



Lippo China Resources Limited

力寶華潤有限公司

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

2009
**INTERIM
REPORT**

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The Directors of Lippo China Resources 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	184,890	181,081
Cost of sales		(91,833)	(94,426)
Gross profit		93,057	86,655
Administrative expenses		(55,069)	(53,092)
Other operating expenses		(77,334)	(44,587)
Fair value gains on investment properties		129,824	313,719
Net fair value gain on financial assets at fair value through profit or loss		435	604
Finance costs		(18,643)	(24,791)
Share of results of associates		(9,340)	7,767
Share of results of a jointly controlled entity	4	129,605	–
Profit before tax	5	192,535	286,275
Tax	6	(24,745)	(40,322)
Profit for the period		167,790	245,953
Attributable to:			
Equity holders of the Company		174,941	235,858
Minority interests		(7,151)	10,095
		167,790	245,953
		HK cents	HK cents
Earnings per share attributable to equity holders of the Company			
Basic	7	1.90	2.56
Diluted		N/A	N/A
		HK\$'000	HK\$'000
Interim dividend	8		
Interim dividend		18,383	18,402
Special interim dividend		73,530	–
		91,913	18,402

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2009

	Unaudited	
	six months ended 30th June,	
	2009	2008
	HK\$'000	<i>HK\$'000</i>
Profit for the period	167,790	245,953
Other comprehensive income/(loss) for the period:		
Exchange differences on translation of foreign operations	4,170	133,671
Net fair value gain/(loss) on available-for-sale financial assets	(23,713)	32,464
Share of other comprehensive income of associates	8,734	6,473
Other comprehensive income/(loss) for the period, net of tax	(10,809)	172,608
Total comprehensive income for the period	156,981	418,561
Attributable to:		
Equity holders of the Company	166,132	385,041
Minority interests	(9,151)	33,520
	156,981	418,561

Condensed Consolidated Statement of Financial Position

As at 30th June, 2009

		30th June, 2009	31st December, 2008
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current assets			
Goodwill		23,371	23,371
Fixed assets		323,876	327,970
Investment properties		3,264,827	3,134,151
Properties under development		50,748	48,310
Interests in associates		700,840	707,305
Interests in a jointly controlled entity		136,254	2,694
Available-for-sale financial assets	9	381,808	406,173
Loans and advances		–	15,930
		4,881,724	4,665,904
Current assets			
Properties held for sale		11,438	10,792
Properties under development		657,501	573,713
Inventories		3,405	2,080
Financial assets at fair value through profit or loss	10	65,089	64,654
Loans and advances		15,599	–
Debtors, prepayments and deposits	11	370,416	172,763
Cash and bank balances		343,867	614,922
		1,467,315	1,438,924
Current liabilities			
Bank loans	12	197,467	246,953
Amount due to a jointly controlled entity		47,181	46,638
Creditors, accruals and deposits received	13	1,061,602	730,959
Tax payable		58,084	54,038
		1,364,334	1,078,588
Net current assets		102,981	360,336
Total assets less current liabilities		4,984,705	5,026,240

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 loans	12	1,022,526	1,163,047
Deferred rental		150,685	131,617
Deferred tax liabilities		465,990	450,990
		1,639,201	1,745,654
Net assets			
		3,345,504	3,280,586
Equity			
Equity attributable to equity holders of the Company			
Share capital	14	919,125	919,285
Reserves		2,322,469	2,248,240
		3,241,594	3,167,525
Minority interests		103,910	113,061
		3,345,504	3,280,586

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2009

	Unaudited										
	Attributable to equity holders of the Company										
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	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
At 1st January, 2009	919,285	785,257	10,462	824	197,285	40,901	127,597	1,085,914	3,167,525	113,061	3,280,586
Profit for the period	-	-	-	-	-	-	-	174,941	174,941	(7,151)	167,790
Other comprehensive income/(loss)	-	-	-	-	(14,334)	-	5,525	-	(8,809)	(2,000)	(10,809)
Total comprehensive income/(loss)	-	-	-	-	(14,334)	-	5,525	174,941	166,132	(9,151)	156,981
Repurchase of shares	(160)	-	-	160	-	-	-	(150)	(150)	-	(150)
2008 final dividend, declared and paid to shareholders of the Company	-	-	-	-	-	-	-	(91,913)	(91,913)	-	(91,913)
At 30th June, 2009	919,125	785,257	10,462	984	182,951	40,901	133,122	1,168,792	3,241,594	103,910	3,345,504

