



Lippo Limited

力寶有限公司

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

2010
INTERIM
REPORT

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The Directors of Lippo 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,	
		2010	2009
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	248,810	228,716
Cost of sales		(99,363)	(104,733)
Gross profit		149,447	123,983
Administrative expenses		(110,269)	(106,861)
Other operating expenses		(141,926)	(106,469)
Fair value gains on investment properties		513,699	125,324
Gain/(Loss) on disposal of fixed assets		35,843	(17)
Net fair value gain on financial assets at fair value through profit or loss		3,248	21,091
Write-back of/(Provision for) impairment loss on associates		(11,958)	5,000
Provision for impairment loss on available-for-sale financial assets		(8,945)	(617)
Excess over the cost of business combination	4	—	1,870
Finance costs		(28,689)	(27,727)
Share of results of associates	5	252,804	(134,563)
Share of results of jointly controlled entities	6	(276)	89,466
Profit/(Loss) before tax	7	652,978	(9,520)
Income tax	8	(133,659)	(21,432)
Profit/(Loss) for the period		519,319	(30,952)
Attributable to:			
Equity holders of the Company		311,164	15,826
Non-controlling interests		208,155	(46,778)
		519,319	(30,952)
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company	9		
Basic		62	3
Diluted		N/A	N/A

Details of the interim dividend are disclosed in Note 10 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
	HK\$'000	HK\$'000
Profit/(Loss) for the period	519,319	(30,952)
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	(32,224)	(35,841)
Income tax effect	774	2,178
	(31,450)	(33,663)
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	3,854	(19,435)
Exchange differences on translation of foreign operations	22,181	(6,654)
Other comprehensive loss for the period, net of tax	(5,415)	(31,497)
Total comprehensive income/(loss) for the period	513,904	(62,449)
Attributable to:		
Equity holders of the Company	301,349	(3,216)
Non-controlling interests	212,555	(59,233)
	513,904	(62,449)

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		346,853	369,073
Investment properties		4,068,951	3,458,973
Properties under development		876,609	801,038
Interests in associates	5	4,671,363	3,769,899
Interests in jointly controlled entities		295,270	344,042
Available-for-sale financial assets	11	406,754	451,074
Held-to-maturity financial assets	12	9,446	9,431
Loans and advances	13	38,277	34,029
		10,785,008	9,309,044
Current assets			
Properties held for sale		33,637	33,872
Inventories		3,491	3,061
Financial assets at fair value through profit or loss	14	51,185	130,427
Loans and advances	13	215,044	181,065
Debtors, prepayments and deposits	15	319,981	416,750
Client trust bank balances		528,880	630,560
Pledged time deposits	16	298	292
Treasury bills		4,850	19,400
Cash and bank balances		1,236,603	1,313,115
		2,393,969	2,728,542
Current liabilities			
Bank and other borrowings	16	295,851	191,980
Creditors, accruals and deposits received	17	1,010,890	1,036,192
Current, fixed, savings and other deposits of customers	18	135,599	165,131
Tax payable		77,572	92,014
		1,519,912	1,485,317
Net current assets		874,057	1,243,225
Total assets less current liabilities		11,659,065	10,552,269

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

	<i>Note</i>	30th June, 2010 <i>HK\$'000</i> (Unaudited)	31st December, 2009 <i>HK\$'000</i> (Audited)
Non-current liabilities			
Bank and other borrowings	<i>16</i>	1,626,497	1,824,391
Deferred rental		182,643	170,230
Deferred tax liabilities	<i>19</i>	642,049	513,628
		2,451,189	2,508,249
Net assets		9,207,876	8,044,020
Equity			
Equity attributable to equity holders of the Company			
Issued capital	<i>20</i>	50,043	50,043
Reserves	<i>21</i>	5,316,685	4,651,009
		5,366,728	4,701,052
Non-controlling interests		3,841,148	3,342,968
		9,207,876	8,044,020

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2010

Unaudited

	Attributable to equity holders of the Company													
	Issued capital	Share premium account	Share option reserve	Special capital reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
				(Note 21 (a))		(Note 21 (b))	(Note 21 (c))							
	HKS'000	HKS'000	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	50,043	914,507	23,920	1,709,202	22,035	3,512	458	110,683	25,634	264,831	1,576,227	4,701,052	3,342,968	8,044,020
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	(29,325)	—	19,510	311,164	301,349	212,555	513,904
Advances from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	2,701	2,701
Share of reserve of associates from transactions with non-controlling interests	—	—	—	—	—	—	—	—	—	—	374,336	374,336	296,156	670,492
Transfer of reserve	—	—	—	—	—	146	—	—	—	—	(146)	—	—	—
2009 final dividend declared to shareholders of the Company	—	—	—	—	—	—	—	—	—	—	(10,009)	(10,009)	—	(10,009)
2009 final dividend declared to non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	(13,232)	(13,232)
At 30th June, 2010	50,043	914,507	23,920	1,709,202	22,035	3,658	458	81,358	25,634	284,341	2,251,572	5,366,728	3,841,148	9,207,876
At 1st January, 2009	53,297	914,507	23,920	1,709,202	18,781	3,465	458	134,854	9,859	189,643	1,632,250	4,690,236	3,401,841	8,092,077
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	(15,762)	15,775	(19,055)	15,826	(3,216)	(59,233)	(62,449)
Repurchase of shares	(3,254)	—	—	—	3,254	—	—	—	—	—	(37,212)	(37,212)	—	(37,212)
Repurchase of shares from non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	(1,193)	(1,193)
Changes in non-controlling interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	(1,870)	(1,870)
Transfer of reserve	—	—	—	—	—	47	—	—	—	—	(47)	—	—	—
2008 final dividend declared to shareholders of the Company	—	—	—	—	—	—	—	—	—	—	(10,009)	(10,009)	—	(10,009)
2008 final dividend declared to non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	(26,465)	(26,465)
At 30th June, 2009	50,043	914,507	23,920	1,709,202	22,035	3,512	458	119,092	25,634	170,588	1,600,808	4,639,799	3,313,080	7,952,879

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	105,601	(170,065)
Net cash flows from/(used in) investing activities	126,068	(66,229)
Net cash flows used in financing activities	(148,686)	(148,376)
Net increase/(decrease) in cash and cash equivalents	82,983	(384,670)
Cash and cash equivalents at 1st January	1,155,700	1,441,456
Exchange realignments	2,770	695
Cash and cash equivalents at 30th June	1,241,453	1,057,481
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	1,236,603	1,057,481
Treasury bills	4,850	—
	1,241,453	1,057,481

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)	Amendments to a number of HKFRSs*

* 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\$374,336,000 in retained profits 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 retail business segment engages in operation of department stores;
- (d) the treasury investment segment includes investments in cash and bond markets;
- (e) the securities investment segment includes dealings in securities and disposals of investments;
- (f) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (g) the banking business segment engages in the provision of commercial and retail banking services; and
- (h) the "other" segment comprises principally food business, the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services.

