



**Lippo China Resources Limited**

**力寶華潤有限公司**

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

2010  
INTERIM  
REPORT



## Contents

	Page
Condensed Consolidated Income Statement	2
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Interim Financial Statements	8
Management Discussion and Analysis	21
Business Review and Prospects	25
Additional Information	27
Corporate Information	40

The Directors of Lippo China Resources 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

		<b>Unaudited</b>	
		<b>six months ended 30th June,</b>	
		<b>2010</b>	<b>2009</b>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>	3	<b>193,959</b>	184,890
Cost of sales		<b>(89,560)</b>	(91,833)
<b>Gross profit</b>		<b>104,399</b>	93,057
Administrative expenses		<b>(60,429)</b>	(55,069)
Other operating expenses		<b>(119,074)</b>	(76,279)
Fair value gains on investment properties		<b>521,399</b>	129,824
Gain/(Loss) on disposal of fixed assets		<b>35,843</b>	(3)
Provision for impairment losses:			
Associates		<b>(11,958)</b>	—
Available-for-sale financial assets		<b>(8,945)</b>	(617)
Finance costs		<b>(21,252)</b>	(18,643)
Share of results of associates		<b>(8,259)</b>	(9,340)
Share of results of jointly controlled entities	4	<b>(472)</b>	129,605
<b>Profit before tax</b>	5	<b>431,252</b>	192,535
Income tax	6	<b>(134,637)</b>	(24,745)
<b>Profit for the period</b>		<b>296,615</b>	167,790
<b>Attributable to:</b>			
Equity holders of the Company		<b>279,398</b>	174,941
Non-controlling interests		<b>17,217</b>	(7,151)
		<b>296,615</b>	167,790
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic	7	<b>3.04</b>	1.90
Diluted		<b>3.04</b>	N/A

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

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2010

	Unaudited	
	six months ended 30th June,	
	2010	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Profit for the period</b>	<b>296,615</b>	167,790
<b>Other comprehensive income/(loss)</b>		
Available-for-sale financial assets:		
Changes in fair value	(7,913)	(23,713)
Share of other comprehensive income/(loss) of associates	(11,388)	8,734
Exchange differences on translation of foreign operations	<b>18,186</b>	4,170
Other comprehensive loss for the period, net of tax	<b>(1,115)</b>	(10,809)
<b>Total comprehensive income for the period</b>	<b>295,500</b>	156,981
<b>Attributable to:</b>		
Equity holders of the Company	<b>276,081</b>	166,132
Non-controlling interests	<b>19,419</b>	(9,151)
	<b>295,500</b>	156,981

# Condensed Consolidated Statement of Financial Position

As at 30th June, 2010

	<i>Note</i>	<b>30th June, 2010 HK\$'000 (Unaudited)</b>	31st December, 2009 HK\$'000 (Audited)
<b>Non-current assets</b>			
Fixed assets		310,540	331,001
Investment properties		3,976,011	3,359,099
Properties under development		62,087	52,564
Interests in associates		603,223	637,815
Interests in jointly controlled entities		9,868	59,130
Available-for-sale financial assets	9	326,721	343,537
		<b>5,288,450</b>	4,783,146
<b>Current assets</b>			
Properties held for sale		24,326	24,561
Inventories		3,491	3,061
Financial assets at fair value through profit or loss	10	379	68,719
Loans and advances		20,866	20,187
Debtors, prepayments and deposits	11	190,541	325,029
Cash and bank balances		662,959	626,228
		<b>902,562</b>	1,067,785
<b>Current liabilities</b>			
Bank loans	12	97,851	87,430
Creditors, accruals and deposits received	13	337,941	335,745
Tax payable		73,110	88,741
		<b>508,902</b>	511,916
<b>Net current assets</b>		<b>393,660</b>	555,869
<b>Total assets less current liabilities</b>		<b>5,682,110</b>	5,339,015