	Unaudited										
	Attributable to equity holders of the Company										
	Issued capital	Share premium account	Share option reserve	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	
At 1st January, 2008	920,109	785,257	10,000	216,361	96,741	59,200	1,538,081	3,625,749	156,234	3,781,983	
Profit for the period	-	-	-	-	-	-	235,858	235,858	10,095	245,953	
Other comprehensive income	-	-	-	39,645	-	109,538	-	149,183	23,425	172,608	
Total comprehensive income	-	-	-	39,645	-	109,538	235,858	385,041	33,520	418,561	
Repayment to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	(240)	(240)	
2007 final dividend and special final dividend, declared and paid to shareholders of the Company	-	-	-	-	-	-	(92,010)	(92,010)	-	(92,010)	
2007 final dividend, declared and paid to a minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	(1,947)	(1,947)	
At 30th June, 2008	920,109	785,257	10,000	256,006	96,741	168,738	1,681,929	3,918,780	187,567	4,106,347	

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2009

	Unaudited	
	six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	124,623	(3,509)
Net cash used in investing activities	(95,097)	(129,011)
Net cash from/(used in) financing activities	(302,075)	108,123
Net decrease in cash and cash equivalents	(272,549)	(24,397)
Cash and cash equivalents at 1st January	614,922	345,418
Exchange realignments	1,494	11,540
Cash and cash equivalents at 30th June	343,867	332,561
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	343,867	332,561

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 (“HKFRSs”), 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; and
- (e) the "other" segment comprises principally food business, the provision of commercial and retail banking services, money lending and the provision of property management 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 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	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue							
External	93,912	56,305	8,386	-	26,287	-	184,890
Inter-segment	1,823	-	-	-	-	(1,823)	-
Total	95,735	56,305	8,386	-	26,287	(1,823)	184,890
Segment results	208,995	(77,056)	7,928	(182)	18,790	(1,823)	156,652
	<i>(Note)</i>						
Unallocated corporate expenses							(65,739)
Finance costs							(18,643)
Share of results of associates	736	-	-	-	(10,076)	-	(9,340)
Share of results of a jointly controlled entity	129,605	-	-	-	-	-	129,605
Profit before tax							192,535
Tax							(24,745)
Profit for the period							167,790

Notes to the Interim Financial Statements (Continued)

2. Segment Information (Continued)

	Six months ended 30th June, 2008						
	Property investment and development	Retail business	Treasury investment	Securities investment	Other	Inter- segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue							
External	95,192	54,186	3,454	31	28,218	–	181,081
Inter-segment	1,954	–	–	–	–	(1,954)	–
Total	97,146	54,186	3,454	31	28,218	(1,954)	181,081
Segment results	392,462	(67,652)	3,303	(493)	14,757	–	342,377
	(Note)						
Unallocated corporate expenses							(39,078)
Finance costs							(24,791)
Share of results of associates	422	–	–	–	7,345	–	7,767
Profit before tax							286,275
Tax							(40,322)
Profit for the period							245,953

Note: The amount included fair value gains on investment properties of HK\$129,824,000 (2008 – HK\$313,719,000).

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, sales income from food business, gross income from property 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	93,912	95,192
Retail business	56,305	54,186
Treasury investment	8,386	3,454
Securities investment	–	31
Other	26,287	28,218
	184,890	181,081

4. Share of Results of a Jointly Controlled Entity

The amount represented 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).

