



Hongkong Chinese Limited

香港華人有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 655)

2010
INTERIM
REPORT

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The Directors of Hongkong Chinese Limited (the “Company”) are pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th June, 2010.

Condensed Consolidated Income Statement

For the six months ended 30th June, 2010

		Unaudited six months ended 30th June,	
	Note	2010 HK\$'000	2009 HK\$'000
Revenue	3	59,191	47,220
Cost of sales		(9,803)	(12,900)
Gross profit		49,388	34,320
Administrative expenses		(43,807)	(49,292)
Other operating expenses		(18,624)	(25,795)
Net fair value gain on financial assets at fair value through profit or loss		3,230	20,656
Write-back of provision for impairment loss on an associate		—	5,000
Finance costs		(5,925)	(8,241)
Share of results of associates	4	271,916	(119,451)
Share of results of jointly controlled entities		196	(40,139)
Profit/(Loss) before tax	5	256,374	(182,942)
Income tax	6	(1,559)	2,860
Profit/(Loss) for the period		254,815	(180,082)
Attributable to:			
Equity holders of the Company		255,714	(163,457)
Non-controlling interests		(899)	(16,625)
		254,815	(180,082)
		<i>HK cents</i>	<i>HK cents</i>
Earnings/(Loss) per share attributable to equity holders of the Company	7		
Basic		14.1	(9.0)
Diluted		N/A	N/A

Details of the interim distribution are disclosed in Note 8 to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2010

	Unaudited	
	six months ended 30th June,	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) for the period	254,815	(180,082)
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	(24,311)	(12,128)
Income tax effect	774	2,178
	(23,537)	(9,950)
Surplus on revaluation of leasehold land and buildings	—	32,108
Income tax effect	—	(3,853)
	—	28,255
Share of other comprehensive income/(loss) of associates	15,242	(28,169)
Exchange differences on translation of foreign operations	12,286	(7,282)
Other comprehensive income/(loss) for the period, net of tax	3,991	(17,146)
Total comprehensive income/(loss) for the period	258,806	(197,228)
Attributable to:		
Equity holders of the Company	257,219	(180,025)
Non-controlling interests	1,587	(17,203)
	258,806	(197,228)

Condensed Consolidated Statement of Financial Position

As at 30th June, 2010

		30th June, 2010	31st December, 2009
	Note	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Non-current assets			
Goodwill		71,485	71,485
Fixed assets		17,689	19,235
Investment properties		157,640	156,874
Properties under development		793,123	726,970
Interests in associates	4	3,972,381	3,016,950
Interests in jointly controlled entities		285,402	284,912
Available-for-sale financial assets	9	78,833	106,337
Held-to-maturity financial assets	10	9,446	9,431
Loans and advances	11	38,277	34,029
		5,424,276	4,426,223
Current assets			
Properties held for sale		8,531	8,531
Financial assets at fair value through profit or loss	12	50,806	61,708
Loans and advances	11	194,178	160,878
Debtors, prepayments and deposits	13	120,969	82,715
Client trust bank balances		528,880	630,560
Pledged time deposits	14	298	292
Treasury bills		4,850	19,400
Cash and bank balances		561,455	648,221
		1,469,967	1,612,305
Current liabilities			
Bank and other borrowings	14	224,728	49,550
Creditors, accruals and deposits received	15	688,829	687,496
Current, fixed, savings and other deposits of customers	16	135,599	165,131
Tax payable		4,461	3,272
		1,053,617	905,449
Net current assets		416,350	706,856
Total assets less current liabilities		5,840,626	5,133,079

Condensed Consolidated Statement of Financial Position (Continued)
As at 30th June, 2010

		30th June, 2010 <i>HK\$'000</i> (Unaudited)	31st December, 2009 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Non-current liabilities			
Bank and other borrowings	<i>14</i>	226,044	449,808
Deferred tax liabilities		30,897	31,587
		256,941	481,395
Net assets		5,583,685	4,651,684
Equity			
Equity attributable to equity holders of the Company			
Issued capital	<i>17</i>	1,816,658	1,816,656
Reserves	<i>18</i>	3,573,223	2,645,512
		5,389,881	4,462,168
Non-controlling interests		193,804	189,516
		5,583,685	4,651,684

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2010

Unaudited

	Attributable to equity holders of the Company												Non-controlling interests	Total equity
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Distributable reserves	Total			
				(Note 18(c))	(Note 18(d))	(Note 18(e))				(Note 18(b))				
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
At 1st January, 2010	1,816,656	44,027	7,219	13,328	6,880	891	14,212	28,255	331,506	2,199,194	4,462,168	189,516	4,651,684	
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	(23,537)	—	25,042	255,714	257,219	1,587	258,806	
Issuance of shares upon exercise of warrants	2	—	—	—	—	—	—	—	—	—	2	—	2	
Advances from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	2,701	2,701	
Share of reserve of associates from transactions with non-controlling interests	—	—	—	—	—	—	—	—	—	670,492	670,492	—	670,492	
Transfer of reserve	—	—	—	—	262	—	—	—	—	(262)	—	—	—	
At 30th June, 2010	1,816,658	44,027	7,219	13,328	7,142	891	(9,325)	28,255	356,548	3,125,138	5,389,881	193,804	5,583,685	
At 1st January, 2009	1,818,186	44,026	7,219	11,794	6,796	891	(4,117)	—	258,496	2,526,299	4,669,590	191,327	4,860,917	
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	(9,950)	28,255	(34,873)	(163,457)	(180,025)	(17,203)	(197,228)	
Repurchase of shares	(1,534)	—	—	1,534	—	—	—	—	—	(1,043)	(1,043)	—	(1,043)	
Transfer of reserve	—	—	—	—	84	—	—	—	—	(84)	—	—	—	
At 30th June, 2009	1,816,652	44,026	7,219	13,328	6,880	891	(14,067)	28,255	223,623	2,361,715	4,488,522	174,124	4,662,646	

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2010

	Unaudited	
	six months ended 30th June,	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flows from/(used in) operating activities	17,423	(275,398)
Net cash flows from investing activities	111,416	2,474
Net cash flows from/(used in) financing activities	(54,365)	201,401
Net increase/(decrease) in cash and cash equivalents	74,474	(71,523)
Cash and cash equivalents at 1st January	490,806	743,112
Exchange realignments	1,025	(802)
Cash and cash equivalents at 30th June	566,305	670,787
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	561,455	670,787
Treasury bills	4,850	—
	566,305	670,787

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, 2009, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRS”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”), which have become effective for accounting periods beginning on or after 1st January, 2010, that are adopted for the first time for the current period’s financial statements:

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
Improvements to HKFRSs (May 2009)	<i>Amendments to a number of HKFRSs*</i>

* Improvements to HKFRSs (May 2009) contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

The adoption of the above new and 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 3 (Revised) *Business Combinations*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognition, the reported results in the period that an acquisition occurs, and future reported results. As the Group has not undertaken such transactions during the six months ended 30th June, 2010, the revised standard has no financial impact on the Group.