Management monitors the 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	Retail business	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
External	87,367	—	81,919	2,292	8,000	22,308	6,769	40,155	—	248,810
Inter-segment	6,262	—	—	—	—	—	—	13,540	(19,802)	—
Total	93,629	—	81,919	2,292	8,000	22,308	6,769	53,695	(19,802)	248,810
Segment results	617,620	(2,492)	(64,173)	1,992	1,900	(2,817)	15	(7,558)	(15,416)	529,071
	<i>(Note)</i>									
Unallocated corporate expenses										(99,932)
Finance costs										(28,689)
Share of results of associates	269,259	(11,001)	—	—	—	—	—	(5,454)	—	252,804
Share of results of jointly controlled entities	—	283	—	—	—	—	—	(559)	—	(276)
Profit before tax										652,978

Six months ended 30th June, 2009										
	Property investment	Property development	Retail business	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
External	92,513	3,221	56,305	9,137	4,314	22,947	6,677	33,602	—	228,716
Inter-segment	5,903	—	—	—	—	—	—	3,550	(9,453)	—
Total	98,416	3,221	56,305	9,137	4,314	22,947	6,677	37,152	(9,453)	228,716
Segment results	199,744	(4,541)	(77,056)	8,473	23,581	(2,421)	295	26,005	(5,025)	169,055
	<i>(Note)</i>									
Unallocated corporate expenses										(105,751)
Finance costs										(27,727)
Share of results of associates	(120,939)	(6,055)	—	—	—	—	—	(7,569)	—	(134,563)
Share of results of jointly controlled entities	—	89,466	—	—	—	—	—	—	—	89,466
Loss before tax										(9,520)

Note: The amount included fair value gains on investment properties of HK\$513,699,000 (2009 — HK\$125,324,000).

3. Revenue

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

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

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Property investment	87,367	92,513
Property development	—	3,221
Retail business	81,919	56,305
Treasury investment	2,292	9,137
Securities investment	8,000	4,314
Corporate finance and securities broking	22,308	22,947
Banking business	6,769	6,677
Other	40,155	33,602
	248,810	228,716

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. Excess over the Cost of Business Combination

The amount represented the excess of the Group's additional share of net fair value of identifiable assets, liabilities and contingent liabilities of Hongkong Chinese Limited ("HKC") and Lippo China Resources Limited ("LCR"), both being listed subsidiaries of the Company, and its subsidiaries over the costs incurred thereon, resulted from the repurchase of its own shares by each of HKC and LCR from the market during the six months ended 30th June, 2009.

5. 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.

6. Share of Results of Jointly Controlled Entities

The amount included the Group's share of profit in Tanglin Residential Pte. Ltd ("Tanglin") which was set up for the purpose of a property development project in the Republic of Singapore (the "Project") of HK\$87,000 (2009 — HK\$129,605,000). Tanglin was the developer of the Project and had pre-sold all the units to buyers. During the six months ended 30th June, 2009, approximately 81 per cent. of the units had been handed over to the buyers and all the units had been handed over to the buyers during the year ended 31st December, 2009.

7. Profit/(Loss) before Tax

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

	Six months ended 30th June,	
	2010 <i>HKS'000</i>	2009 <i>HKS'000</i>
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	596	545
Banking business	4,934	5,084
Other	2,292	9,137
Dividend income:		
Listed investments	307	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	(202)	11,747
Unlisted	3,450	9,344
Interest expense attributable to banking business	(263)	(309)
Gain on disposal of a subsidiary	790	—
Write-back of allowance/(Allowance) for bad and doubtful debts	(25,477)	211
Depreciation	(19,560)	(16,180)
Impairment of fixed assets	(1,189)	—
Gain/(Loss) on disposal of fixed assets:		
Leasehold land and buildings	35,836	—
Other items of fixed assets	7	(17)
Loss on disposal of investment properties	(741)	(145)
Cost of inventories sold	(4,916)	(7,228)

8. Income Tax

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Hong Kong:		
Charge for the period	3,751	1,358
Underprovision/(Overprovision) in prior periods	1	(2,295)
Deferred	12,883	21,615
	16,635	20,678
Overseas:		
Charge for the period	5,108	9,553
Underprovision in prior periods	8	9
Deferred	111,908	(8,808)
	117,024	754
Total charge for the period	133,659	21,432

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.

9. Earnings Per Share Attributable to Equity Holders of the Company*(a) Basic earnings per share*

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company of HK\$311,164,000 (2009 — HK\$15,826,000); and (ii) the weighted average number of 500,433,000 ordinary shares (2009 — 503,094,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

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

10. Interim Dividend

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Interim dividend, declared — Nil (2009 — HK2 cents per ordinary share)	—	10,009

11. Available-for-sale Financial Assets

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Financial assets stated at fair value:		
Equity securities listed overseas	301,974	306,136
Debt securities listed overseas	17,611	17,509
Unlisted debt securities	—	12,654
Unlisted investment funds	58,057	82,441
	377,642	418,740
Financial assets stated at cost:		
Unlisted equity securities	118,881	143,658
Unlisted debt securities	12,175	12,175
Unlisted investment funds	15,461	15,461
	146,517	171,294
Provision for impairment losses	(117,405)	(138,960)
	29,112	32,334
	406,754	451,074

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	420,855	449,794
Debt securities:		
Club debentures	12,175	12,175
Corporate entities	7,594	19,974
Banks and other financial institutions	10,017	10,189
	29,786	42,338

12. Held-to-maturity Financial Assets

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

13. Loans and Advances

The balance mainly comprised of loans and advances to customers of the Group in respect of securities broking and banking business of HK\$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 2 per cent. to 9 per cent. (31st December, 2009 — 2 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 HK\$'000	2009 HK\$'000
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.