5. Profit before Tax

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

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Interest income:		
Loans and advances	248	–
Other	8,386	3,454
Dividend income from listed investments	–	31
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	(37)	27
Unlisted	472	577
Depreciation	(12,809)	(9,950)
Loss on disposal of properties	–	(510)
Loss on disposal of fixed assets	(3)	(2)
Cost of inventories sold	(4,649)	(5,447)

Notes to the Interim Financial Statements (Continued)

6. Tax

	Six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Hong Kong:		
Charge for the period	1,104	1,560
Overprovision in prior periods	(31)	(436)
Deferred	23,622	22,580
	24,695	23,704
Overseas:		
Charge for the period	8,849	5,595
Underprovision in prior periods	9	568
Deferred	(8,808)	10,455
	50	16,618
Total charge for the period	24,745	40,322

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

7. Earnings 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\$174,941,000 (2008 – HK\$235,858,000); and (ii) the weighted average number of 9,191,729,000 ordinary shares (2008 – 9,201,089,000 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 and 2008 as the share options outstanding during these periods had no dilutive effect on the basic earnings per share for these periods.

Notes to the Interim Financial Statements (Continued)

8. Interim Dividend

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Interim dividend, declared, of HK0.2 cent (2008 – HK0.2 cent) per ordinary share	18,383	18,402
Special interim dividend, declared, of HK0.8 cent (2008 – Nil) per ordinary share	73,530	–
	91,913	18,402

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

9. Available-for-sale Financial Assets

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Financial assets stated at fair value:		
Equity securities listed overseas	347,311	376,616
Unlisted debt securities	12,177	6,621
	359,488	383,237
Financial assets stated at cost:		
Unlisted equity securities	43,635	43,635
Unlisted debt securities	7,810	7,810
Unlisted investment funds	15,461	15,461
	66,906	66,906
Provision for impairment losses	(44,586)	(43,970)
	22,320	22,936
	381,808	406,173

Notes to the Interim Financial Statements (Continued)

10. Financial Assets at Fair Value through Profit or Loss

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Held for trading:		
Equity securities listed overseas	286	323
Unlisted investments funds	64,803	64,331
	65,089	64,654

11. 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	31st December, 2008
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 30 days	5,162	5,012
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
	6,999	12,576

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 are neither overdue nor impaired and are related to a range of customers for whom there are no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

The 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)

12. Bank Loans

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Secured bank loans (Note)	1,219,993	1,410,000
Less: Amount classified under current portion	(197,467)	(246,953)
	1,022,526	1,163,047
Non-current portion	1,022,526	1,163,047
Bank loans by currency:		
Hong Kong dollar	685,000	820,000
Renminbi	412,902	412,735
Singapore dollar	122,091	177,265
	1,219,993	1,410,000
Bank loans repayable:		
Within one year	197,467	246,953
In the second year	200,376	215,357
In the third to fifth years, inclusive	136,127	136,072
After five years	686,023	811,618
	1,219,993	1,410,000

The carrying amounts of the Group's bank loans approximate to their fair values and bear interest at rates ranging from 1.0 per cent. to 2.2 per cent. (31st December, 2008 – 1.3 per cent. to 3.5 per cent.) per annum.

Note: As at 30th June, 2009, the bank loans were secured by first legal mortgages over certain investment properties, leasehold land and buildings and properties under development with carrying amounts of HK\$2,844,422,000 (31st December, 2008 – HK\$2,713,917,000), HK\$99,155,000 (31st December, 2008 – HK\$100,438,000) and HK\$657,501,000 (31st December, 2008 – HK\$573,713,000), respectively.

Notes to the Interim Financial Statements (Continued)

13. 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	31st December, 2008
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 30 days	27,283	33,285
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
	36,983	48,311

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

14. Share Capital

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Authorised:		
28,000,000,000 (31st December, 2008 – 28,000,000,000) ordinary shares of HK\$0.10 each	2,800,000	2,800,000
Issued and fully paid:		
9,191,252,716 (31st December, 2008 – 9,192,852,716*) ordinary shares of HK\$0.10 each	919,125	919,285

* after taking into account 150,000 ordinary shares of HK\$0.10 each repurchased prior to 31st December, 2008 and cancelled subsequent to 31st December, 2008.

During the period, a total of 1,600,000 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 discount of HK\$10,000 (2008 – Nil) arising from such repurchases has been credited to the retained profits of the Company and an amount of HK\$160,000 (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 page 6.