1. Principal Accounting Policies (Continued)

HKAS 27 (Revised) Consolidated and Separate Financial Statements

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will not have any impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*. As a result, the Group has recognised the share of equity movement from the transactions between the Group's associates and their non-controlling interests of HK\$670,492,000 in distributable reserves for the six months ended 30th June, 2010.

2. Segment Information

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

- (a) the property investment segment includes letting and resale of properties;
- (b) the property development segment includes development and sale of properties;
- (c) the treasury investment segment includes investments in cash and bond markets;
- (d) the securities investment segment includes dealings in securities and disposals of investments;
- (e) the 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;
- (g) the project management segment engages in the provision of project management, marketing, sales and administrative and other related services; and
- (h) the "other" segment comprises principally the development of computer hardware and software, money lending and the provision of fund management and investment advisory services.

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

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

2. Segment Information (Continued)

Six months ended 30th June, 2010										
	Property investment	Property development	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Project management	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
External	4,748	—	1,333	7,988	22,308	6,769	11,238	4,807	—	59,191
Inter-segment	—	—	—	—	—	—	9,009	4,531	(13,540)	—
Total	4,748	—	1,333	7,988	22,308	6,769	20,247	9,338	(13,540)	59,191
Segment results	2,113	(2,492)	1,056	10,815	(2,817)	15	8,371	4,568	(13,540)	8,089
Unallocated corporate expenses										(17,902)
Finance costs										(5,925)
Share of results of associates	269,261	(148)	—	—	—	—	—	2,803	—	271,916
Share of results of jointly controlled entities	—	196	—	—	—	—	—	—	—	196
Profit before tax										256,374

Six months ended 30th June, 2009										
	Property investment	Property development	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Project management	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
External	2,663	3,221	736	4,314	22,947	6,677	1,761	4,901	—	47,220
Inter-segment	—	—	—	—	—	—	590	2,960	(3,550)	—
Total	2,663	3,221	736	4,314	22,947	6,677	2,351	7,861	(3,550)	47,220
Segment results	(440)	(4,541)	531	23,763	(2,421)	295	(1,665)	8,227	(3,202)	20,547
Unallocated corporate expenses										(35,658)
Finance costs										(8,241)
Share of results of associates	(121,675)	(283)	—	—	—	—	—	2,507	—	(119,451)
Share of results of jointly controlled entities	—	(40,139)	—	—	—	—	—	—	—	(40,139)
Loss before tax										(182,942)

3. Revenue

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

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

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Property investment	4,748	2,663
Property development	—	3,221
Treasury investment	1,333	736
Securities investment	7,988	4,314
Corporate finance and securities broking	22,308	22,947
Banking business	6,769	6,677
Project management	11,238	1,761
Other	4,807	4,901
	59,191	47,220

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,	
	2010 HK\$'000	2009 HK\$'000
Interest income	4,934	5,084
Commission income	1,550	1,588
Other revenues	285	5
	6,769	6,677

4. Share of Results of Associates/Interests in Associates

Share of results of associates included the Group's share of profit in Lippo ASM Asia Property LP ("LAAP"), a property fund which carries the objective of investing in real estates in Asia, of approximately HK\$269,261,000 (2009 — share of loss of HK\$121,675,000). LAAP and its subsidiaries (collectively the "LAAP Group") 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. The profit in 2010 was mainly derived from the fair value gains on investment properties and write-back of impairment loss made for the property development project under OUE.

Interests in associates included the Group's interest in LAAP of approximately HK\$3,705,329,000 (31st December, 2009 — HK\$2,750,345,000). All the shares of OUE held by LAAP Group had been pledged to secure banking facilities made available to the subsidiaries of LAAP. In March 2010, LAAP Group acquired the direct and indirect interest in OUE held by a joint venture partner, which increased its controlling stake in OUE to approximately 88.52 per cent. In June 2010, LAAP Group completed a placement of shares of OUE to third parties, which decreased its controlling stake in OUE to approximately 79.35 per cent.

5. Profit/(Loss) before Tax

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

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Interest income:		
Unlisted financial assets at fair value through profit or loss	270	465
Listed available-for-sale financial assets	690	689
Listed held-to-maturity financial assets	475	472
Loans and advances	343	297
Banking business	4,934	5,084
Other	1,333	736
Dividend income:		
Listed investments	295	146
Unlisted investments	770	1,635
Gain on disposal of financial assets at fair value through profit or loss:		
Listed	1,753	147
Unlisted	3,735	760
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	(220)	11,784
Unlisted	3,450	8,872
Interest expense attributable to banking business	(263)	(309)
Gain on disposal of a subsidiary	790	—
Depreciation	(2,475)	(3,121)
Loss on disposal of fixed assets	—	(14)
Loss on disposal of investment properties	—	(145)
Cost of inventories sold	—	(2,579)

6. Income Tax

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Hong Kong:		
Charge for the period	108	254
Overprovision in prior periods	(9)	(2,264)
Deferred	—	(1,554)
	99	(3,564)
Overseas:		
Charge for the period	1,460	704
Total charge/(credit) for the period	1,559	(2,860)

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2009 — 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.

7. Earnings/(Loss) Per Share Attributable to Equity Holders of the Company*(a) Basic earnings/(loss) per share*

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company of HK\$255,714,000 (2009 — loss of HK\$163,457,000); and (ii) the weighted average number of 1,816,657,000 ordinary shares (2009 — 1,816,874,000 ordinary shares) in issue during the period.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented for the six months ended 30th June, 2010 and 2009 as the share options and warrants outstanding during these periods had no dilutive effect on the basic earnings/(loss) per share for these periods.

8. Interim Distribution

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Interim distribution, declared — Nil (2009 — Nil)	—	—

9. Available-for-sale Financial Assets

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Financial assets stated at fair value:		
Debt securities listed overseas	17,611	17,509
Unlisted investment funds	58,057	82,441
	75,668	99,950
Financial assets stated at cost:		
Unlisted equity securities	64,000	88,777
Unlisted debt securities	3,165	3,165
Provision for impairment losses	(64,000)	(85,555)
	3,165	6,387
	78,833	106,337

The debt securities had effective interest rates ranging from nil to 10 per cent. (31st December, 2009 — nil to 10 per cent.) per annum.

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

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Equity securities:		
Corporate entities	64,000	88,777
Debt securities:		
Club debenture	3,165	3,165
Corporate entities	7,594	7,320
Banks and other financial institutions	10,017	10,189
	20,776	20,674

10. Held-to-maturity Financial Assets

	30th June, 2010	31st December, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Debt securities, at amortised cost:		
Listed overseas	9,446	9,431
Market value of listed debt securities	10,018	9,640

The debt securities had an effective interest rate of 9 per cent. (31st December, 2009 — 9 per cent.) per annum.

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

	30th June, 2010	31st December, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Banks and other financial institutions	9,446	9,431

11. Loans and Advances

The balance mainly comprised of loans and advances to customers of the Group in respect of securities broking and banking business of HK\$223,590,000 (31st December, 2009 — HK\$185,618,000).

