy at satisfactory rental rates. The shopping mall of Lippo Plaza is now being renovated to provide a high-end shopping environment. The renovation work is scheduled to be completed by mid 2010. Louis Vuitton, the global leader in luxury goods, has chosen Lippo Plaza to house its second and largest global store in Shanghai. A number of other renowned international luxury brands are in discussions with the LCR Group for leasing the remaining portion of the shopping mall. The renovated shopping mall of Lippo Plaza will generate much higher rental income.

Business Review and Prospects *(Continued)*

Infrastructure construction works for the development at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the “Woonbook Project”), in which the Group is interested in approximately 47.9 per cent., are in progress. The Woonbook Project, located in the Incheon Free Economic Zone of Korea, involves the development, construction and management of a residential, leisure and business complex with an approved total gross floor area of approximately three million square metres. It will be completed in phases, and is intended to be a self-contained community with residential properties, shopping malls, hospital, schools, hotels and a business town.

In the past few years, the Group has participated in the development of various property projects in Singapore. Temporary occupation permits of two property projects in Singapore, namely Newton One, in which the LCR Group is interested in 100 per cent. and The Metropolitan Condominium, a 50:50 joint venture development of the LCR Group with CapitaLand Limited, were issued in the second quarter of the year. All units put up for sale in these two development projects were sold. Part of the sale proceeds has been recognised in the first half of the year.

Construction works for Marina Collection, in which the HKC Group has a 50 per cent. interest, are underway. Marina Collection is located at Sentosa Cove, Sentosa Island, Singapore with a site area of approximately 239,200 square feet. It will provide one hundred and twenty four high-end luxury waterfront residential units with a total saleable area of approximately 320,860 square feet. Pre-sale of the residential units was launched and the response was satisfactory.

The HKC Group has a 50 per cent. interest in a property located at No. 100, Kim Seng Road, Singapore (the “Kim Seng Property”). The Kim Seng Property, with 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.

The HKC Group also has a 30 per cent. interest in a site located at 53 Holland Road, Singapore. It is planned to develop the site, with an area of approximately 36,339 square feet, into a luxury residential development, now named as The Holland Collection, with completion expected to be in 2012.

Business Review and Prospects *(Continued)*

Lippo ASM Asia Property LP (“LAAP”) of which a wholly-owned subsidiary of HKC 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 HKC Group also participated in property projects in mainland 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 HKC Group has about 85.7 per cent. interest. With a total site area of approximately 51,209 square metres, the current development plan for BDA Project comprises office buildings, apartments and shopping mall with a total gross floor area of about 270,000 square metres, including basements. The project is currently in the planning approval stage.

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

Retail business

During the period under review, the Tianjin store of Robbinz, the LCR Group’s department store chain established in mainland China in 2007, optimised its vendor mix by introducing more competitive brands and wider product variety to increase its attractiveness to its target customers. The number of sales transactions of the Tianjin store increased 21 per cent. for the first half of the year when compared with the last corresponding period and the average spending of the customers also increased. During the period under review, Robbinz also carried out some improvement works to enhance the shopping environment in the Chengdu store and optimised its product mix.

Business Review and Prospects *(Continued)*

Although the economy of Singapore, where Auric Pacific Group Limited (“APG”, a listed company in Singapore, together with its subsidiaries, the “APG Group”) derives a majority of its revenues, appears to have recovered in the second quarter of 2009 from the setbacks in the last quarter of 2008 and the first quarter of 2009, it is uncertain if the recovery can be sustained. Consumer spending remains cautious. During the period under review, APG, in which the LCR Group is interested in approximately 49.3 per cent. of its issued share capital, recorded a consolidated loss attributable to shareholders of approximately S\$4.3 million, as compared to a profit of S\$2.4 million for the corresponding period in 2008. In July 2009, the APG Group further increased its interest in Food Junction Holdings Limited (“Food Junction”), a listed company in Singapore. As a result, the APG Group’s interest in Food Junction was increased from 50.5 per cent. to 57.8 per cent. Food Junction recorded a consolidated profit attributable to shareholders of approximately S\$2.1 million for the six months ended 30th June, 2009, as compared to a profit of S\$1.4 million for the same period in 2008. Food Junction is a regional food court operation and management specialist and operates food courts in Singapore, Malaysia, Indonesia and mainland China. In order to prepare itself for the recovery in the future, the APG Group would further consolidate and streamline its operations.