14. Financial Assets at Fair Value through Profit or Loss

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Held for trading:		
Equity securities:		
Listed in Hong Kong	15,701	25,081
Listed overseas	6,727	9,168
	22,428	34,249
Investment funds:		
Unlisted	28,757	96,178
	51,185	130,427

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

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Equity securities:		
Corporate entities	13,006	23,522
Banks and other financial institutions	6,098	6,528
Public sector entities	3,324	4,199
	22,428	34,249

15. 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	36,837	14,731
Between 31 and 60 days	1,612	885
Between 61 and 90 days	1,080	374
Between 91 and 180 days	915	775
Over 180 days	841	2,489
	79,971	57,691

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.

At the end of the reporting period, the impaired balances are related to investment and property development projects. Movements of the allowance for bad and doubtful debts during the period are as follows:

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Balance at beginning of period	15,874	15,874
Allowance for bad and doubtful debts	25,830	—
Balance at end of period	41,704	15,874

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. The Group does not hold any collateral or other credit enhancements over these balances.

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing. The carrying amounts of debtors and deposits approximate to their fair values.

16. Bank and Other Borrowings

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Bank loans:		
Secured (Note (a))	1,922,348	1,966,821
Unsecured	—	10,000
	1,922,348	1,976,821
Other borrowings:		
Unsecured (Note (b))	—	39,550
	1,922,348	2,016,371
Less: Amount classified under current portion	(295,851)	(191,980)
Non-current portion	1,626,497	1,824,391
Bank and other borrowings by currency:		
Hong Kong dollar	1,302,000	1,358,000
United States dollar	186,826	225,670
Renminbi	433,522	432,701
	1,922,348	2,016,371
Bank loans repayable:		
Within one year	295,851	152,430
In the second year	490,179	481,550
In the third to fifth years, inclusive	651,270	836,597
After five years	485,048	506,244
	1,922,348	1,976,821
Other borrowings repayable:		
Within one year	—	39,550

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.

16. Bank and Other Borrowings (Continued)

Note:

- (a) At the end of the reporting period, the bank loans were secured by:
- (i) shares in certain listed subsidiaries of the Group with market value of HK\$1,830,788,000 (31st December, 2009 — HK\$2,299,969,000);
 - (ii) first legal mortgages over certain investment properties, leasehold land and buildings and properties under development of the Group with carrying amounts of HK\$3,481,128,000 (31st December, 2009 — HK\$2,932,790,000), HK\$106,439,000 (31st December, 2009 — HK\$116,031,000) and HK\$678,701,000 (31st December, 2009 — HK\$421,000,000), respectively; and
 - (iii) 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 31st December, 2009 comprised of an unsecured loan advanced from a third party of HK\$39,550,000 which was fully repaid during the period.

17. 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	44,948	72,644
Between 31 and 60 days	20,726	9,576
Between 61 and 90 days	3,994	2,634
Between 91 and 180 days	6,625	4,418
Over 180 days	3,674	1,402
	628,434	741,562

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.

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

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

19. Deferred Tax Liabilities

The deferred tax liabilities mainly represented the taxable temporary differences arising from revaluation of properties at the end of the reporting period.

20. Share Capital

Shares

	30th June, 2010 <i>HK\$'000</i>	31st December, 2009 <i>HK\$'000</i>
Authorised:		
30,000,000,000 (31st December, 2009 — 30,000,000,000) ordinary shares of HK\$0.10 each	3,000,000	3,000,000
Issued and fully paid:		
500,433,372 (31st December, 2009 — 500,433,372) ordinary shares of HK\$0.10 each	50,043	50,043

Warrants

As at 1st January, 2010, the Company had 54,214,266 units of warrants outstanding with an aggregate subscription value of approximately HK\$254,807,000. Each warrant entitles the holder thereof to subscribe in cash for one ordinary share of HK\$0.10 in the Company at a subscription price of HK\$4.70 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both days inclusive). During the six months ended 30th June, 2010, no warrants were cancelled or exercised. The exercise in full of the outstanding warrants would, under the present capital structure of the Company, result in the issue of 54,214,266 additional ordinary shares of HK\$0.10 each in the Company.

20. Share Capital (Continued)

Share Option Schemes

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

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

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

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30 per cent. of the issued shares of the Company from time to time. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any shares subject to options granted after the Adoption Date pursuant to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company on the Adoption Date, that is 43,373,501 shares (the “Scheme Mandate Limit”). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1 per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations 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.

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

On 17th December, 2007, options were granted under the Share Option Scheme without consideration to Eligible Persons including, inter alia, certain Directors of the Company and employees of the Group to subscribe for a total of 4,337,000 ordinary shares of HK\$0.10 each in the Company (the “Shares”) at an initial exercise price of HK\$6.98 per Share (subject to adjustment). Due to the rights issue of new shares of the Company in June 2008 in the proportion of one rights share for every four shares held, adjustments were made to the number of shares subject to the options and the exercise price, resulting in options to subscribe for a total of 5,421,250 Shares at an exercise price of HK\$5.58 per Share (subject to adjustment), with effect from 27th June, 2008. The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012.

On 1st August, 2008, an option was granted under the Share Option Scheme without consideration to an Eligible Person to subscribe for 625,000 Shares at an exercise price of HK\$3.95 per Share (subject to adjustment). Such option could not be exercised from the date of grant to 31st July, 2009. Such option is exercisable from 1st August, 2009 to 16th December, 2012.

As at 1st January, 2010, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 6,046,250 Shares (the “Option Shares”).

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

Participants	Date of grant	Exercise price per Share HK\$	Number of Option Shares
			Balance as at 1st January, 2010 and 30th June, 2010
Directors:			
John Luen Wai Lee	17th December, 2007	5.58	1,125,000
Leon Nim Leung Chan	17th December, 2007	5.58	193,750
Jark Pui Lee	17th December, 2007	5.58	162,500
Edwin Neo	17th December, 2007	5.58	162,500
King Fai Tsui	17th December, 2007	5.58	162,500
Victor Ha Kuk Yung	17th December, 2007	5.58	162,500
Employees (<i>Note 1</i>)	17th December, 2007	5.58	3,290,000
	1st August, 2008	3.95	625,000
Others (<i>Note 2</i>)	17th December, 2007	5.58	162,500
Total			6,046,250
Weighted average exercise price per share (HK\$)			5.41

Note:

- Employees refer to the employees of the Group as at 30th June, 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 62,500 Option Shares which lapsed on 15th August, 2010.