The loans and advances to customers of the Group have effective interest rates ranging from 3 per cent. to 9 per cent. (31st December, 2009 — 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 business are secured by clients' properties, deposits and securities being held as collaterals with carrying amounts of HK\$369,491,000 (31st December, 2009 — HK\$386,678,000).

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,	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of period	9,048	8,597
Impairment allowance released	(2,416)	(211)
Balance at end of period	6,632	8,386

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

12. Financial Assets at Fair Value through Profit or Loss

	30th June, 2010	31st December, 2009
	<i>HKS'000</i>	<i>HKS'000</i>
Held for trading:		
Equity securities:		
Listed in Hong Kong	15,701	25,081
Listed overseas	6,348	8,807
	22,049	33,888
Investment funds:		
Unlisted	28,757	27,820
	50,806	61,708

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

	30th June, 2010	31st December, 2009
	<i>HKS'000</i>	<i>HKS'000</i>
Equity securities:		
Corporate entities	12,627	23,161
Banks and other financial institutions	6,098	6,528
Public sector entities	3,324	4,199
	22,049	33,888

13. Debtors, Prepayments and Deposits

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

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Outstanding balances with ages:		
Repayable on demand	38,686	38,437
Within 30 days	31,255	10,414
Between 31 and 60 days	—	171
Between 61 and 90 days	26	3
	69,967	49,025

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, 2010, receivables of HK\$15,874,000 (31st December, 2009 — HK\$15,874,000) related to a property development project were impaired and provided for. Except for this, the remaining balances were neither overdue nor impaired and were related to a range of customers for whom there are no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

The balance mainly comprised of receivables from customers and securities brokers of the Group in respect of securities broking business of HK\$60,243,000 (31st December, 2009 — HK\$48,097,000). Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing. The carrying amounts of debtors and deposits approximate to their fair values.

14. Bank and Other Borrowings

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Bank loans:		
Secured (Note (a))	226,044	205,428
Unsecured	—	10,000
	226,044	215,428
Other borrowings:		
Unsecured (Note (b))	224,728	283,930
	450,772	499,358
Less: Amount classified under current portion	(224,728)	(49,550)
Non-current portion	226,044	449,808
Bank and other borrowings by currency:		
Hong Kong dollar	224,728	254,380
United States dollar	186,826	225,670
Renminbi	39,218	19,308
	450,772	499,358
Bank loans repayable:		
Within one year	—	10,000
In the second year	192,328	186,120
In the third to fifth years, inclusive	33,716	19,308
	226,044	215,428
Other borrowings repayable:		
Within one year	224,728	39,550
In the second year	—	244,380
	224,728	283,930

The carrying amounts of the Group's bank and other borrowings approximate to their fair values and bear interest at rates ranging from 1.3 per cent. to 6.1 per cent. (31st December, 2009 — 1.5 per cent. to 6.1 per cent.) per annum.

14. Bank and Other Borrowings (Continued)

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) first legal mortgages over certain investment properties and properties under development of the Group with carrying amounts of HK\$81,076,000 (31st December, 2009 — HK\$80,331,000) and HK\$678,701,000 (31st December, 2009 — HK\$421,000,000), respectively; and
 - (ii) certain fixed deposits of the Group with carrying amount of HK\$298,000 (31st December, 2009 — HK\$292,000), respectively.
- (b) The Group's other borrowings as at 30th June, 2010 comprised of unsecured loans advanced from Lippo Limited ("Lippo"), an intermediate holding company of the Company of HK\$224,728,000 (31st December, 2009 — HK\$244,380,000). The Group's other borrowings as at 31st December, 2009 also included an unsecured loan from a third party of HK\$39,550,000 which was fully repaid during the period.

15. Creditors, Accruals and Deposits Received

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

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Outstanding balances with ages:		
Repayable on demand	548,467	650,888
Within 30 days	7,485	14,604
	555,952	665,492

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, 2010, total client trust bank balances amounted to HK\$528,880,000 (31st December, 2009 — HK\$630,560,000).

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

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

The current, fixed, savings and other deposits of customers attributable to banking business have effective interest rates ranging from 0.01 per cent. to 1.5 per cent. (31st December, 2009 — 0.01 per cent. to 2.9 per cent.) per annum.

17. Share Capital**Shares**

	30th June, 2010	31st December, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised:		
4,000,000,000 (31st December, 2009 — 4,000,000,000) ordinary shares of HK\$1.00 each	4,000,000	4,000,000
Issued and fully paid:		
1,816,657,516 (31st December, 2009 — 1,816,655,677) ordinary shares of HK\$1.00 each	1,816,658	1,816,656

During the period, a total of 1,839 ordinary shares of HK\$1.00 each in the Company were issued upon exercise in cash of the subscription rights attaching to the warrants of the Company in an aggregate amount of approximately HK\$2,299 at the subscription price of HK\$1.25 per share.

Warrants

At 1st January, 2010, the Company had 202,019,956 units of warrants outstanding with an aggregate subscription value of approximately HK\$252,525,000. Each warrant entitles the holder thereof to subscribe in cash for one ordinary share of HK\$1.00 in the Company at the subscription price of HK\$1.25 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive). During the period, 1,839 units of warrants with an aggregate subscription value of approximately HK\$2,299 were exercised for 1,839 ordinary shares of HK\$1.00 each at a subscription price of HK\$1.25 per share. At 30th June, 2010, the Company had 202,018,117 units of warrants outstanding with an aggregate subscription value of approximately HK\$252,523,000. The exercise in full of the outstanding warrants would, under the present capital structure of the Company, result in the issue of 202,018,117 additional ordinary shares of HK\$1.00 each of the Company.

Share option scheme

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

17. Share Capital (Continued)

Share option scheme (Continued)

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

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

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

As at 1st January, 2010, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 20,206,800 Shares (the “Option Shares”).

17. Share Capital (Continued)**Share option scheme (Continued)**

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

Participants	Date of grant	Exercise price per Share HK\$	Number of Option Shares
			Balance as at 1st January, 2010 and 30th June, 2010
Directors:			
John Lee Luen Wai	17th December, 2007	1.24	4,590,000
Leon Chan Nim Leung	17th December, 2007	1.24	810,000
Kor Kee Yee	17th December, 2007	1.24	607,500
Albert Saychuan Cheok	17th December, 2007	1.24	607,500
Victor Yung Ha Kuk	17th December, 2007	1.24	607,500
Tsui King Fai	17th December, 2007	1.24	607,500
Employees (Note 1)	17th December, 2007	1.24	7,179,300
Others (Note 2)	17th December, 2007	1.24	3,172,500
	1st August, 2008	1.00	2,025,000
Total			20,206,800
Weighted average exercise price per Share (HK\$)			1.22

Note:

- Employees refer to the employees of the Group as at 30th June, 2010 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.
- Others included a former Eligible Person who held an option to subscribe for 337,500 Option Shares which lapsed on 15th August, 2010.