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

Notes to the Interim Financial Statements *(Continued)*

15. Share Option Scheme

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

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 920,108,871 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.

On 17th December, 2007, options were granted under the Share Option Scheme without consideration to Eligible Persons including, inter alia, certain Directors and employees of the Company to subscribe for a total of 92,010,000 ordinary shares of HK\$0.10 each in the Company (the "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.

Notes to the Interim Financial Statements (Continued)

15. Share Option Scheme (Continued)

On 1st August, 2008, an option was granted under the Share Option Scheme without consideration to an Eligible Person to subscribe for 7,000,000 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 Share Option Scheme to subscribe for a total of 99,010,000 Shares (the "Option Shares"), before taking into account an option to subscribe for 5,000,000 Option Shares lapsed on 1st January, 2009.

During the period, details of movement in 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	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 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.

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

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

Notes to the Interim Financial Statements (Continued)

15. Share Option Scheme (Continued)

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

16. 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) *Cost overruns undertaking and deed of understanding relating to the Securitisation Exercise*

On 25th July, 2007, a jointly controlled entity of the Company 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 Company 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)

17. Capital Commitments

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

	30th June, 2009	31st December, 2008
	HK\$'000	HK\$'000
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	94,565	192,313
Other capital commitments:		
Contracted, but not provided for	10,850	10,850
	105,415	203,163

18. Related Party Transactions

- (a) As at 30th June, 2009, the Group had amounts due from associates in a total of HK\$52,987,000 (31st December, 2008 – HK\$53,989,000), amounts due to associates in a total of HK\$3,654,000 (31st December, 2008 – HK\$1,975,000) 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 carrying amounts of the balances approximate to their fair values.

- (b) During the period, the Group received rental income of HK\$2,382,000 (2008 – HK\$2,251,000) from Lippo. The rental was determined by reference to open market rentals.
- (c) During the period, the Group received rental income of HK\$1,698,000 (2008 – HK\$981,000) from Hongkong Chinese Limited, a fellow subsidiary of the Company. The rental was determined by reference to open market rentals.
- (d) During the six months ended 30th June, 2008, the Group received rental income of HK\$2,311,000 from Lippo Securities Holdings Limited, a fellow subsidiary of the Company. The rental was determined by reference to open market rentals.

Management Discussion and Analysis

The global financial crisis has been wide reaching, affecting economies across the globe. 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\$175 million for the six months ended 30th June, 2009 (2008 – HK\$236 million).

Results for the period

Turnover for the six months ended 30th June, 2009 totalled HK\$185 million (2008 – HK\$181 million). Property investment and development as well as retail business were the principal sources of revenue of the Group, contributing 51 per cent. (2008 – 53 per cent.) and 30 per cent. (2008 – 30 per cent.) of the total turnover, respectively.

Property investment and development

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, turnover generated from this segment slightly decreased to HK\$94 million (2008 – HK\$95 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 Plaza in Shanghai remained constant during the period. The rental income of Lippo Centre in Hong Kong registered a decrease of 9 per cent. as a result of the disposal of the entire 23rd Floor of Tower One, Lippo Centre, Hong Kong in August 2008. 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\$130 million (2008 – HK\$314 million) during the period.

Temporary occupation permits of two development projects in Singapore, Newton One in which the Group is interested in 100 per cent. and The Metropolitan Condominium which is a 50:50 joint venture development with CapitaLand Limited, were obtained 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.

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.

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 amounted to HK\$6.3 billion (31st December, 2008 – HK\$6.1 billion). Property-related assets increased to HK\$4.2 billion (31st December, 2008 – HK\$3.9 billion), representing 67 per cent. (31st December, 2008 – 64 per cent.) of the total assets. On the other hand, investment portfolio of the Group decreased to HK\$0.4 billion (31st December, 2008 – HK\$0.5 billion), representing 7 per cent. (31st December, 2008 – 8 per cent.) of the Group’s total assets.