Prospects

The extensive fiscal and monetary stimulus programs implemented by governments around the world appeared to have stabilised the markets over the last few months. While this has clearly encouraged economic activities 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 a sustained path of recovery. 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 global economic crisis, which in turn will have a positive impact on Hong Kong and other neighbouring Asian countries.

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 investments and businesses and in assessing new investment opportunities.

Additional Information

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK2 cents per share (2008 – HK2 cents per share) amounting to approximately HK\$10,009,000 for the six months ended 30th June, 2009 (2008 – HK\$10,843,000), which will be paid on or about Tuesday, 20th October, 2009 to shareholders whose names appear on the Register of Members on Friday, 9th October, 2009.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 7th October, 2009 to Friday, 9th October, 2009 (both dates inclusive) during which period no transfer of share will be registered and no share which will fall to be allotted and issued on the exercise of the subscription rights attaching to the outstanding warrants of the Company will be registered. In order to qualify for the interim dividend for the six months ended 30th June, 2009, (i) all transfers of shares accompanied by the relevant share certificates and transfer forms and (ii) all subscription forms accompanied by the relevant warrant certificates and subscription monies relating to the exercise of outstanding warrants of the Company in respect of which holders of such warrants wish to exercise their rights so as to qualify for the interim dividend must be lodged with the Company's Registrars, Tricor Progressive Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 6th October, 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**

As at 30th June, 2009, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares 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\$0.10 each in the Company			Number of underlying ordinary shares of HK\$0.10 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)				Total interests
					Options [*]	Warrants [®]	Warrants [®]		
Stephen Tjondro Riady	-	-	319,322,219 <i>Note (i)</i>	-	-	-	35,312,240 <i>Note (j)</i>	354,634,459	70.87
Jark Pui Lee	-	60	-	162,500	-	6	-	162,566	0.03
John Luen Wai Lee	1,031,250	-	-	1,125,000	103,125	-	-	2,259,375	0.45
Leon Nim Leung Chan	-	-	-	193,750	-	-	-	193,750	0.04
Edwin Neo	-	-	-	162,500	-	-	-	162,500	0.03
King Fai Tsui	-	-	-	162,500	-	-	-	162,500	0.03
Victor Ha Kuk Yung	-	-	-	162,500	-	-	-	162,500	0.03

* 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\$0.10 each in the Company at an initial exercise price of HK\$6.98 per share (subject to adjustment). Pursuant to the rights issue of new shares of the Company 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. Further details of the interests of Directors in the options are disclosed in Note 19 to the interim financial statements.

® The holders of the warrants of the Company are entitled to subscribe for ordinary shares of HK\$0.10 each in the Company 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) Hongkong Chinese Limited ("HKC")

Name of Director	Number of ordinary shares of HK\$1.00 each in HKC			Number of underlying ordinary shares of HK\$1.00 each in HKC				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 [^]	Warrants ⁺	Warrants ⁺	Warrants ⁺		
Stephen Tjondro Riady	-	-	1,014,222,978	-	-	-	106,765,641	1,120,988,619	61.71
			Notes (i) and (iii)				Notes (i) and (iii)		
Jark Pui Lee	469	469	-	-	51	51	-	1,040	0.00
John Luen Wai Lee	270	270	-	4,590,000	30	30	-	4,590,600	0.25
King Fai Tsui	-	67,500	-	607,500	-	7,500	-	682,500	0.04
Leon Nim Leung Chan	-	-	-	810,000	-	-	-	810,000	0.04
Victor Ha Kuk Yung	-	-	-	607,500	-	-	-	607,500	0.03

[^] The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by HKC (the "HKC 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 HKC Share Option Scheme to subscribe for ordinary shares of HK\$1.00 each in HKC at an initial exercise price of HK\$1.68 per share (subject to adjustment). Pursuant to the rights issue of new shares of HKC 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 19 to the interim financial statements.