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

The exercise prices of the Option Shares and exercise periods of the options outstanding as at 30th June, 2010 are as follows:

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

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

* including an option to subscribe for 337,500 Option Shares which lapsed on 15th August, 2010

18. Reserves

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

- (a) Cancellation of share premium account and transfer to distributable reserves:
Pursuant to a special resolution passed at a special general meeting of the Company on 2nd December, 1997, the entire amount standing to the credit of the share premium account of HK\$3,630,765,000 was cancelled (the "Cancellation"). The credit arising from the Cancellation was transferred to distributable reserves. The balance of the reserves arising from the Cancellation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company.
- (b) Distributable reserves of the Group at 30th June, 2010 comprise retained profits of HK\$2,070,219,000 (31st December, 2009 — HK\$1,144,275,000) and the remaining balance arising from the Cancellation of HK\$1,054,919,000 (31st December, 2009 — HK\$1,054,919,000).
- (c) The capital redemption reserve is not available for distribution to shareholders.
- (d) The legal reserve represents the part of reserve generated by a banking subsidiary of the Company which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which the subsidiary operates.
- (e) The regulatory reserve represents the part of reserve generated by a banking subsidiary of the Company arising from the difference between the impairment allowance made under HKAS 39 and for regulatory purpose.

19. Contingent Liabilities

As at 30th June, 2010, the Group had the following contingent liabilities relating to its banking subsidiary:

	30th June, 2010 <i>HK\$'000</i>	31st December, 2009 <i>HK\$'000</i>
Guarantees and other endorsements	17,445	17,134
Liabilities under letters of credit on behalf of customers	6,872	6,625
	24,317	23,759

20. Capital Commitments

The Group had the following commitments at the end of the reporting period:

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Capital commitments in respect of property, plant and equipment: Contracted, but not provided for	248,493	98,127
Other capital commitments: Contracted, but not provided for (<i>Note</i>)	67,667	67,065
	316,160	165,192

Note: The balance included the Group's capital commitments in respect of the joint ventures for certain property projects in the Republic of Singapore of approximately HK\$66 million (31st December, 2009 — HK\$66 million).

21. Related Party Transactions

- (a) During the period, the Company paid rental expenses of HK\$1,698,000 (2009 — HK\$1,698,000) to Porbandar Limited, a fellow subsidiary of the Company, in respect of office premises occupied by the Company. The rental was determined by reference to open market rentals.
- (b) During the period, ImPac Asset Management (HK) Limited, a wholly-owned subsidiary of the Company, received investment advisory income from Lippo ASM Investment Management Limited, an associate of the Group, amounting to HK\$5,700,000 (2009 — HK\$5,700,000).
- (c) During the period, the Company paid finance costs to Lippo of HK\$2,856,000 (2009 — HK\$2,514,000), in respect of the loan advanced to the Company.
- (d) During the period, Lippo Realty (Singapore) Pte. Limited, a wholly-owned subsidiary of the Company, received project management income of HK\$2,501,000 (2009 — HK\$1,016,000) and HK\$15,515,000 (2009 — HK\$165,000) from associates and jointly controlled entities of the Group, respectively.
- (e) As at 30th June, 2010, the Group had amounts due from associates in a total of HK\$399,984,000 (31st December, 2009 — HK\$398,056,000) and amounts due from jointly controlled entities in a total of HK\$195,479,000 (31st December, 2009 — HK\$203,487,000). The balances with associates are unsecured, interest-free and have no fixed terms of repayment. The balances with jointly controlled entities included a loan of HK\$3,992,000 (31st December, 2009 — HK\$3,977,000), 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 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.

22. 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 main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. 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 arise from the possibility that the counterparty in a transaction may default. It arise 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.

22. 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 end of the reporting period to the contractual maturity date is as follows:

	Repayable on demand <i>HKS'000</i>	3 months or less <i>HKS'000</i>	1 year or less but over 3 months <i>HKS'000</i>	5 years or less but over 1 year <i>HKS'000</i>	After 5 years <i>HKS'000</i>	Undated <i>HKS'000</i>	Total <i>HKS'000</i>
At 30th June, 2010							
Assets							
Amount due from a jointly controlled entity	—	—	—	—	—	3,992	3,992
Debt securities:							
Held-to-maturity financial assets	—	—	—	—	9,446	—	9,446
Available-for-sale financial assets	—	—	—	—	—	20,776	20,776
Loans and advances	135,835	41,272	17,071	17,602	20,675	—	232,455
Debtors and deposits	42,064	45,609	4	246	—	9,509	97,432
Client trust bank balances	182,738	346,142	—	—	—	—	528,880
Pledge time deposits	—	298	—	—	—	—	298
Treasury bills	—	4,850	—	—	—	—	4,850
Cash and bank balances	120,687	440,768	—	—	—	—	561,455
	481,324	878,939	17,075	17,848	30,121	34,277	1,459,584
Liabilities							
Bank and other borrowings	—	—	224,728	226,044	—	—	450,772
Creditors, accruals and deposit received	551,035	130,107	2,903	—	—	4,784	688,829
Current, fixed, savings and other deposits of customers	67,850	64,874	2,875	—	—	—	135,599
	618,885	194,981	230,506	226,044	—	4,784	1,275,200

22. Financial Risk Management Objectives and Policies (Continued)*(b) Liquidity risk (Continued)*

	Repayable on demand <i>HK\$'000</i>	3 months or less <i>HK\$'000</i>	1 year or less but over 3 months <i>HK\$'000</i>	5 years or less but over 1 year <i>HK\$'000</i>	After 5 years <i>HK\$'000</i>	Undated <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st December, 2009							
Assets							
Amount due from a jointly controlled entity	—	—	—	—	—	3,977	3,977
Debt securities:							
Held-to-maturity financial assets	—	—	—	—	9,431	—	9,431
Available-for-sale financial assets	—	—	—	—	—	20,674	20,674
Loans and advances	111,980	33,117	15,781	16,299	17,730	—	194,907
Debtors and deposits	40,284	13,754	140	104	—	23,747	78,029
Client trust bank balances	270,504	360,056	—	—	—	—	630,560
Pledged time deposits	—	292	—	—	—	—	292
Treasury bills	—	19,400	—	—	—	—	19,400
Cash and bank balances	112,300	411,840	124,081	—	—	—	648,221
	535,068	838,459	140,002	16,403	27,161	48,398	1,605,491
Liabilities							
Bank and other borrowings	—	10,000	39,550	449,808	—	—	499,358
Creditors, accruals and deposit received	652,031	20,891	1,944	—	—	12,630	687,496
Current, fixed, savings and other deposits of customers	81,455	77,666	6,010	—	—	—	165,131
	733,486	108,557	47,504	449,808	—	12,630	1,351,985

(c) Interest rate risk

Interest rate risk primarily resulted from timing differences in the repricing of interest bearing assets and liabilities. The Group's interest rate positions arose 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, swap and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk was managed and monitored on an on-going basis by senior management of the Group.