The cash and cash equivalents of the Group decreased to HK\$344 million (31st December, 2008 – HK\$615 million). The Group’s financial position remained strong. Current ratio of the Group (measured as current assets to current liabilities) stood at 1.08 to 1 (31st December, 2008 – 1.33 to 1).

As at 30th June, 2009, the bank loans of the Group decreased to HK\$1,220 million (31st December, 2008 – HK\$1,410 million). All the bank loans were secured by certain properties of the Group. 56 per cent. and 34 per cent. (31st December, 2008 – 58 per cent. and 29 per cent.) of the loans were denominated in Hong Kong dollars and Renminbi respectively. All bank loans carried interest at floating rates and 16 per cent. (31st December, 2008 – 18 per cent.) of the bank loans were repayable within one year. At the end of the period, gearing ratio (measured as total borrowings, net of minority interests, to shareholders’ funds) was 37.0 per cent. (31st December, 2008 – 43.9 per cent.).

Management Discussion and Analysis *(Continued)*

As at 30th June, 2009, the net asset value of the Group amounted to HK\$3.2 billion (31st December, 2008 – HK\$3.2 billion). This was equivalent to HK35 cents per share (31st December, 2008 – HK34 cents per share).

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

Apart from the abovementioned, there were no charges on the Group's assets at the end of the 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 Company 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, 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\$105 million (31st December, 2008 – HK\$203 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 867 employees as at 30th June, 2009 (2008 – 923 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\$39 million (2008 – HK\$41 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under the share option scheme of the Company.

Outlook

It appears that the latter half of 2009 will continue to be a difficult period. Business environment remains challenging to companies around the world. However, the Group remains positive of the prospects of the Asia Pacific region over the medium term despite the fact that, similar to other regions, it was hard hit by the economic crisis. It is generally believed that mainland China will be among the first to rebound and recover at a faster pace than other countries. The Group will continue to focus on developments in the Asia Pacific region, 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 Group remained profitable for the first half of the year though there was a drop in profit when compared with the last corresponding period. The Company recorded a consolidated profit attributable to shareholders of approximately HK\$175 million for the six months ended 30th June, 2009, as compared with a profit of HK\$236 million for the same period in 2008.

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 Group for leasing the remaining portion of the shopping mall. The renovated shopping mall of Lippo Plaza will generate much higher rental income.

Temporary occupation permits of the property projects in Singapore, namely Newton One, in which the Group is interested in 100 per cent. and The Metropolitan Condominium, a 50:50 joint venture development of the 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.

Retail business

During the period under review, the Tianjin store of Robbinz, the 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

Business Review and Prospects *(Continued)*

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.

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 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 Dividends

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (2008 – HK0.2 cent per share) and a special interim dividend of HK0.8 cent per share (2008 – Nil) amounting to approximately HK\$91,913,000 for the six months ended 30th June, 2009 (2008 – HK\$18,402,000), which will be paid on or about Friday, 16th 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. In order to qualify for the interim dividend and special interim dividend for the six months ended 30th June, 2009, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 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
	Other interests	Personal interests (held as beneficial owner)	Total interests	Options [#]	
Mochtar Riady	6,544,696,389 <i>Notes (i) and (ii)</i>	–	6,544,696,389		71.21
James Tjahaja Riady	6,544,696,389 <i>Notes (i) and (ii)</i>	–	6,544,696,389		71.21
Stephen Tjondro Riady	6,544,696,389 <i>Notes (i) and (ii)</i>	–	6,544,696,389		71.21
John Luen Wai Lee	–	22,000,000	22,000,000		0.24
Leon Nim Leung Chan	–	3,000,000	3,000,000		0.03
Edwin Neo	–	2,300,000	2,300,000		0.03
King Fai Tsui	–	2,300,000	2,300,000		0.03
Victor Ha Kuk Yung	–	2,300,000	2,300,000		0.03

[#] The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by 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 exercise price of HK\$0.267 per share (subject to adjustment). None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 15 to the interim financial statements.