⁺ The holders of the warrants of HKC are entitled to subscribe for ordinary shares of HK\$1.00 each in HKC 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)*

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, 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 of 35,312,240 underlying ordinary shares of the Company, 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, the Company. Lippo Securities is a wholly-owned subsidiary of HKC which in turn is a 55.83 per cent. subsidiary 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. The beneficiaries of the trust include, inter alia, Mr. Stephen Tjondro Riady and his family members. Mr. Stephen Tjondro Riady, as beneficiary of the trust, is taken to be interested in Lippo Cayman under the SFO.
- (ii) As at 30th June, 2009, the Company 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.
- (iii) As at 30th June, 2009, the Company, through its wholly-owned subsidiary and Lippo Securities, was indirectly interested in an aggregate of 1,014,222,978 ordinary shares and HK\$133,457,051.25 warrants giving rise to an interest of 106,765,641 underlying ordinary shares of HKC, 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, HKC.
- (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, LCR and HKC (as the case may be) as at 30th June, 2009.

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 corporation 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, Mr. Stephen Tjondro Riady, as beneficiary of the aforesaid discretionary trust, through his interests in Lippo Cayman as mentioned in Note (i) above, was 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
Actfield Limited	Ordinary shares	1	100
Boudry Limited	Ordinary shares	1,000	100
CRC China Limited	Ordinary shares	1	100
Congrad Holdings Limited	Ordinary shares	1	100
Cyport Limited	Ordinary shares	1	100
East Winds Food Pte Ltd.	Ordinary shares	400,000	88.88
Fantax Limited	Ordinary shares	1	100
First Bond Holdings Limited	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
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
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

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 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
SCR Ltd.	Ordinary shares	1	100
Sinotrend Global Holdings Limited	Ordinary shares	1	100
The HCB General Investment (Singapore) Pte Ltd.	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)*

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, father of Mr. Stephen Tjondro Riady, is the founder and the beneficiaries of the trust include, inter alia, Mr. Stephen Tjondro Riady.

As at 30th June, 2009, Mr. John Luen Wai Lee, as a 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, 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).

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).

Change 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 change in Directors' information since the date of the Company's 2008 Annual Report is set out below:

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

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 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") as follows:

Interests of substantial shareholders in shares and underlying shares of the Company

Name	Number of ordinary shares of HK\$0.10 each	Number of underlying ordinary shares of HK\$0.10 each	Total interests	Approximate percentage of total interests in the issued share capital
				Warrants (Note 5)
Lippo Capital Limited ("Lippo Capital")	273,625,000	27,362,519	300,987,519	60.15
Lippo Cayman Limited ("Lippo Cayman")	319,322,219	35,312,240	354,634,459	70.87
Lanius Limited ("Lanius")	319,322,219	35,312,240	354,634,459	70.87
Dr. Mochtar Riady	319,322,219	35,312,240	354,634,459	70.87
Madam Lidya Suryawaty	319,322,219	35,312,240	354,634,459	70.87

Note:

- 273,625,000 ordinary shares and HK\$128,603,750 warrants giving rise to an interest of 27,362,500 underlying ordinary shares of the Company were owned by Lippo Capital directly as beneficial owner. Lippo Cayman, through its wholly-owned subsidiaries, Lippo Capital, J & S Company Limited and Huge Returns Limited, and its subsidiary, Lippo Securities Limited ("Lippo Securities"), was indirectly interested in 305,118,929 ordinary shares and HK\$159,291,981.70 warrants giving rise to an interest of 33,891,911 underlying ordinary shares of the Company. Lippo Securities is a wholly-owned subsidiary of Hongkong Chinese Limited which in turn is a 55.83 per cent. subsidiary of the Company. Together with 14,203,290 ordinary shares and HK\$6,675,546.30 warrants giving rise to an interest of 1,420,329 underlying ordinary shares of the Company owned by Lippo Cayman directly as beneficial owner, Lippo Cayman was interested in an aggregate of 319,322,219 ordinary shares and HK\$165,967,528 warrants giving rise to an interest of 35,312,240 underlying ordinary shares of the Company, 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, the Company.

Additional Information *(Continued)*

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

Interests of substantial shareholders in shares and underlying shares of the Company *(Continued)*

Note: (Continued)

2. 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.
3. Lippo Cayman's interests in the ordinary shares and underlying ordinary shares of the Company were recorded as the interests of Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 354,634,459 ordinary shares and underlying ordinary shares of the Company related to the same block of shares and underlying shares that Mr. Stephen Tjondro Riady was 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".
4. The percentages of interests in the issued share capital stated in this section were arrived based on 500,433,372 ordinary shares of HK\$0.10 each in issue of the Company as at 30th June, 2009.
5. The holders of the warrants of the Company are entitled to subscribe for ordinary shares of HK\$0.10 each in the Company 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).
6. 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 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.

Additional Information (Continued)

Share Option Schemes

Details of the share option schemes of the Company and its subsidiaries are disclosed in Note 19 to the interim financial statements.

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 32,535,000 shares of HK\$0.10 each in the Company on The Stock Exchange of Hong Kong Limited, all of which were subsequently cancelled. Particulars of the aforesaid repurchases are as follows:

Month	Number of shares of HK\$0.10 each repurchased	Highest price paid per share	Lowest price paid per share	Total price paid
2009		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
January	2,438,000	1.59	1.58	3,852,080
February	<u>30,097,000</u>	1.10	1.05	<u>33,101,690</u>
Total	<u>32,535,000</u>			36,953,770
			Expenses incurred for shares repurchased	<u>258,564</u>
				<u>37,212,334</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 period. Further details of the repurchases are set out in Note 19 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 Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th June, 2009.

Additional Information *(Continued)*

Code on Corporate Governance Practices

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

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

John Luen Wai Lee

Managing Director and Chief Executive Officer

Hong Kong, 15th September, 2009

Corporate Information

Honorary Chairman*

Dr. Mochtar Riady

Board of Directors

Executive Directors

Mr. Stephen Tjondro Riady (*Chairman*)

Mr. John Luen Wai Lee, J.P.

(*Managing Director and
Chief Executive Officer*)

Mr. Jark Pui Lee, S.B.S., O.B.E., J.P.

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung

Committees

Audit Committee

Mr. Victor Ha Kuk Yung (*Chairman*)

Mr. Leon Nim Leung Chan

Mr. Edwin Neo

Mr. King Fai Tsui

Remuneration Committee

Mr. Leon Nim Leung Chan (*Chairman*)

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Stephen Tjondro Riady

Nomination Committee

Mr. Leon Nim Leung Chan (*Chairman*)

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Stephen Tjondro Riady

Secretary

Mr. Davy Kwok Fai Lee

Auditors

Ernst & Young

Principal Bankers

CITIC Ka Wah Bank Limited

Fubon Bank (Hong Kong) Limited

Chong Hing Bank Limited

United Overseas Bank Limited

The Bank of East Asia, Limited

Raiffeisen Zentralbank Österreich AG,

Singapore Branch

Agricultural Bank of China, Shanghai Branch

Solicitors

Richards Butler

(in association with Reed Smith LLP)

Registrars

Tricor Progressive Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

Registered Office

24th Floor, Tower One

Lippo Centre

89 Queensway

Hong Kong

Stock Code

226

Warrant Code

744

Website

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* non-officer position