20. Share Capital (Continued)

Share Option Schemes (Continued)

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

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

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

Number of Option Shares	Exercise price per Share (Note) HK\$	Exercise period
5,421,250*	5.58	17th June, 2008 to 16th December, 2012
625,000	3.95	1st August, 2009 to 16th December, 2012

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

* including an option to subscribe for 62,500 Option Shares which lapsed on 15th August, 2010

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

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

On 17th December, 2007, options were granted under the LCR Share Option Scheme without consideration to eligible persons of the LCR Share Option Scheme including, inter alia, certain directors and employees of LCR to subscribe for a total of 92,010,000 ordinary shares of HK\$0.10 each in LCR (the "LCR Shares") at an exercise price of HK\$0.267 per share (subject to adjustment). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012. Options to subscribe for a total of 7,500,000 LCR Shares lapsed in 2009.

On 1st August, 2008, an option was granted under the LCR Share Option Scheme without consideration to an Eligible Person to subscribe for 7,000,000 LCR Shares at an exercise price of HK\$0.169 per share (subject to adjustment). Such option could not be exercised from the date of grant to 31st July, 2009. Such option is exercisable from 1st August, 2009 to 16th December, 2012.

20. Share Capital (Continued)**Share Option Schemes (Continued)***(b) Share Option Scheme of Lippo China Resources Limited adopted on 7th June, 2007 (Continued)*

As at 1st January, 2010, there were outstanding options granted under the LCR Share Option Scheme to subscribe for a total of 91,510,000 LCR Shares (the “LCR Option Shares”).

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

Participants	Date of grant	Exercise price per share HK\$	Number of LCR Option Shares
			Balance as at 1st January, 2010 and 30th June, 2010
Directors:			
John Luen Wai Lee	17th December, 2007	0.267	22,000,000
Leon Nim Leung Chan	17th December, 2007	0.267	3,000,000
Edwin Neo	17th December, 2007	0.267	2,300,000
King Fai Tsui	17th December, 2007	0.267	2,300,000
Victor Ha Kuk Yung	17th December, 2007	0.267	2,300,000
Employees (<i>Note 1</i>)			
	17th December, 2007	0.267	20,260,000
	1st August, 2008	0.169	7,000,000
Others (<i>Note 2</i>)			
	17th December, 2007	0.267	32,350,000
Total			91,510,000
Weighted average exercise price per share (HK\$)			0.260

Note:

1. Employees refer to the employees of LCR and its subsidiaries 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.
2. Others included a former Eligible Person who held an option to subscribe for 500,000 LCR Option Shares which lapsed on 15th August, 2010.

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

20. Share Capital (Continued)**Share Option Schemes (Continued)***(b) Share Option Scheme of Lippo China Resources Limited adopted on 7th June, 2007 (Continued)*

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

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

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

[#] including an option to subscribe for 500,000 LCR Option Shares which lapsed on 15th August, 2010

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

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

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

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

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

20. Share Capital (Continued)**Share Option Schemes (Continued)**(c) *Share Option Scheme of Hongkong Chinese Limited adopted on 7th June, 2007 (Continued)*

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

Participants	Date of grant	Exercise price per share HK\$	Number of HKC Option Shares
			Balance as at 1st January, 2010 and 30th June, 2010
Directors:			
John Luen Wai Lee	17th December, 2007	1.24	4,590,000
Leon Nim Leung Chan	17th December, 2007	1.24	810,000
King Fai Tsui	17th December, 2007	1.24	607,500
Victor Ha Kuk Yung	17th December, 2007	1.24	607,500
Other directors of HKC	17th December, 2007	1.24	1,215,000
Employees (Note 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 HKC and its subsidiaries 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 HKC Option Shares which lapsed on 15th August, 2010.

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

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

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

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

[^] including an option to subscribe for 337,500 HKC Option Shares which lapsed on 15th August, 2010

21. 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) Special capital reserve

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

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

(b) Legal reserve

The legal reserve represents the part of reserve generated by a banking subsidiary of the Company which may only be distributable in accordance with certain limited circumstances prescribed by the statute of the country in which the subsidiary operates.

(c) Regulatory reserve

The regulatory reserve represents the part of reserve generated by a banking subsidiary of the Company arising from the difference between the impairment allowance made under HKAS 39 and for regulatory purpose.

22. 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

23. Capital Commitments

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

	30th June, 2010	31st December, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital commitments in respect of property, plant and equipment: Contracted, but not provided for	279,065	149,845
Other capital commitments: Contracted, but not provided for (<i>Note</i>)	67,667	75,596
	346,732	225,441

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).

24. Related Party Transactions

- (a) As at 30th June, 2010, the Group had amounts due from associates in a total of HK\$449,667,000 (31st December, 2009 — HK\$447,808,000), amounts due to associates in a total of HK\$1,679,000 (31st December, 2009 — HK\$3,654,000) 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 except for the balance of HK\$4,500,000 (31st December, 2009 — HK\$4,500,000) due from Maxipo International Limited which bears interest at Hong Kong dollar prime rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited.

The 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.

- (b) During the period, Impac Asset Management (HK) Limited, being a wholly-owned subsidiary of HKC which in turn is a non-wholly owned subsidiary of the Company, received investment advisory income from Lippo ASM Investment Management Limited, being an associate of the Group, amounting to HK\$5,700,000 (2009 — HK\$5,700,000).
- (c) During the period, Lippo Realty (Singapore) Pte. Limited, being a wholly-owned subsidiary of HKC which in turn is a non-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.

25. Event after the Reporting Period

On 7th August, 2010, the Group entered into a conditional agreement (the “Agreement”) with PT Multipolar Tbk (“Multipolar”, as guarantor), an associate of the Company’s holding company which is listed on the Indonesia Stock Exchange, and Mainvest Limited (“Mainvest”, as purchaser), a wholly-owned subsidiary of Multipolar, to sell the retail business including the existing two stores in Tianjin and Chengdu as well as a new store in Yangzhou to Mainvest for an aggregate cash consideration of HK\$345,000,000 (the “Disposal”). Pursuant to the Rules Governing the Listing of Securities on the Stock Exchange, the Agreement and the transactions contemplated under the Agreement constitute major and connected transactions for the Company. The Disposal is subject to the approval by the independent shareholders of the Company.

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

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

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

26. Financial Risk Management Objectives and Policies (Continued)*(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.