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

	Note	30th June, 2010 HK\$'000 (Unaudited)	31st December, 2009 HK\$'000 (Audited)
<b>Non-current liabilities</b>			
Bank loans	12	1,220,453	1,270,963
Deferred rental		182,643	170,230
Deferred tax liabilities	14	625,550	493,902
		<b>2,028,646</b>	1,935,095
<b>Net assets</b>		<b>3,653,464</b>	3,403,920
<b>Equity</b>			
Equity attributable to equity holders of the Company			
Issued capital	15	919,125	919,125
Reserves		2,597,461	2,367,336
		<b>3,516,586</b>	3,286,461
Non-controlling interests		136,878	117,459
		<b>3,653,464</b>	3,403,920

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2010

Unaudited

	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Retained profits	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>At 1st January, 2010</b>	<b>919,125</b>	<b>785,257</b>	<b>10,462</b>	<b>984</b>	<b>148,969</b>	<b>40,901</b>	<b>154,961</b>	<b>1,225,802</b>	<b>3,286,461</b>	<b>117,459</b>	<b>3,403,920</b>	
Total comprehensive income/ (loss) for the period	—	—	—	—	(22,725)	—	19,408	279,398	276,081	19,419	295,500	
2009 final dividend declared to shareholders of the Company	—	—	—	—	—	—	—	(45,956)	(45,956)	—	(45,956)	
<b>At 30th June, 2010</b>	<b>919,125</b>	<b>785,257</b>	<b>10,462</b>	<b>984</b>	<b>126,244</b>	<b>40,901</b>	<b>174,369</b>	<b>1,459,244</b>	<b>3,516,586</b>	<b>136,878</b>	<b>3,653,464</b>	
At 1st January, 2009	919,285	785,257	10,462	824	197,285	40,901	127,597	1,085,914	3,167,525	113,061	3,280,586	
Total comprehensive income/ (loss) for the period	—	—	—	—	(14,334)	—	5,525	174,941	166,132	(9,151)	156,981	
Repurchase of shares	(160)	—	—	160	—	—	—	(150)	(150)	—	(150)	
2008 final dividend declared to shareholders of the Company	—	—	—	—	—	—	—	(91,913)	(91,913)	—	(91,913)	
<b>At 30th June, 2009</b>	<b>919,125</b>	<b>785,257</b>	<b>10,462</b>	<b>984</b>	<b>182,951</b>	<b>40,901</b>	<b>133,122</b>	<b>1,168,792</b>	<b>3,241,594</b>	<b>103,910</b>	<b>3,345,504</b>	



## Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2010

	Unaudited	
	six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
Net cash flows from operating activities	131,055	124,623
Net cash flows from/(used in) investing activities	14,756	(95,097)
Net cash flows used in financing activities	(110,757)	(302,075)
Net increase/(decrease) in cash and cash equivalents	35,054	(272,549)
Cash and cash equivalents at 1st January	626,228	614,922
Exchange realignments	1,677	1,494
Cash and cash equivalents at 30th June	662,959	343,867
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	662,959	343,867

# Notes to the Interim Financial Statements

## 1. Principal Accounting Policies

The interim financial statements are unaudited, condensed and have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of these condensed consolidated interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31st December, 2009, except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRS”), HKASs and Interpretations (hereinafter collectively referred to as the “new and revised HKFRSs”), which have become effective for accounting periods beginning on or after 1st January, 2010, that are adopted for the first time for the current period’s financial statements:

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

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

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

### **HKFRS 3 (Revised) *Business Combinations***

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

**1. Principal Accounting Policies (Continued)**

**HKAS 27 (Revised) Consolidated and Separate Financial Statements**

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will not have any impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*. As the Group has not undertaken such transactions during the six months ended 30th June, 2010, the adoption of the revised standard has no financial impact on the Group.