22. Financial Risk Management Objectives and Policies (Continued)

(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 9) and financial assets at fair value through profit or loss (Note 12) as at 30th June, 2010. The Group's listed financial assets are mainly listed on the Hong Kong and Singapore stock exchanges and are valued at quoted market prices at the end of the reporting period.

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.

Supplementary Financial Information

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

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 30th June, 2010 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	Pro forma combined statement of financial position as at 30th June, 2010 HK\$'000	Group's attributable interest as at 30th June, 2010 HK\$'000
Intangible assets	1,007,729	1,007,729
Fixed assets	2,746,977	2,731,348
Investment properties	6,899,866	6,899,866
Properties under development	6,000,664	4,755,783
Interests in associates	3,472,303	3,472,303
Available-for-sale financial assets	347,905	347,905
Debtors, prepayments and deposits	100,623	91,227
Cash and bank balances	1,077,992	864,385
Creditors, accruals and deposits received	(732,469)	(657,924)
Bank and other borrowings	(11,787,020)	(10,949,656)
Tax payable	(127,134)	(127,134)
Shareholders' advance	(1,070,827)	(592,821)
Deferred tax liabilities	(834,685)	(834,685)
Other net assets	31,044	29,912
	7,132,968	7,038,238

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

Management Discussion and Analysis

The global economy showed some signs of recovery in first half of 2010, but the pace of recovery varied across industry sectors and regions. Singapore and Asian regions show a strong growth, while the recovery in US and Europe remain at a slower pace. The Group has benefited from the improved economic outlook in the South East Asia region and recorded a profit for the six months ended 30th June, 2010.

Results for the Period

Turnover for the six months ended 30th June, 2010 totalled HK\$59 million, which was 25 per cent. higher than the HK\$47 million recorded in 2009.

The Group reported a profit attributable to shareholders of HK\$256 million for the six months ended 30th June, 2010, contrasted to the loss of HK\$163 million for same period in 2009. The profit was mainly attributed to the fair value gains on investment properties and write-back of impairment loss made for a property project under the Group's associates as a result of the improved financial and economic conditions.

Property investment and property development

The revenue of the property investment business increased to HK\$5 million (2009 — HK\$3 million) in the first half of 2010, benefiting from the increasing occupancy rate for Lippo Tower in Chengdu, which was completed in late 2008. As a result, the segment registered a profit of HK\$2 million, as compared to a loss of HK\$0.4 million in 2009.

The Group has invested in a property fund, Lippo ASM Asia Property LP (“LAAP”), which has indirect interests in Overseas Union Enterprise Limited (“OUE”), a listed company in Singapore principally engaged in property investment and development and hotel operations. The hotels managed by OUE, including inter alia Mandarin Orchard Singapore, are strategically located in various well known tourist destinations of Singapore, Malaysia and mainland China. OUE also holds interests in prime office buildings, such as 50 Collyer Quay near Marina Bay and One Raffles Place in the central financial and business district of Singapore. OUE has participated in a number of property development and investment projects, which include the redevelopment project Twin Peaks at 25 Leonie Hill Road in Singapore. In August 2010, OUE entered into a conditional sale and purchase agreement to acquire DBS Towers One and Two, prime office buildings which are strategically located in the heart of Central Business District in Singapore. In the first half of 2010, the Group registered a share of profit of HK\$269 million from the investment as compared to a loss of HK\$122 million in 2009. The profit was mainly attributable to the fair value gains of the investment properties and write-back of impairment loss on properties under development. The increase was also contributed by improving performance of the hospitality division which benefited from the improved global economic outlook and rental income from Mandarin Gallery at Mandarin Orchard Singapore. OUE has renovated Mandarin Gallery to a premier luxury retail mall, which commenced operation in the

fourth quarter of 2009. In March 2010, LAAP, through its subsidiary, acquired the direct and indirect interest in OUE held by a joint venture partner, which increased its controlling stake in OUE to approximately 88.52 per cent. In June 2010, a placement of shares of OUE to third parties has been completed under LAAP, which decreased its controlling stake in OUE to approximately 79.35 per cent.

Additionally, the Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore, Thailand and Japan. In Singapore, the Marina Collection, a joint venture development in Sentosa Cove, in which the Group has 50 per cent. interest, is scheduled for completion around the end of 2010. Pre-sale has been launched and revenue is expected to be recognised upon completion. Other projects include the development at Holland Road and Kim Seng Road (“Centennia Suites”) in Singapore and the Beijing Economic-Technological Development Area in mainland China. Pre-sale of Centennia Suites has been launched at the beginning of this year and all units have been pre-sold.

Treasury and securities investments

Due to the uncertainty around the global economy, the financial market remains volatile. The Group cautiously looks for opportunities to realise its profit in the investment portfolio. For the six months ended 30th June, 2010, treasury and securities investments business recorded a revenue of HK\$9 million (2009 — HK\$5 million), with a profit of HK\$12 million (2009 — HK\$24 million). 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 global economy gradually recovering, participation from retail investors remained cautious in this highly volatile market. The Group’s corporate finance and securities broking business was clearly affected. For the six months ended 30th June, 2010, it registered a slight decrease in turnover to HK\$22 million (2009 — HK\$23 million) and HK\$2.8 million loss was derived from this segment (2009 — HK\$2.4 million).

Banking business

The Macau Chinese Bank Limited (“MCB”) is a wholly-owned subsidiary of the Company. Despite the Macau economy has rebounded during the period, the operating environment is still tough. 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. The banking business delivered a turnover of HK\$6.8 million (2009 — HK\$6.7 million), and maintained break-even for both periods.

Other businesses

With the well performance of Singapore property market, revenue generated from property project management in Singapore increased to HK\$11 million in the first half of 2010 (2009 — HK\$2 million), and profit contribution was HK\$8.4 million (2009 — loss of HK\$1.7 million).

Financial Position

As at 30th June, 2010, the Group's total assets increased to HK\$6.9 billion (31st December, 2009 — HK\$6.0 billion). Property-related assets increased to HK\$5.5 billion (31st December, 2009 — HK\$4.4 billion), representing 80 per cent. (31st December, 2009 — 73 per cent.) of the total assets. Total liabilities slightly decreased to HK\$1.3 billion (31st December, 2009 — HK\$1.4 billion). The Group's financial position remained healthy and current ratio (measured as current assets to current liabilities) decreased to 1.4 to 1 (31st December, 2009 — 1.8 to 1).

As at 30th June, 2010, the bank and other borrowings of the Group (other than those attributable to banking business) decreased to HK\$451 million (31st December, 2009 — HK\$499 million). The bank loans amounted to HK\$226 million (31st December, 2009 — HK\$215 million), comprising secured bank loans of HK\$226 million (31st December, 2009 — HK\$205 million) and unsecured bank loans of nil (31st December, 2009 — HK\$10 million), which were denominated in United States dollars and Renminbi (31st December, 2009 — denominated in Hong Kong dollars, United States dollars and Renminbi). The bank loans were secured by first legal mortgages over certain properties and certain fixed deposits of the Group. The bank loans carried interest at floating rates and no bank loans (31st December, 2009 — 5 per cent.) were repayable within one year. The Group's other borrowings as at 30th June, 2010 comprised of unsecured loans advanced from Lippo Limited ("Lippo") of HK\$225 million (31st December, 2009 — HK\$244 million). Such advance would be repayable on or before 30th June, 2011. The balance as at 31st December, 2009 also included an unsecured loan from a third party of HK\$40 million which was fully repaid during the period. At the end of the period, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) decreased to 8 per cent. (31st December, 2009 — 11 per cent.).