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 HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
At 30th June, 2010							
Assets							
Amount due from an associate	—	—	—	—	—	4,500	4,500
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	—	—	—	—	—	29,786	29,786
Loans and advances	140,935	41,272	32,837	17,602	20,675	—	253,321
Debtors and deposits	50,295	53,797	4,087	1,360	—	115,761	225,300
Client trust bank balances	182,738	346,142	—	—	—	—	528,880
Pledged time deposits	—	298	—	—	—	—	298
Treasury bills	—	4,850	—	—	—	—	4,850
Cash and bank balances	333,143	903,460	—	—	—	—	1,236,603
	707,111	1,349,819	36,924	18,962	30,121	154,039	2,296,976
Liabilities							
Bank and other borrowings	—	20,000	275,851	1,141,449	485,048	—	1,922,348
Creditors, accruals and deposits received	554,316	182,986	62,372	38,441	—	172,775	1,010,890
Current, fixed, savings and other deposits of customers	67,850	64,874	2,875	—	—	—	135,599
	622,166	267,860	341,098	1,179,890	485,048	172,775	3,068,837

26. 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 an associate	—	—	—	—	—	4,500	4,500
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	—	—	—	—	12,654	29,684	42,338
Loans and advances	116,480	33,117	31,468	16,299	17,730	—	215,094
Debtors and deposits	47,383	21,280	3,944	2,989	—	278,884	354,480
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	314,641	874,393	124,081	—	—	—	1,313,115
	<u>749,008</u>	<u>1,308,538</u>	<u>159,493</u>	<u>19,288</u>	<u>39,815</u>	<u>317,045</u>	<u>2,593,187</u>
Liabilities							
Bank and other borrowings	—	30,000	161,980	1,318,147	506,244	—	2,016,371
Creditors, accruals and deposits received	652,031	116,841	19,500	55,412	—	192,408	1,036,192
Current, fixed, savings and other deposits of customers	81,455	77,666	6,010	—	—	—	165,131
	<u>733,486</u>	<u>224,507</u>	<u>187,490</u>	<u>1,373,559</u>	<u>506,244</u>	<u>192,408</u>	<u>3,217,694</u>

26. Financial Risk Management Objectives and Policies (Continued)

(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, swaps 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.

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk arising from individual financial assets classified as available-for-sale financial assets (Note 11) and financial assets at fair value through profit or loss (Note 14) as at 30th June, 2010. The Group's listed financial assets are mainly listed on the Hong Kong, Singapore and Indonesia stock exchanges and are valued at quoted market prices at the 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.

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 attributable to shareholders of HK\$311 million for the six month ended 30th June, 2010 (2009 — HK\$16 million).

Results for the Period

Turnover for the six months ended 30th June, 2010 totalled HK\$249 million, which was 9 per cent. higher than the HK\$229 million recorded in the corresponding period in 2009. Property investment and retail business were the principal sources of revenue of the Group during the period, contributing 35 per cent. (2009 — 40 per cent.) and 33 per cent. (2009 — 25 per cent.) of the total turnover, respectively.

Property investment

Property investment business continued to provide stable and recurrent revenue to the Group. Property market in the region which the Group conducts its business is on an upward trend since the rebound in 2009.

Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmarks of the Group in Hong Kong and in mainland China continued to achieve satisfactory occupancy rates. The rental income of Lippo Centre in Hong Kong registered an increase of 5 per cent. The shopping mall of Lippo Plaza in Shanghai was closed since the second half of 2009. It was refurbished and upgraded to provide a high-end shopping environment and the renovation has been completed. Due to the decline in renewal rental rate of the office units and the renovation of the shopping mall, the rental income generated from Lippo Plaza in Shanghai decreased by 20 per cent. during the period. However, with the two renowned international luxury brands, Louis Vuitton and Ermenegildo Zegna, established their global stores in Lippo Plaza in the second quarter of 2010, the Group is optimistic on the future rental income generated. Given the quality and strategic location of the investment properties and the upgrade of shopping mall in Lippo Plaza, the Group recorded a total revaluation gain on investment properties of HK\$514 million (2009 — HK\$125 million). As a result, the property investment sector tripled its profits to HK\$618 million in the first half of 2010 (2009 — HK\$200 million).

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.

The Group cautiously looked for opportunities to realise the increase in value of its property assets. In January 2010, the Group completed the disposal of a property located at AXA Centre in Wanchai, Hong Kong at a total consideration of HK\$44 million. Such disposal contributed a profit of HK\$36 million to the Group during the period.

Property development

The Group is interested in approximately 47.9 per cent. of a development project at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the “Midan City Project”, formerly known as “Woonbook Project”). This is a comprehensive property project to be developed into a self-contained community with an approved total gross floor area of approximately three million square metres. Infrastructural construction works are in progress.

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 Hongkong Chinese Limited (“HKC”, a listed subsidiary of the Company) 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.

Retail business

Two department stores in mainland China under the trade name of “Robbinz” in Tianjin and Chengdu respectively, with a total gross floor area of approximately 126,000 square metres, are in the process of optimising their performance. Turnover generated from this segment increased by HK\$26 million to HK\$82 million in the six months ended 30th June, 2010 (2009 — HK\$56 million). Turnover comprised of net proceeds received from concessionaire sales and gross rental income. A new store, with a gross floor area of approximately 22,000 square metres, is expected to be opened in Yangzhou by the end of 2010. Loss suffered from the retail business fell to HK\$64 million for the six months ended 30th June, 2010 (2009 — HK\$77 million).

The business environment of Robbinz remains competitive. The retail business is currently in the development phase and will require further capital injection in order to open new stores to benefit from economies of scale.

On 7th August, 2010, the Group entered into an agreement with PT Multipolar Tbk (“Multipolar”), an associate of the Group’s holding company which is listed on the Indonesia Stock Exchange, to sell the retail business including the existing two stores in Tianjin and Chengdu as well as a new store in Yangzhou to Multipolar for an aggregate cash consideration of HK\$345 million. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the transaction constitutes a connected transaction for each of the Company and Lippo China Resources Limited (“LCR”), a listed subsidiary of the Company. The transaction is subject to approval by the independent shareholders of the Company and LCR.

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\$10 million (2009 — HK\$13 million), with a profit of HK\$4 million (2009 — HK\$32 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 HKC. 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

During the period, the Group registered a share of profit of HK\$3 million (2009 — share of loss of HK\$12 million) from a listed associate in Singapore, Auric Pacific Group Limited (“APG”). APG is mainly engaged in food manufacturing, wholesale and distribution, food retail and food court operation as well as property and securities investments. With food as a basic necessity, APG’s core food related businesses should remain resilient.