**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 bonds markets;
- (e) the securities investment segment includes dealings in securities and disposals of investments; and
- (f) the “other” segment comprises principally food business, the provision of commercial and retail banking services, money lending and the provision of property management services.

Management monitors the 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	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>								
External	86,963	—	81,919	955	12	24,110	—	193,959
Inter-segment	1,876	—	—	—	—	—	(1,876)	—
<b>Total</b>	<b>88,839</b>	<b>—</b>	<b>81,919</b>	<b>955</b>	<b>12</b>	<b>24,110</b>	<b>(1,876)</b>	<b>193,959</b>
<b>Segment results</b>	<b>627,790</b>	<b>—</b>	<b>(64,173)</b>	<b>932</b>	<b>(8,915)</b>	<b>(20,497)</b>	<b>(1,876)</b>	<b>533,261</b>
	<i>(Note)</i>							
Unallocated corporate expenses								(72,026)
Finance costs								(21,252)
Share of results of associates	(2)	—	—	—	—	(8,257)	—	(8,259)
Share of results of jointly controlled entities	—	87	—	—	—	(559)	—	(472)
<b>Profit before tax</b>								<b>431,252</b>
	Six months ended 30th June, 2009							
	Property investment	Property development	Retail business	Treasury investment	Securities investment	Other	Inter-segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>								
External	93,912	—	56,305	8,386	—	26,287	—	184,890
Inter-segment	1,823	—	—	—	—	—	(1,823)	—
<b>Total</b>	<b>95,735</b>	<b>—</b>	<b>56,305</b>	<b>8,386</b>	<b>—</b>	<b>26,287</b>	<b>(1,823)</b>	<b>184,890</b>
<b>Segment results</b>	<b>208,995</b>	<b>—</b>	<b>(77,056)</b>	<b>7,928</b>	<b>(182)</b>	<b>18,790</b>	<b>(1,823)</b>	<b>156,652</b>
	<i>(Note)</i>							
Unallocated corporate expenses								(65,739)
Finance costs								(18,643)
Share of results of associates	736	—	—	—	—	(10,076)	—	(9,340)
Share of results of a jointly controlled entity	—	129,605	—	—	—	—	—	129,605
<b>Profit before tax</b>								<b>192,535</b>

Note: The amount included fair value gains on investment properties of HK\$521,399,000 (2009 — HK\$129,824,000).

### 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, sales income from food business, gross income from property management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

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

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Property investment	86,963	93,912
Retail business	81,919	56,305
Treasury investment	955	8,386
Securities investment	12	—
Other	24,110	26,287
	<b>193,959</b>	<b>184,890</b>

### 4. 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.

**5. Profit before Tax**

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

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Interest income:		
Loans and advances	253	248
Other	955	8,386
Dividend income from listed investments	12	—
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	18	(37)
Unlisted	—	472
Allowance for bad and doubtful debts	(25,830)	—
Depreciation	(16,768)	(12,809)
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	(3)
Loss on disposal of investment properties	(741)	—
Cost of inventories sold	(4,916)	(4,649)

**6. Income Tax**

	Six months ended 30th June,	
	2010 HK\$'000	2009 HK\$'000
Hong Kong:		
Charge for the period	3,643	1,104
Underprovision/(Overprovision) in prior periods	10	(31)
Deferred	15,420	23,622
	19,073	24,695
Overseas:		
Charge for the period	3,648	8,849
Underprovision in prior periods	8	9
Deferred	111,908	(8,808)
	115,564	50
Total charge for the period	134,637	24,745

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2009 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated on the estimated assessable profits for the period at the tax rates prevailing in the countries/jurisdictions in which the Group operates.

**7. Earnings 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\$279,398,000 (2009 – HK\$174,941,000); and (ii) the weighted average number of 9,191,253,000 ordinary shares (2009 – 9,191,729,000 ordinary shares) in issue during the period.