The net asset value of the Group remained strong and increased to HK\$5.4 billion (31st December, 2009 — HK\$4.5 billion). The increase was mainly attributable to the share of equity movement arising from the acquisition of direct and indirect interest in OUE under LAAP at a discount and the improved performance during the period. This was equivalent to HK\$3.0 per share (31st December, 2009 — HK\$2.5 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, 2009 — Nil). Aside from those arising from the normal course of the Group's banking operation, the Group had no material contingent liabilities outstanding (31st December, 2009 — Nil).

As at 30th June, 2010, the Group's total capital commitment increased to HK\$316 million (31st December, 2009 — HK\$165 million), as a result of the commencement of the development project in Beijing. The investments or capital assets will be financed by the Group's internal resources and/or external banking financing, as appropriate.

Staff and Remuneration

The Group had approximately 210 employees as at 30th June, 2010 (2009 — 210 employees). Total staff costs (including directors' emoluments) during the period amounted to HK\$29 million (2009 — HK\$32 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

The outlook for the latter half of 2010 will continue to be a challenging period. Affected by the fears of sovereign debt crisis in Euro zone, business environment remains unstable and uncertain to companies around the world. The Group remains positive of the prospects of the Asia Pacific region over the medium term and will continue to focus on developments in the region. At the same time, it will continue to remain prudent in managing its property and investment portfolios.

Business Review and Prospects

Business Review

The first half of 2010 has seen a recovering global economy, leaving little doubt that the massive fiscal and monetary stimulus programs adopted around the world have helped to push off the global economic and financial crisis. However, while the worst may be over, it is still too early to suggest that the world is firmly on the road to sustained recovery. Economic revival has been uneven across the board. Economies in the Asia Pacific region, particularly mainland China and India, have done well. But in comparison, economic recovery in US, Europe and Japan is lagging and uncertain.

Overall, property markets in Asia in which the Group has investments have mostly stabilized and enjoyed significant growth over the last six months. As a result, the Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$256 million for the six months ended 30th June, 2010, as compared to a loss of HK\$163 million for the same period in 2009. The profit was mainly attributable to fair value gains of the investment properties and write back of impairment loss on properties under development of the Group's associates.

In the past few years, the Group has participated in the development of several medium term property projects in Singapore. Driven by strong economic recovery, the property market in Singapore has rebounded in the first half of 2010. The opening of two integrated resorts has also benefited the tourism sector. These factors have contributed favorably to the Group's investments in Singapore.

Construction works at the Marina Collection, in which the Group has a 50 per cent. interest, are progressing with completion scheduled by year end. Marina Collection, with a total site area of approximately 22,221 square metres, is located at Sentosa Cove, Sentosa Island, Singapore. It will provide one hundred and twenty four high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres. Pre-sale of the residential units has been launched. With the recent opening of the casino and recreational and resort complex on the Sentosa Island, the Group is confident about the prospects of the Marina Collection project.

The Group has a 30 per cent. interest in a site located at 53 Holland Road, Singapore. It has been planned to develop the site, with an area of approximately 3,376 square metres, into a luxury residential development, now named as The Holland Collection, with a total saleable area of approximately 5,497 square metres. Completion is expected to be around the end of 2011.

The Group also has a 50 per cent. interest in the Centennia Suites at 100 Kim Seng Road, Singapore. Centennia Suites, with a site area of approximately 5,611 square metres, will be re-developed into a residential development with a saleable area of approximately 16,182 square metres and completion is expected to be in 2014. Pre-sale was launched earlier this year and all the residential units have been sold out.

Lippo ASM Asia Property LP (“LAAP”, together with its subsidiaries, the “LAAP Group”), of which a wholly-owned subsidiary of the Company is the limited partner, is a property fund set up in 2005 with the objective of investing in real estates in the Asia region. LAAP, previously through its ownership interest in a joint venture, held a majority stake in Overseas Union Enterprise Limited (“OUE”), a listed company in Singapore, principally engaged in property investment and development and hotel operations. OUE has interests in prime office buildings in the Central Business District in Singapore like One Raffles Place and 50 Collyer Quay as well as hotels in the Asia region, including the Mandarin Orchard Singapore. The Mandarin Gallery at the Mandarin Orchard Singapore has recently been renovated and upgraded into a premier luxury retail mall with retail space of around 11,639 square metres. It currently enjoys full occupancy. Such portfolio of high quality properties helps to generate substantial, stable and recurring income for OUE.

In March 2010, the LAAP Group acquired the direct and indirect interest in OUE held by the joint venture partner, which resulted in increasing its controlling stake in OUE to approximately 88.52 per cent. In June 2010, with the aim to increasing the public float of OUE shares in the market, the LAAP Group successfully placed out 18 million OUE shares to third parties, reducing its controlling stake in OUE to approximately 79.35 per cent.

In August 2010, OUE announced that it had entered into a conditional sales and purchase agreement to acquire DBS Towers One and Two (“DBS Towers”) for a purchase consideration of S\$870.5 million. DBS Towers, prime office buildings located at Shenton Way, Singapore with total gross floor area of approximately 115,163 square metres, are now fully leased.

The Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the development project (the “BDA Project”) at a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) in which the Group has an 85.7 per cent. interest. With a total site area of approximately 51,209 square metres, it is planned to develop the BDA Project into a premier integrated residential, commercial and retail complex with a total construction floor area of about 275,000 square metres, including basements. Foundation work was completed and construction works are in progress. The BDA Project, which is expected to be completed by end of 2012, has attracted strong interests from commercial entities operating in mainland China. Subject to the approval of the PRC government authority, the Group’s interest in the BDA Project will be slightly reduced to 80 per cent. with the outlay payable to the PRC joint venture partner to be reduced correspondingly.

The Macau Chinese Bank Limited (“MCB”) is a wholly-owned subsidiary of the Company. Benefiting from the global economic recovery, the Macau economy has rebounded in the first half of 2010. Recognising that MCB’s future performance will be largely dependent on the growth of the Macau economy, the Group will continue to seek business opportunities for MCB and enhance its competitiveness in the Macau banking sector.

Despite the gradual recovery of the global economy, participation from retail investors remained cautious in this highly volatile market, resulting in a relatively quiet and inactive stock market in Hong Kong in the first half of 2010. This has affected the performance and profitability of Lippo Securities Holdings Limited, a wholly-owned subsidiary of the Company, and its subsidiaries, which are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services. The outlook for the local stock market will be dependent on the market conditions in the markets in China and globally.