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 amounted to HK\$13.2 billion (31st December, 2009 — HK\$12.0 billion). Property-related assets increased to HK\$9.8 billion (31st December, 2009 — HK\$8.3 billion), representing 74 per cent. (31st December, 2009 — 69 per cent.) of the total assets. Total liabilities stood at HK\$4.0 billion (31st December, 2009 — HK\$4.0 billion). The Group’s financial position remained healthy and current ratio (measured as current assets to current liabilities) was 1.6 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\$1,922 million, all of which were bank loans secured by certain properties, shares in certain subsidiaries and certain fixed deposits of the Group. The bank loans were denominated in Hong Kong dollars, United States dollars, or Renminbi. The bank loans carried interest at floating rates and 15 per cent. of the bank loans (31st December, 2009 — 8 per cent.) were repayable within one year. The unsecured loan advanced from a third party of HK\$40 million as at 31st December, 2009 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) dropped to 26.6 per cent. (31st December, 2009 — 31.9 per cent.).

As at 30th June 2010, the net asset value of the Group remained strong and increased to HK\$5.4 billion (31st December, 2009 — HK\$4.7 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\$10.7 per share (31st December, 2009 — HK\$9.4 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\$347 million (31st December, 2009 — HK\$225 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 893 employees as at 30th June, 2010, (2009 — 1,089 employees). The decrease in the number of employees was due to the operation optimisation of our retail business in mainland China. Total staff costs (including directors' emoluments) during the period amounted to HK\$76 million (2009 — HK\$75 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under 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 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 performance of the Group and Hongkong Chinese Limited (“HKC”, together with its subsidiaries, the “HKC Group”), a 55.83 per cent. listed subsidiary of the Company, improved substantially for the first half of the year. The Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$311 million for the six months ended 30th June, 2010, as compared with a profit of HK\$16 million for the same period in 2009. HKC recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$256 million for the first half of the year, as compared to a loss of HK\$163 million for the last corresponding period in 2009. For the first half of the year, Lippo China Resources Limited (“LCR”, together with its subsidiaries, the “LCR Group”), a 71.21 per cent. listed subsidiary of the Company, also recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$279 million, as compared with a profit of HK\$175 million for the last corresponding period in 2009. The significant improvement in results of the Group was mainly attributable to fair value gain of the investment properties of the Group’s subsidiaries and associates and write back of impairment loss on properties under development of the Group’s associates.

The Group’s investment properties enjoyed satisfactory occupancy during the first half of the year. Rental provided the Group with stable income. The renovation work of the retail portion of Lippo Plaza in Shanghai has been completed. Louis Vuitton, the global leader in luxury goods, has chosen Lippo Plaza to house one of its largest global stores in the PRC (the “LV Store”). Ermenegildo Zegna, another renowned international luxury brand, has also housed its first global concept store in the PRC at Lippo Plaza (the “Zegna Store”). The LV Store and Zegna Store were opened in the second quarter of the year. Following the revamp of the retail portion of Lippo Plaza, both the rental income and occupancy rate of Lippo Plaza have improved.

Infrastructural construction works for the development at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the “Midan City Project”, formerly known as “Woonbook Project”), in which the Group is interested in approximately 47.9 per cent. are underway and are scheduled to be completed this year. Marketing of this project is in progress. The Midan City Project, located

in the Incheon Free Economic Zone of Korea, involves the development, construction and management of a residential, leisure and business complex with an approved total gross floor area of approximately three million square metres. It will be completed in phases, and is intended to be a self-contained community with residential properties, shopping malls, hospital, schools, hotels and a business town.

In the past few years, the Group has participated in the development of 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 for Marina Collection, in which the HKC Group has a 50 per cent. interest, are underway with completion scheduled by year end. Marina Collection, with a 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 HKC Group is confident about the prospects of this project.

Pre-sale of Centennia Suites at 100 Kim Seng Road, Singapore, a residential development with a total saleable area of approximately 16,182 square metres, was launched earlier this year and all the residential units were sold out. Centennia Suites, in which the HKC Group has a 50 per cent. interest, is scheduled to be completed in 2014.

The HKC Group also 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 luxury residential condominiums, now known as The Holland Collection, with a total saleable area of approximately 5,497 square metres. Construction works are in progress and completion is expected to be around the end of 2011.

Lippo ASM Asia Property LP ("LAAP", together with its subsidiaries, the "LAAP Group"), of which a wholly-owned subsidiary of HKC is the limited partner, is a property fund set up in 2005 with the objective of investing in real estate 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 Mandarin Orchard Singapore. After completion of the renovation in the fourth quarter of 2009, Mandarin Gallery at Mandarin Orchard Singapore

has been upgraded into a premier luxury retail mall with retail space of around 11,639 square metres. 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 sale 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 a total gross floor area of approximately 115,163 square metres, are now fully leased.

The HKC 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 HKC 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 have been commenced. 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 HKC 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.

Robbinz, the LCR Group’s department store chain in the PRC, is currently in the development phase and has been loss making since the commencement of its business in late 2007. Robbinz will require further capital injection in order to open additional department stores to benefit from meaningful economies of scale. However, it is anticipated that the business environment of the retail business in the PRC will remain competitive. In August 2010, the LCR Group entered into a conditional sale and purchase agreement with PT Multipolar Tbk (“Multipolar”, together with its subsidiaries, the “Multipolar Group”) and its wholly-owned subsidiary for the disposal of its interest in Robbinz (specifically being the operations of two department stores and carrying out related retail business in Tianjin and Chengdu and the establishment and subsequent operation of a department store and carrying out retail business in Yangzhou) for an aggregate cash consideration of HK\$345 million (the “Disposal”). Given that the Multipolar Group has significant interests and expertise in the retail sector, it is anticipated that the

Multipolar Group can facilitate Robbinz to achieve necessary economies of scale and improve its performance. Therefore, the LCR Group proposes to enter into a call option deed with Multipolar and its wholly-owned subsidiary on completion of the Disposal pursuant to which the LCR Group will have a time frame of three years after completion of the Disposal to observe the performance of Robbinz, and will have the right to buy back 20 per cent. of the enlarged interest of Robbinz if it proves to be successful. It is expected that the Disposal will enhance the working capital and cash resources of the LCR Group.