Additional Information (Continued)

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

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

(b) Lippo Limited ("Lippo")

Name of Director	Number of ordinary shares of HK\$0.10 each in Lippo		Number of underlying ordinary shares of HK\$0.10 each in Lippo			Approximate percentage of total interests in the issued share capital	
	Personal interests (held as beneficial owner)	Other interests	Personal interests (held as beneficial owner)		Total interests		
			Options*	Warrants [®]			Warrants [®]
Mochtar Riady	-	319,322,219 <i>Note (j)</i>	-	-	35,312,240 <i>Note (j)</i>	354,634,459	70.87
James Tjahaja Riady	-	319,322,219 <i>Note (j)</i>	-	-	35,312,240 <i>Note (j)</i>	354,634,459	70.87
Stephen Tjondro Riady	-	319,322,219 <i>Note (j)</i>	-	-	35,312,240 <i>Note (j)</i>	354,634,459	70.87
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 Lippo (the "Lippo Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Lippo Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in Lippo at an initial exercise price of HK\$6.98 per share (subject to adjustment). Pursuant to the rights issue of new shares of Lippo in June 2008 on the basis of one rights share for every four shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK\$6.98 per share to HK\$5.58 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the period. Further details of the Directors' interests in underlying shares in respect of the options are disclosed in Note (v) below.

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

Additional Information (Continued)

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

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

(c) 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 ⁺		
Mochtar Riady	-	-	1,014,222,978 <i>Notes (i) and (iii)</i>	-	-	-	106,765,641 <i>Notes (i) and (iii)</i>	1,120,988,619	61.71
James Tjahaja Riady	-	-	1,014,222,978 <i>Notes (i) and (iii)</i>	-	-	-	106,765,641 <i>Notes (i) and (iii)</i>	1,120,988,619	61.71
Stephen Tjondro Riady	-	-	1,014,222,978 <i>Notes (i) and (iii)</i>	-	-	-	106,765,641 <i>Notes (i) and (iii)</i>	1,120,988,619	61.71
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 Directors' interests in underlying shares in respect of the options are disclosed in Note (vi) below.

⁺ 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 Lippo, totalling 354,634,459 ordinary shares and underlying ordinary shares of HK\$0.10 each in, representing approximately 70.87 per cent. of the issued share capital of, Lippo. Lippo Securities is a wholly-owned subsidiary of HKC which in turn is a 55.83 per cent. subsidiary of Lippo. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of the issued share capital of, Lippo Cayman. Lanius is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius is accustomed to act. Dr. Mochtar Riady does not have any interests in the share capital of Lanius. The beneficiaries of the trust include Dr. Mochtar Riady, Mr. James Tjahaja Riady, Mr. Stephen Tjondro Riady and their respective family members. Dr. Mochtar Riady, as the founder and beneficiary of the trust, and Messrs. James Tjahaja Riady and Stephen Tjondro Riady, as beneficiaries of the trust, are taken to be interested in Lippo Cayman under the SFO.
- (ii) As at 30th June, 2009, Lippo was indirectly interested in 6,544,696,389 ordinary shares of HK\$0.10 each in, representing approximately 71.21 per cent. of the issued share capital of, the Company.
- (iii) As at 30th June, 2009, Lippo, 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 issued share capital stated in this section were arrived based on the issued share capital of each of the Company, Lippo and HKC (as the case may be) as at 30th June, 2009.

Additional Information (Continued)

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

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

Note: (Continued)

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

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

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

Name of Director	Exercise price per share	Number of underlying ordinary shares of HK\$1.00 each in HKC in respect of which options have been granted
		Balance as at 1st January, 2009 and 30th June, 2009
	HK\$	
John Luen Wai Lee	1.24	4,590,000
Leon Nim Leung Chan	1.24	810,000
King Fai Tsui	1.24	607,500
Victor Ha Kuk Yung	1.24	607,500

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

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

Additional Information (Continued)

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

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

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

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Abital Trading Pte. Limited	Ordinary shares	2	100
AcrossAsia Limited	Ordinary shares	3,669,576,788	72.45
		(Note a)	
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
		(Note b)	
Fantax Limited	Ordinary shares	1	100
First Bond Holdings Limited	Ordinary shares	1	100
First Tower Corporation	Ordinary shares	1	100
		(Note c)	
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