*(b) Diluted earnings per share*

Diluted earnings per share for the six months ended 30th June, 2010 is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company of HK\$279,398,000 and (ii) the weighted average number of 9,193,052,000 ordinary shares, calculated as follows:

	Number of shares 2010
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	9,191,253,000
Effect of dilution — weighted average number of ordinary shares: Share options	1,799,000
	<b>9,193,052,000</b>

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

**8. Interim Dividend**

	Six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
Interim dividend, declared, of HK0.3 cent (2009 — HK0.2 cent) per ordinary share	27,574	18,383
2009 special interim dividend, declared of HK0.8 cent per ordinary share	—	73,530
	<b>27,574</b>	<b>91,913</b>

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

**9. Available-for-sale Financial Assets**

	<b>30th June, 2010</b>	31st December, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets stated at fair value:		
Equity securities listed overseas	<b>301,974</b>	306,136
Unlisted debt securities	—	12,654
	<b>301,974</b>	318,790
Financial assets stated at cost:		
Unlisted equity securities	<b>45,961</b>	45,961
Unlisted debt securities	<b>7,810</b>	7,810
Unlisted investment funds	<b>15,461</b>	15,461
	<b>69,232</b>	69,232
Provision for impairment losses	<b>(44,485)</b>	(44,485)
	<b>24,747</b>	24,747
	<b>326,721</b>	343,537

**10. Financial Assets at Fair Value through Profit or Loss**

	<b>30th June, 2010</b>	31st December, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Held for trading:		
Equity securities listed overseas	<b>379</b>	361
Unlisted investments funds	—	68,358
	<b>379</b>	68,719



## 11. Debtors, Prepayments and Deposits

The balance mainly comprised of progress billing receivables in respect of the sales of property units under a development project in the Republic of Singapore of HK\$50,835,000 (31st December, 2009 — HK\$151,429,000).

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

	<b>30th June, 2010 HK\$'000</b>	31st December, 2009 HK\$'000
Outstanding balances with ages:		
Within 30 days	5,582	4,312
Between 31 and 60 days	1,612	714
Between 61 and 90 days	1,054	371
Between 91 and 180 days	915	775
Over 180 days	841	2,489
	<b>10,004</b>	8,661

Trading terms with customers are either on a cash basis or credit. For those customers who trade on credit, a credit period is allowed according to relevant business practice. Credit limits are set for customers. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by senior management.

As at 30th June, 2010, receivables of HK\$25,830,000 (31st December, 2009 — Nil) related to an investment project were impaired and provided for. Except for this, the remaining balances were neither overdue nor impaired and were related to a range of customers for whom there are no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

The balances of trade debtors are non-interest-bearing. The carrying amounts of debtors and deposits approximate to their fair values.

**12. Bank Loans**

	<b>30th June, 2010</b>	31st December, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank loans (Note)	<b>1,318,304</b>	1,358,393
Less: Amount classified under current portion	<b>(97,851)</b>	(87,430)
Non-current portion	<b>1,220,453</b>	1,270,963
Bank loans by currency:		
Hong Kong dollar	<b>924,000</b>	945,000
Renminbi	<b>394,304</b>	413,393
	<b>1,318,304</b>	1,358,393
Bank loans repayable:		
Within one year	<b>97,851</b>	87,430
In the second year	<b>117,851</b>	107,430
In the third to fifth years, inclusive	<b>617,554</b>	657,289
After five years	<b>485,048</b>	506,244
	<b>1,318,304</b>	1,358,393

The carrying amounts of the Group's bank loans approximate to their fair values and bear interest at rates ranging from 1.8 per cent. to 5.4 per cent. (31st December, 2009 – 1.5 per cent. to 5.4 per cent.) per annum.

Note: At the end of the reporting period, the bank loans were secured by first legal mortgages over certain investment properties and leasehold land and buildings of the Group with carrying amounts of HK\$3,464,752,000 (31st December, 2009 — HK\$2,909,459,000) and HK\$88,521,000 (31st December, 2009 — HK\$97,872,000), respectively.