The Group will continue to be watchful of market developments and will manage its portfolio with a view to further improve overall asset quality.

Prospects

Growth momentum in the economies in the Asia Pacific region in which the Group has investments appear to be holding although views are starting to become different, which includes the recent Singaporean Government forecast that the strong growth momentum in the first half of 2010 may not continue into the second half of 2010. These views reflect concerns about the sluggish recovery and continuing uncertainties in the developed economies like US, Europe and Japan and the subsequent economic drag that may slow down the growth momentum in the Asia Pacific region.

Management is therefore moving forward with cautious optimism about the prospects in the Asia Pacific region and is watchful about the challenges ahead. The Company, being the principal property arm of the Lippo Group, will continue to focus on property investment and property development businesses in Asia Pacific region for long term growth. Management will continue to take a cautious and prudent approach in managing the Group’s property portfolio and businesses and in assessing new investment opportunities.

Additional Information

Interim Distribution

The Directors have resolved not to declare payment of any interim distribution for the six months ended 30th June, 2010 (2009 — Nil).

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 2010, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

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

(a) The Company

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

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

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

(a) The Company (Continued)

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

(b) Lippo Limited ("Lippo")

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

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") (Continued)

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

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

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)
Interests in shares and underlying shares of the Company and associated corporations (Continued)
(c) Lippo China Resources Limited ("LCR")

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

[#] The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by LCR (the "LCR Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the LCR Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in LCR at an exercise price of HK\$0.267 per share (subject to adjustment). None of the options were exercised by any of the above Directors during the period and the number of underlying ordinary shares of HK\$0.10 each in LCR in respect of which options have been granted to them as at 1st January, 2010 and 30th June, 2010 were the same as set out above.

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, 2010, Lippo Cayman Limited ("Lippo Cayman"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, was indirectly interested in 1,014,222,978 ordinary shares and HK\$133,457,051.25 warrants giving rise to an interest in 106,765,641 underlying ordinary shares of the Company, totalling 1,120,988,619 ordinary shares and underlying ordinary shares of HK\$1.00 each in, representing approximately 61.71 per cent. of the issued share capital of, the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of, the issued share capital of Lippo Cayman. Lanius is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius is accustomed to act. Dr. Mochtar Riady does not have any interests in the share capital of Lanius. The beneficiaries of the trust include Dr. Mochtar Riady, Mr. Stephen Tjondro Riady and their respective family members. Dr. Mochtar Riady as the founder and beneficiary of the trust and Mr. Stephen Tjondro Riady as beneficiary of the trust are taken to be interested in Lippo Cayman under the SFO.
- (ii) As at 30th June, 2010, Lippo Cayman, and through its wholly-owned subsidiaries, Lippo Capital Limited, J & S Company Limited and Huge Returns Limited, and its subsidiary, Lippo Securities Limited ("Lippo Securities"), was directly and indirectly interested in an aggregate of 319,322,219 ordinary shares and HK\$165,967,528 warrants giving rise to an interest in 35,312,240 underlying ordinary shares of Lippo, totalling 354,634,459 ordinary shares and underlying ordinary shares of HK\$0.10 each in, representing approximately 70.87 per cent. of the issued share capital of, Lippo. Lippo Securities is a wholly-owned subsidiary of the Company which in turn is a 55.83 per cent. subsidiary of Lippo.
- (iii) As at 30th June, 2010, Lippo was indirectly interested in 6,544,696,389 ordinary shares of HK\$0.10 each in, representing approximately 71.21 per cent. of the issued share capital of, LCR.
- (iv) The percentages of the issued share capital stated in this section were arrived based on the issued share capital of each of the Company, Lippo and LCR (as the case may be) as at 30th June, 2010.

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

Note: (Continued)

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

Name of Director	Exercise price per share	Number of underlying ordinary shares of HK\$0.10 each in Lippo in respect of which options have been granted
		Balance as at 1st January, 2010 and 30th June, 2010
	<i>HK\$</i>	
John Lee Luen Wai	5.58	1,125,000
Leon Chan Nim Leung	5.58	193,750
Victor Yung Ha Kuk	5.58	162,500
Tsui King Fai	5.58	162,500

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

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

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, 2010, Dr. Mochtar Riady, as founder and beneficiary of the aforesaid discretionary trust, and Mr. Stephen Tjondro Riady, as beneficiary of the aforesaid discretionary trust, through their interests in Lippo Cayman as mentioned in Note (i) above, were also taken to be interested in the share capital of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Abital Trading Pte. Limited	Ordinary shares	2	100
AcrossAsia Limited	Ordinary shares	3,669,576,788	72.45
		(Note a)	
Actfield Limited	Ordinary shares	1	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	1,000	100
Congrad Holdings Limited	Ordinary shares	1	100
CRC China Limited	Ordinary shares	1	100
Cyport Limited	Ordinary shares	1	100
East Winds Food Pte Ltd.	Ordinary shares	400,000	88.88
		(Note b)	
Fantax Limited	Ordinary shares	1	100
First Bond Holdings Limited	Ordinary shares	1	100
First Tower Corporation	Ordinary shares	1	100
Glory Power Worldwide Limited	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Grandform Limited	Ordinary shares	1	100
Grandhill Asia Limited	Ordinary shares	1	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenroot Limited	Ordinary shares	1	100
Hennessy Holdings Limited	Ordinary shares	1	100
		(Note c)	
HKCL Holdings Limited	Ordinary shares	50,000	100
Honix Holdings Limited	Ordinary shares	1	100
Huge Returns Limited	Ordinary shares	1	100
Ivey International Limited	Ordinary shares	1	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1,000,000	100
	Non-voting deferred shares	15,000,000	100
Lippo Capital Limited	Ordinary shares	705,690,000	100
Lippo Energy Company N.V.	Ordinary shares	6,000	100
Lippo Energy Holding Limited	Ordinary shares	1	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Holding America Inc.	Ordinary shares	1	100

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 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
Manneton Limited	Ordinary shares	1	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
Nelton Limited	Ordinary shares	10,000	100
Obermac Limited	Ordinary shares	1	100
Pointbest Limited	Ordinary shares	1	100
Prime Success Limited	Ordinary shares	1	100
		<i>(Note d)</i>	
SCR Ltd.	Ordinary shares	1	100
Sinotrend Global Holdings Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd. ("HCB General")	Ordinary shares	70,000	70
Thornton Pacific Limited	Ordinary shares	1	100
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Welux Limited	Ordinary shares	1	100
Worldlink Resources Limited	Ordinary shares	1	100

Note:

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

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, 2010, Mr. Stephen Tjondro Riady, as beneficial owner and through his nominee, was interested in 5 ordinary shares of HK\$1.00 each in, representing 25 per cent. of, the issued share capital of Lanius which is the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of, the issued share capital of Lippo Cayman. Lanius is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and beneficiary. The beneficiaries of the trust also include, inter alia, Mr. Stephen Tjondro Riady. Dr. Mochtar Riady does not have any interests in the share capital of Lanius but the shareholders of Lanius are accustomed to act in accordance with his instructions.