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 Capital Limited	Ordinary shares	705,690,000	100
Lippo Energy Company N.V.	Ordinary shares	6,000	100
Lippo Energy Holding Limited	Ordinary shares	1	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Holding America Inc.	Ordinary shares	1	100
Lippo Holding Company Limited	Ordinary shares	2,500,000	100
	Non-voting deferred shares	7,500,000	100
Lippo Holdings Inc.	Ordinary shares	1	100
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Lippo Strategic Holdings Inc.	Ordinary shares	1	100
Lippo World Holdings Limited	Ordinary shares	1	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
Nelton Limited	Ordinary shares	10,000	100
Obermac Limited	Ordinary shares	1	100
Pointbest Limited	Ordinary shares	1	100
SCR Ltd.	Ordinary shares	1	100
Sinotrend Global Holdings Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10 (Note d)	100
The HCB General Investment (Singapore) Pte Ltd. ("HCB General")	Ordinary shares	70,000	70
Thornton Pacific Limited	Ordinary shares	1	100
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Welux Limited	Ordinary shares	1	100

Additional Information *(Continued)*

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

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

Note:

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

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

As at 30th June, 2009, Mr. John 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.

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)

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

Changes in Directors' Information

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

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

Mr. Ning Gaoning resigned as a non-executive Director of the Company with effect from 24th August, 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 of the Company

Name	Number of ordinary shares of HK\$0.10 each	Approximate percentage of the issued share capital
Lippo Limited ("Lippo")	6,544,696,389	71.21
Lippo Cayman Limited ("Lippo Cayman")	6,544,696,389	71.21
Lanius Limited ("Lanius")	6,544,696,389	71.21
Madam Lidya Suryawaty	6,544,696,389	71.21

Note:

- 6,544,696,389 ordinary shares of the Company were held by Skyscraper Realty Limited directly as beneficial owner which in turn is a wholly-owned subsidiary of First Tower Corporation ("First Tower"). First Tower is a wholly-owned subsidiary of Lippo. Lippo Cayman, and through its wholly-owned subsidiaries, Lippo Capital Limited (which owned ordinary shares representing approximately 54.68 per cent. of the issued share capital of Lippo), J & S Company Limited and Huge Returns Limited, was directly and indirectly interested in ordinary shares representing approximately 63.81 per cent. of the issued share capital of Lippo.
- 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.
- Lippo's interests in the shares of the Company were recorded as the interests of Lippo Cayman, Lanius and Madam Lidya Suryawaty. The above ordinary shares in the Company related to the same block of shares that Dr. Mochtar Riady, Messrs. James Tjahaja Riady and Stephen Tjondro Riady were interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

Additional Information (Continued)

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

Interests of substantial shareholders in shares of the Company (Continued)

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 or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

Details of the share option scheme of the Company are disclosed in Note 15 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 1,600,000 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		HK\$	HK\$	HK\$
January	30,000	0.089	0.087	2,650
February	620,000	0.092	0.086	54,930
March	950,000	0.094	0.090	87,036
Total	1,600,000			144,616
			Expenses incurred for shares repurchased	5,330
				149,946

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 and set out in Note 14 to the interim financial statements.

Additional Information *(Continued)*

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.

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 China Resources Limited
John Luen Wai Lee
Director

Hong Kong, 14th September, 2009

Corporate Information

Board of Directors

Non-executive Directors

Dr. Mochtar Riady (*Honorary Chairman*)

Mr. Leon Nim Leung Chan

Executive Directors

Mr. James Tjahaja Riady (*Chairman*)

Mr. Stephen Tjondro Riady

(*Deputy Chairman, Managing Director
and Chief Executive Officer*)

Mr. John Luen Wai Lee, J.P.

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

Ms. Millie Yuen Fun Luk

Auditors

Ernst & Young

Principal Bankers

CITIC Ka Wah Bank Limited

Fubon Bank (Hong Kong) Limited

Agricultural Bank of China, Shanghai Branch

United Overseas Bank Limited

Chong Hing Bank Limited

Solicitors

Richards Butler

(in association with Reed Smith LLP)

Registrars

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