The performance of Auric Pacific Group Limited (“APG”, a listed company in Singapore, in which the LCR Group is interested in approximately 49.3 per cent. of its issued share capital, together with its subsidiaries, the “APG Group”) has improved during the first half of the year. APG recorded a consolidated profit attributable to shareholders of approximately S\$1.1 million for the six months ended 30th June, 2010, as compared to a loss of S\$4.3 million for the last corresponding period in 2009. The improved profitability was mainly attributable to, inter alia, the improved results from its food manufacturing business as a result of higher sales and better cost management, and closure of non-performed food retail outlets and non-core business. The APG Group will continue to improve its food retail segment through cost rationalization, exploring new retail concepts and better menu planning. Food Junction Holdings Limited (“Food Junction”, a listed company in Singapore, in which the APG Group is interested in approximately 57.8 per cent. of its issued share capital), recorded a consolidated profit attributable to shareholders of approximately S\$1.5 million for the first half of the year, as compared with a profit of S\$2.1 million for the same period in 2009. Food Junction will continue to streamline its food court operation, expand business operation through the introduction of new F&B concepts, and control operating costs to improve its profits and financial position.

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 forecast of the Singapore Government that the strong growth momentum in the first half of 2010 is not likely to 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. Management will continue to take a cautious and prudent approach in managing the Group’s investment portfolio and businesses and in assessing new investment opportunities.

Additional Information

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2010 (2009 – HK2 cents per share).

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

As at 30th June, 2010, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

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

(a) The Company

Name of Director	Number of ordinary shares of HK\$0.10 each in the Company			Number of underlying ordinary shares of HK\$0.10 each in the Company				Approximate percentage of total interests in the issued share capital	
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Personal interests (held as beneficial owner)		Family interests (interest of spouse)			
				Options*	Warrants®	Warrants®	Warrants®		
Stephen Tjondro Riady	—	—	319,322,219 <i>Note (i)</i>	—	—	—	35,312,240 <i>Note (i)</i>	354,634,459	70.87
Jark Pui Lee	—	60	—	162,500	—	6	—	162,566	0.03
John Luen Wai Lee	1,031,250	—	—	1,125,000	103,125	—	—	2,259,375	0.45
Leon Nim Leung Chan	—	—	—	193,750	—	—	—	193,750	0.04
Edwin Neo	—	—	—	162,500	—	—	—	162,500	0.03
King Fai Tsui	—	—	—	162,500	—	—	—	162,500	0.03
Victor Ha Kuk Yung	—	—	—	162,500	—	—	—	162,500	0.03

- * The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by the Company (the "Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in the Company at an initial exercise price of HK\$6.98 per share (subject to adjustment). Pursuant to the rights issue of new shares of the Company in June 2008 on the basis of one rights share for every four shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK\$6.98 per share to HK\$5.58 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 20 to the interim financial statements.

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

(b) 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 [#]		
Stephen Tjondro Riady	6,544,696,389 <i>Notes (i) and (ii)</i>	—	6,544,696,389	71.21
John Luen Wai Lee	—	22,000,000	22,000,000	0.24
Leon Nim Leung Chan	—	3,000,000	3,000,000	0.03
Edwin Neo	—	2,300,000	2,300,000	0.03
King Fai Tsui	—	2,300,000	2,300,000	0.03
Victor Ha Kuk Yung	—	2,300,000	2,300,000	0.03

- [#] The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by 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. Further details of the interests of Directors in the options are disclosed in Note 20 to the interim financial statements.

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

Interests in shares and underlying shares of the Company and associated corporations (Continued) (c) Hongkong Chinese Limited ("HKC")

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

[^] The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by HKC (the "HKC Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the HKC Share Option Scheme to subscribe for ordinary shares of HK\$1.00 each in HKC at an initial exercise price of HK\$1.68 per share (subject to adjustment). Pursuant to the rights issue of new shares of HKC in June 2008 on the basis of seven rights shares for every twenty shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK\$1.68 per share to HK\$1.24 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 20 to the interim financial statements.

⁺ The holders of the warrants of HKC are entitled to subscribe for ordinary shares of HK\$1.00 each in HKC at a subscription price of HK\$1.25 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive).

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, 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 the Company, totalling 354,634,459 ordinary shares and underlying ordinary shares of HK\$0.10 each in, representing approximately 70.87 per cent. of the issued share capital of, the Company. Lippo Securities is a wholly-owned subsidiary of HKC which in turn is a 55.83 per cent. subsidiary of the Company. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of the issued share capital of, Lippo Cayman. Lanius is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder. The beneficiaries of the trust include, inter alia, Mr. Stephen Tjondro Riady and his family members. Mr. Stephen Tjondro Riady, as beneficiary of the trust, is taken to be interested in Lippo Cayman under the SFO.
- (ii) As at 30th June, 2010, the Company was indirectly interested in 6,544,696,389 ordinary shares of HK\$0.10 each in, representing approximately 71.21 per cent. of the issued share capital of, LCR.
- (iii) As at 30th June, 2010, the Company, through its wholly-owned subsidiary and Lippo Securities, was indirectly interested in an aggregate of 1,014,222,978 ordinary shares and HK\$133,457,051.25 warrants giving rise to an interest in 106,765,641 underlying ordinary shares of HKC, totalling 1,120,988,619 ordinary shares and underlying ordinary shares of HK\$1.00 each in, representing approximately 61.71 per cent. of the issued share capital of, HKC.
- (iv) The percentages of the issued share capital stated in this section were arrived based on the issued share capital of each of the Company, LCR and HKC (as the case may be) as at 30th June, 2010.

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

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

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 beneficiary of the aforesaid discretionary trust, through his interests in Lippo Cayman as mentioned in Note (i) above, was also taken to be interested in the share capital of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Abital Trading Pte. Limited	Ordinary shares	2	100
AcrossAsia Limited	Ordinary shares	3,669,576,788	72.45
Actfield Limited	Ordinary shares	1	100
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	1,000	100
CRC China Limited	Ordinary shares	1	100
Congrad Holdings Limited	Ordinary shares	1	100
Cyport Limited	Ordinary shares	1	100
East Winds Food Pte Ltd.	Ordinary shares	400,000	88.88
Fantax Limited	Ordinary shares	1	100
First Bond Holdings Limited	Ordinary shares	1	100
Glory Power Worldwide Limited	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Grandform Limited	Ordinary shares	1	100
Grandhill Asia Limited	Ordinary shares	1	100
Great Honor Investments Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
Huge Returns Limited	Ordinary shares	1	100
Ivey International Limited	Ordinary shares	1	100
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1,000,000	100
	Non-voting deferred shares	15,000,000	100