**13. Creditors, Accruals and Deposits Received**

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

	<b>30th June, 2010</b>	31st December, 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding balances with ages:		
Within 30 days	<b>37,463</b>	58,040
Between 31 and 60 days	<b>20,726</b>	9,576
Between 61 and 90 days	<b>3,994</b>	2,634
Between 91 and 180 days	<b>6,625</b>	4,418
Over 180 days	<b>3,674</b>	1,402
	<b>72,482</b>	76,070

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

**14. 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.

**15. Share Capital**

	<b>30th June, 2010 HK\$'000</b>	31st December, 2009 HK\$'000
<b>Authorised:</b>		
28,000,000,000 (31st December, 2009 — 28,000,000,000) ordinary shares of HK\$0.10 each	<b>2,800,000</b>	2,800,000
<b>Issued and fully paid:</b>		
9,191,252,716 (31st December, 2009 — 9,191,252,716) ordinary shares of HK\$0.10 each	<b>919,125</b>	919,125

**16. Share Option Scheme**

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

**16. Share Option Scheme (Continued)**

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30 per cent. of the issued shares of the Company from time to time. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any shares subject to options granted after the Adoption Date pursuant to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company on the Adoption Date, that is 920,108,871 shares (the “Scheme Mandate Limit”). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1 per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”); (ii) the average closing price of the shares of the Company for the five trading days immediately preceding the date of grant of the option, as stated in the daily quotations sheets of the Stock Exchange; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

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

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

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

**16. Share Option Scheme (Continued)**

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

Participants	Date of grant	Exercise price per Share HK\$	Number of Option Shares
			Balance as at 1st January, 2010 and 30th June, 2010
Directors:			
John 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 (Note 1)			
	17th December, 2007	0.267	20,260,000
	1st August, 2008	0.169	7,000,000
Others (Note 2)			
	17th December, 2007	0.267	32,350,000
Total			91,510,000
Weighted average exercise price per share (HK\$)			0.260

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 500,000 Option Shares which lapsed on 15th August, 2010.

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

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

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

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

\* including an option to subscribe for 500,000 Option Shares which lapsed on 15th August, 2010

## 17. Contingent Liabilities

As at 30th June, 2010, the Group did not have any significant contingent liabilities (31st December, 2009 — Nil).

## 18. Capital Commitments

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

	30th June, 2010 HK\$'000	31st December, 2009 HK\$'000
Capital commitments in respect of property, plant and equipment: Contracted, but not provided for	30,572	51,718
Other capital commitments: Contracted, but not provided for	—	8,531
	<b>30,572</b>	<b>60,249</b>

## 19. Related Party Transactions

- (a) As at 30th June, 2010, the Group had amounts due from associates in a total of HK\$49,683,000 (31st December, 2009 — HK\$49,752,000) and amounts due to associates in a total of HK\$1,679,000 (31st December, 2009 — HK\$3,654,000).

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 carrying amounts of the balances approximate to their fair values.

- (b) During the period, the Group received rental incomes (including service charges) of HK\$2,676,000 (2009 — HK\$2,382,000) and HK\$354,000 (2009 — Nil) from Lippo and Lippo Investments Management Limited, a fellow subsidiary of the Company, respectively. The rentals were determined by reference to open market rentals.
- (c) During the period, the Group received rental income of HK\$1,698,000 (2009 — HK\$1,698,000) from Hongkong Chinese Limited, a fellow subsidiary of the Company. The rental was determined by reference to open market rentals.

## 20. 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 connected transactions for the Company and Lippo. The Disposal is subject to the approval by the independent shareholders of the Company and Lippo.

## 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 remains at a slower pace. Due to the positive trend in the local property market since the second quarter of 2009 and the upgrade of the shopping mall of Lippo Plaza in Shanghai, the Group recorded a profit attributable to shareholders of HK\$279 million for the six months ended 30th June, 2010 (2009 — HK\$175 million).