As at 30th June, 2010, Mr. John Lee Luen Wai, as beneficial owner, was also interested in 230,000 ordinary shares of HK\$0.10 each in, representing approximately 0.0045 per cent. of, the issued share capital of AcrossAsia Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company.

As at 30th June, 2010, Mr. Kor Kee Yee, as beneficial owner, was interested in 2,444,000 ordinary shares of HK\$1.00 each in, representing approximately 9.29 per cent. of, the issued share capital of TechnoSolve Limited, an associated corporation (within the meaning of Part XV of the SFO) of the Company.

As at 30th June, 2010, 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, 2010, 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, 2010, 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 2009 Annual Report is set out below:

Mr. Albert Saychuan Cheok was appointed the independent non-executive Chairman of Lippo-Mapletree Indonesia Retail Trust Management Limited, the Manager of Lippo-Mapletree Indonesia Retail Trust which is a listed Singapore based real estate investment trust, with effect from 29th July, 2010.

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

As at 30th June, 2010, 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\$1.00 each	Number of underlying ordinary shares of HK\$1.00 each	Total interests	Approximate percentage of total interests in the issued share capital
		Warrants <i>(Note 7)</i>		
Hennessy Holdings Limited ("Hennessy")	1,014,222,978	106,765,641	1,120,988,619	61.71
Prime Success Limited ("Prime Success")	1,014,222,978	106,765,641	1,120,988,619	61.71
Lippo Limited ("Lippo")	1,014,222,978	106,765,641	1,120,988,619	61.71
Lippo Cayman Limited ("Lippo Cayman")	1,014,222,978	106,765,641	1,120,988,619	61.71
Lanius Limited ("Lanius")	1,014,222,978	106,765,641	1,120,988,619	61.71
Madam Lidya Suryawaty	1,014,222,978	106,765,641	1,120,988,619	61.71

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:

1. Hennessy, the immediate holding company of the Company, as beneficial owner, directly held 1,014,222,978 ordinary shares and HK\$133,456,080 warrants giving rise to an interest in 106,764,864 underlying ordinary shares of the Company, and through Lippo Securities Limited, a wholly-owned subsidiary of the Company, was indirectly interested in HK\$971.25 warrants giving rise to an interest in 777 underlying ordinary shares of the Company, totalling 1,120,988,619 ordinary shares and underlying ordinary shares of HK\$1.00 each in, representing approximately 61.71 per cent. of the issued share capital of, the Company.
2. Hennessy is wholly owned by Prime Success which in turn is wholly owned by Lippo.
3. Lippo Cayman is the holding company of Lippo through direct holding and through wholly-owned subsidiaries, one of which is Lippo Capital Limited which directly holds ordinary shares representing approximately 54.68 per cent. of the issued share capital of Lippo.
4. Lanius is the registered shareholder of the entire issued share capital of Lippo Cayman and is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius is accustomed to act. The beneficiaries of the trust include Dr. Mochtar Riady and his family members. Madam Lidya Suryawaty is the spouse of Dr. Mochtar Riady. Dr. Mochtar Riady is not the registered holder of any shares in the issued share capital of Lanius.
5. Hennessy's interests in the ordinary shares and underlying ordinary shares of the Company were recorded as the interests of Prime Success, Lippo, Lippo Cayman, Lanius and Madam Lidya Suryawaty. The above 1,120,988,619 ordinary shares and underlying ordinary shares in the Company related to the same block of shares and underlying shares that Dr. Mochtar Riady and Mr. Stephen Tjondro Riady were interested, details of which are disclosed in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations".
6. The percentages of the issued share capital stated in this section were arrived based on 1,816,657,516 ordinary shares of HK\$1.00 each in issue of the Company as at 30th June, 2010.
7. The holders of the warrants of the Company are entitled to subscribe for ordinary shares of HK\$1.00 each in the Company at a subscription price of HK\$1.25 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive).
8. The above interests in the underlying shares of the Company in respect of warrants were held pursuant to listed physically settled equity derivatives.

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)

All the interests stated above represent long positions. Save as disclosed herein, as at 30th June, 2010, 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.

Share Option Scheme

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

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

During the six months ended 30th June, 2010, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Audit Committee

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Tsui King Fai (Chairman), Mr. Albert Saychuan Cheok and Mr. Victor Yung Ha Kuk and one non-executive Director, Mr. Leon Chan Nim Leung. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th June, 2010.

Code on Corporate Governance Practices

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th June, 2010.

Additional Information *(Continued)*

Model Code for Securities Transactions by Directors

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

By Order of the Board
Hongkong Chinese Limited
John Lee Luen Wai
Director

Hong Kong, 30th August, 2010

Corporate Information

Board of Directors

Non-executive Directors

Dr. Mochtar Riady (*Chairman*)

Mr. Leon Chan Nim Leung

Executive Directors

Mr. Stephen Riady*

(*Chief Executive Officer*)

Mr. John Lee Luen Wai, J.P.

Mr. Kor Kee Yee

Independent non-executive Directors

Mr. Albert Saychuan Cheok

Mr. Victor Yung Ha Kuk

Mr. Tsui King Fai

Committees

Audit Committee

Mr. Tsui King Fai (*Chairman*)

Mr. Leon Chan Nim Leung

Mr. Albert Saychuan Cheok

Mr. Victor Yung Ha Kuk

Remuneration Committee

Mr. Leon Chan Nim Leung (*Chairman*)

Mr. Stephen Riady*

Mr. Albert Saychuan Cheok

Mr. Victor Yung Ha Kuk

Mr. Tsui King Fai

Nomination Committee

Mr. Leon Chan Nim Leung (*Chairman*)

Mr. Stephen Riady*

Mr. Albert Saychuan Cheok

Mr. Victor Yung Ha Kuk

Mr. Tsui King Fai

Secretary

Mr. Andrew Hau Tat Kwong

Auditors

Ernst & Young

Principal Bankers

CITIC Bank International Limited

Public Bank (Hong Kong) Limited

Wing Hang Bank, Ltd.

Standard Chartered Bank

The Bank of East Asia, Limited

Raiffeisen Zentralbank Österreich AG,

Singapore Branch

Oversea-Chinese Banking Corporation Limited

Solicitors

Richards Butler

(in association with Reed Smith LLP)

Principal Share Registrars and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited

Rosebank Centre

11 Bermudiana Road

Pembroke HM 08

Bermuda

Hong Kong Branch Share Registrars, Warrant Registrars and Transfer Office

Tricor Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East, Wanchai, Hong Kong

Registered Office

Clarendon House

Church Street

Hamilton HM 11

Bermuda

Principal Place of Business

24th Floor, Tower One, Lippo Centre

89 Queensway, Hong Kong

Stock Code

655

Warrant Code

561

Website

www.hkchinese.com.hk

* The English name of Mr. Stephen Riady has been changed from "Stephen Tjondro Riady" to "Stephen Riady" with effect from 20th September, 2010.