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

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

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Lippo Capital Limited	Ordinary shares	705,690,000	100
Lippo Energy Company N.V.	Ordinary shares	6,000	100
Lippo Energy Holding Limited	Ordinary shares	1	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Holding America Inc.	Ordinary shares	1	100
Lippo Holding Company Limited	Ordinary shares	2,500,000	100
	Non-voting deferred shares	7,500,000	100
Lippo Holdings Inc.	Ordinary shares	1	100
Lippo Investments Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Lippo Strategic Holdings Inc.	Ordinary shares	1	100
Lippo World Holdings Limited	Ordinary shares	1	100
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
SCR Ltd.	Ordinary shares	1	100
Sinotrend Global Holdings Limited	Ordinary shares	1	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	70,000	70
Thornton Pacific Limited	Ordinary shares	1	100
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Welux Limited	Ordinary shares	1	100
Worldlink Resources Limited	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)

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

As at 30th June, 2010, Mr. Stephen Tjondro Riady was interested in 27,493,311 ordinary shares in Auric Pacific Group Limited ("Auric"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, held by Goldstream Capital Limited, which in turn is a 70 per cent. owned subsidiary of Bravado International Ltd. ("Bravado"). Mr. Stephen Tjondro Riady is the beneficial owner of the entire issued capital of Bravado. Mr. Stephen Tjondro Riady, through his interest in Lippo Cayman as mentioned above, was also taken to be interested in 61,927,335 ordinary shares in Auric. Accordingly, Mr. Stephen Tjondro Riady was interested and taken to be interested in an aggregate of 89,420,646 ordinary shares in, representing approximately 71.16 per cent. of the issued share capital of, Auric.

As at 30th June, 2010, Mr. John Luen Wai Lee, as a beneficial owner, was also interested in 230,000 ordinary shares of HK\$0.01 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, 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.

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

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

Save as disclosed herein, as at 30th June, 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).

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

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. 273,625,000 ordinary shares and HK\$128,603,750 warrants giving rise to an interest of 27,362,500 underlying ordinary shares of the Company were owned by Lippo Capital directly as beneficial owner. Lippo Cayman, through its wholly-owned subsidiaries, Lippo Capital, J & S Company Limited and Huge Returns Limited, and its subsidiary, Lippo Securities Limited (“Lippo Securities”), was indirectly interested in 305,118,929 ordinary shares and HK\$159,291,981.70 warrants giving rise to an interest in 33,891,911 underlying ordinary shares of the Company. Lippo Securities is a wholly-owned subsidiary of Hongkong Chinese Limited which in turn is a 55.83 per cent. subsidiary of the Company. Together with 14,203,290 ordinary shares and HK\$6,675,546.30 warrants giving rise to an interest in 1,420,329 underlying ordinary shares of the Company owned by Lippo Cayman directly as beneficial owner, Lippo Cayman was interested in an aggregate of 319,322,219 ordinary shares and HK\$165,967,528 warrants giving rise to an interest in 35,312,240 underlying ordinary shares of the Company, totalling 354,634,459 ordinary shares and underlying ordinary shares of HK\$0.10 each in, representing approximately 70.87 per cent. of the issued share capital of, the Company.
2. Lanius is the registered shareholder of the entire issued share capital of Lippo Cayman and is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius is accustomed to act. The beneficiaries of the trust include Dr. Mochtar Riady and his family members. Madam Lidya Suryawaty is the spouse of Dr. Mochtar Riady. Dr. Mochtar Riady is not the registered holder of any shares in the issued share capital of Lanius.
3. Lippo Cayman’s interests in the ordinary shares and underlying ordinary shares of the Company were recorded as the interests of Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 354,634,459 ordinary shares and underlying ordinary shares of the Company related to the same block of shares and underlying shares that Mr. Stephen Tjondro Riady was interested, details of which are disclosed in the above section headed “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures of the Company and associated corporations”.
4. The percentages of interests in the issued share capital stated in this section were arrived based on 500,433,372 ordinary shares of HK\$0.10 each in issue of the Company as at 30th June, 2010.
5. The holders of the warrants of the Company are entitled to subscribe for ordinary shares of HK\$0.10 each in the Company at a subscription price of HK\$4.70 per share (subject to adjustment) during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive).
6. The above interests in the underlying shares of the Company in respect of warrants were held pursuant to listed physically settled equity derivatives.

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 Schemes

Details of the share option schemes of the Company and its subsidiaries are disclosed in Note 20 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. Victor Ha Kuk Yung (Chairman), Mr. Edwin Neo and Mr. King Fai Tsui and one non-executive Director, Mr. Leon Nim Leung Chan. The Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements of the Company for the six months ended 30th June, 2010.

Code on Corporate Governance Practices

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

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) 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 except for the deviation from code provision E.1.2 which stipulates that the chairman of the board of a listed issuer should attend the annual general meeting of that issuer. As Mr. Stephen Tjondro Riady, the Chairman of the Board (the “Chairman”), was in overseas for another important business commitment, he was unable to attend the annual general meeting of the Company held on 8th June, 2010. To comply with the Code, the Chairman will use his best endeavours to attend future annual general meetings of the Company.

Model Code for Securities Transactions by Directors

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

By Order of the Board

Lippo Limited

John Luen Wai Lee

Managing Director and Chief Executive Officer

Hong Kong, 30th August, 2010

Corporate Information

Honorary Chairman*

Dr. Mochtar Riady

Board of Directors

Executive Directors

Mr. Stephen Tjondro Riady[#] (*Chairman*)

Mr. John Luen Wai Lee, J.P.

(*Managing Director and
Chief Executive Officer*)

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

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung

Committees

Audit Committee

Mr. Victor Ha Kuk Yung (*Chairman*)

Mr. Leon Nim Leung Chan

Mr. Edwin Neo

Mr. King Fai Tsui

Remuneration Committee

Mr. Leon Nim Leung Chan (*Chairman*)

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Stephen Tjondro Riady[#]

Nomination Committee

Mr. Leon Nim Leung Chan (*Chairman*)

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Stephen Tjondro Riady[#]

Secretary

Mr. Davy Kwok Fai Lee

Auditors

Ernst & Young

Principal Bankers

CITIC Bank International Limited

Fubon Bank (Hong Kong) Limited

Chong Hing Bank Limited

The Bank of East Asia, Limited

Raiffeisen Zentralbank Österreich AG,

Singapore Branch

Agricultural Bank of China,

Shanghai Branch

Solicitors

Richards Butler

(in association with Reed Smith LLP)

Registrars

Tricor Progressive Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

Registered Office

24th Floor, Tower One

Lippo Centre

89 Queensway

Hong Kong

Stock Code

226

Warrant Code

744

Website

www.lippoltd.com.hk

* *non-officer position*

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