### Results for the Period

Turnover for the six months ended 30th June, 2010 totalled HK\$194 million (2009 — HK\$185 million). Property investment and retail business were the principal sources of revenue of the Group during the period, contributing 45 per cent. (2009 — 51 per cent.) and 42 per cent. (2009 — 30 per cent.) of the total turnover, respectively.

### Property investment and property development

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 the shopping mall in Lippo Plaza, the Group recorded a total revaluation gain on investment properties of HK\$521 million (2009 — HK\$130 million). As a result, the property investment sector tripled its profits to HK\$628 million in the first half of 2010 (2009 — HK\$209 million).

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.

The property development projects held by the Group are still in planning stage. Accordingly, there was no revenue or profit recorded for this segment during the six months ended 30th June, 2010 as compared with a share of profit of a jointly controlled entity of HK\$130 million in the last corresponding period.

### 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 Limited (“Lippo”), an intermediate holding company of the Company. The transaction is subject to approval by the independent shareholders of the Company and Lippo.

### 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.



## Financial Position

As at 30th June, 2010, the Group's total assets amounted to HK\$6.2 billion (31st December, 2009 — HK\$5.9 billion). Property-related assets increased slightly to HK\$4.2 billion (31st December, 2009 — HK\$3.8 billion), representing 68 per cent. (31st December, 2009 — 65 per cent.) of the total assets. The cash and cash equivalents of the Group increased to HK\$663 million (31st December, 2009 — HK\$626 million). The Group's financial position remained healthy and current ratio of the Group (measured as current assets to current liabilities) was 1.77 to 1 (31st December, 2009 — 2.09 to 1).

As at 30th June, 2010, the bank loans of the Group decreased to HK\$1,318 million (31st December, 2009 — HK\$1,358 million). All the bank loans were secured by certain properties of the Group. 70 per cent. and 30 per cent. (31st December, 2009 — 70 per cent. and 30 per cent.) of the loans were denominated in Hong Kong dollars and Renminbi respectively. All bank loans carried interest at floating rates and 7 per cent. (31st December, 2009 — 6 per cent.) of the bank loans were repayable within one year. At the end of the period, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 36.9 per cent. (31st December, 2009 — 40.7 per cent.).

As at 30th June, 2010, the net asset value of the Group amounted to HK\$3.5 billion (31st December, 2009 — HK\$3.3 billion). This was equivalent to HK38 cents per share (31st December, 2009 — HK36 cents per share).

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

Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st December, 2009 — Nil). The Group had no material contingent liabilities outstanding (31st December, 2009 — Nil).

As at 30th June, 2010, the Group's total capital commitment decreased to HK\$31 million (31st December, 2009 — HK\$60 million). The investments or capital assets will be financed by the Group's internal resources and/or external banking financing, as appropriate.

## Staff and Remuneration

The Group had approximately 669 employees as at 30th June, 2010 (2009 — 867 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\$40 million (2009 — HK\$39 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. However, the Group remains positive of the prospects of the Asia Pacific region over the medium term. The Group will keep on refining its existing businesses and seeking new investment opportunities with long-term growth potential.

## 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.

For the period under review, the Company 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 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.

Robbinz, the 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 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 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 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 Group.

The performance of Auric Pacific Group Limited (“APG”, a listed company in Singapore, in which the 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 have resolved to declare the payment of an interim dividend of HK0.3 cent per share (2009 — an interim dividend of HK0.2 cent per share and a special interim dividend of HK0.8 cent per share, totalled HK1 cent per share) amounting to approximately HK\$27,574,000 for the six months ended 30th June, 2010 (2009 — HK\$91,913,000), which will be paid on or about Tuesday, 12th October, 2010 to shareholders whose names appear on the Register of Members on Wednesday, 6th October, 2010.

### Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 4th October, 2010 to Wednesday, 6th October, 2010 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend for the six months ended 30th June, 2010, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 30th September, 2010.

## 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	Total interests	Approximate percentage of total interests in the issued share capital
	Other interests	Personal interests (held as beneficial owner) Options <sup>#</sup>		
Mochtar Riady	6,544,696,389	—	6,544,696,389	71.21
	<i>Notes (i) and (ii)</i>			
James Tjahaja Riady	6,544,696,389	—	6,544,696,389	71.21
	<i>Notes (i) and (ii)</i>			
Stephen Tjondro Riady	6,544,696,389	—	6,544,696,389	71.21
	<i>Notes (i) and (ii)</i>			
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

<sup>#</sup> The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by the Company (the "Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in the Company at an exercise price of HK\$0.267 per share (subject to adjustment). None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 16 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)**  
 (b) Lippo Limited ("Lippo")

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

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

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

**Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and Associated Corporations (Continued)**  
**Interests in shares and underlying shares of the Company and associated corporations (Continued)**  
(c) Hongkong Chinese Limited ("HKC")

Name of Director	Number of ordinary shares of HK\$1.00 each in HKC			Number of underlying ordinary shares of HK\$1.00 each in HKC				Approximate percentage of total interests in the issued share capital	
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests		
				Options <sup>^</sup>	Warrants <sup>+</sup>	Warrants <sup>+</sup>	Warrants <sup>+</sup>		
Mochtar Riady	—	—	1,014,222,978	—	—	—	106,765,641	1,120,988,619	61.71
			<i>Notes (i) and (iii)</i>				<i>Notes (i) and (iii)</i>		
James Tjahaja Riady	—	—	1,014,222,978	—	—	—	106,765,641	1,120,988,619	61.71
			<i>Notes (i) and (iii)</i>				<i>Notes (i) and (iii)</i>		
Stephen Tjondro Riady	—	—	1,014,222,978	—	—	—	106,765,641	1,120,988,619	61.71
			<i>Notes (i) and (iii)</i>				<i>Notes (i) and (iii)</i>		
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

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

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

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

Note: (Continued)

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

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

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

Name of Director	Exercise price per share	Number of underlying ordinary shares of HK\$1.00 each in HKC in respect of which options have been granted	
		Balance as at 1st January, 2010	and 30th June, 2010
	<i>HK\$</i>		
John Luen Wai Lee	1.24		4,590,000
Leon Nim Leung Chan	1.24		810,000
King Fai Tsui	1.24		607,500
Victor Ha Kuk Yung	1.24		607,500

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

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

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

As at 30th June, 2010, Dr. Mochtar Riady, as the founder and beneficiary of the aforesaid discretionary trust, and Messrs. James Tjahaja Riady and Stephen Tjondro Riady, as beneficiaries of the aforesaid discretionary trust, through their interests in Lippo Cayman as mentioned in Note (i) above, were also taken to be interested in the share capital of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Abital Trading Pte. Limited	Ordinary shares	2	100
AcrossAsia Limited	Ordinary shares	3,669,576,788	72.45
		<i>(Note a)</i>	
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
		<i>(Note b)</i>	
Fantax Limited	Ordinary shares	1	100
First Bond Holdings Limited	Ordinary shares	1	100
First Tower Corporation	Ordinary shares	1	100
		<i>(Note c)</i>	
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
Skyscraper Realty Limited	Ordinary shares	10	100
		<i>(Note d)</i>	
The HCB General Investment (Singapore) Pte Ltd. ("HCB General")	Ordinary shares	70,000	70
Thornton Pacific Limited	Ordinary shares	1	100
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Welux Limited	Ordinary shares	1	100
Worldlink Resources Limited	Ordinary shares	1	100

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

Note:

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

As at 30th June, 2010, each of Messrs. James Tjahaja Riady and Stephen Tjondro Riady, as beneficial owners, through their respective nominees, was interested in 5 ordinary shares of HK\$1.00 each in, representing 25 per cent. of the issued share capital of, Lanius which is the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of the issued share capital of, Lippo Cayman. Lanius is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and beneficiary. The beneficiaries of the trust also include, inter alia, Messrs. James Tjahaja Riady and Stephen Tjondro Riady. Dr. Mochtar Riady does not have any interests in the share capital of Lanius but the shareholders of Lanius are accustomed to act in accordance with his instructions.

As at 30th June, 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.

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

All the interests stated above represent long positions. Save as disclosed herein, as at 30th June, 2010, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, as at 30th June, 2010, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## 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 of the Company

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

*Note:*

- 6,544,696,389 ordinary shares of the Company were held by Skyscraper Realty Limited directly as beneficial owner which in turn is a wholly-owned subsidiary of First Tower Corporation (“First Tower”). First Tower is a wholly-owned subsidiary of Lippo. Lippo Cayman, and through its wholly-owned subsidiaries, Lippo Capital Limited (which owned ordinary shares representing approximately 54.68 per cent. of the issued share capital of Lippo), J & S Company Limited and Huge Returns Limited, was directly and indirectly interested in ordinary shares representing approximately 63.81 per cent. of the issued share capital of Lippo.
- Lanius is the registered shareholder of the entire issued share capital of Lippo Cayman and is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius is accustomed to act. The beneficiaries of the trust include Dr. Mochtar Riady and his family members. Madam Lidya Suryawaty is the spouse of Dr. Mochtar Riady. Dr. Mochtar Riady is not the registered holder of any shares in the issued share capital of Lanius.
- Lippo’s interests in the shares of the Company were recorded as the interests of Lippo Cayman, Lanius and Madam Lidya Suryawaty. The above ordinary shares in the Company related to the same block of shares that Dr. Mochtar Riady, Messrs. James Tjahaja Riady and Stephen Tjondro Riady were interested, details of which are disclosed in the above section headed “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures of the Company and associated corporations”.

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

## Share Option Scheme

Details of the share option scheme of the Company are disclosed in Note 16 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 contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th June, 2010.



**Additional Information** *(Continued)*

### **Model Code for Securities Transactions by Directors**

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

By Order of the Board  
**Lippo China Resources Limited**  
**John Luen Wai Lee**  
*Director*

Hong Kong, 30th August, 2010

# Corporate Information

## Board of Directors

### Non-executive Directors

Dr. Mochtar Riady (*Honorary Chairman*)

Mr. Leon Nim Leung Chan

### Executive Directors

Mr. James Tjahaja Riady (*Chairman*)

Mr. Stephen Tjondro Riady\*

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

Mr. John Luen Wai Lee, J.P.

### Independent non-executive Directors

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Victor Ha Kuk Yung

## Committees

### Audit Committee

Mr. Victor Ha Kuk Yung (*Chairman*)

Mr. Leon Nim Leung Chan

Mr. Edwin Neo

Mr. King Fai Tsui

### Remuneration Committee

Mr. Leon Nim Leung Chan (*Chairman*)

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Stephen Tjondro Riady\*

### Nomination Committee

Mr. Leon Nim Leung Chan (*Chairman*)

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. King Fai Tsui

Mr. Stephen Tjondro Riady\*

## Secretary

Ms. Millie Yuen Fun Luk

## Auditors

Ernst & Young

## Principal Bankers

CITIC Bank International Limited

Agricultural Bank of China, Shanghai Branch

Fubon Bank (Hong Kong) Limited

Chong Hing Bank Limited

## Solicitors

Richards Butler

(in association with Reed Smith LLP)

## Registrars

Tricor Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

## Registered Office

Room 2301, 23rd Floor

Tower One

Lippo Centre

89 Queensway

Hong Kong

## Stock Code

156

## Website

[www.lcr.com.hk](http://www.lcr.com.hk)

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