Lippo Limited

力寶有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 226)

2011 INTERIM REPORT

Contents

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, 2011.

Condensed Consolidated Income Statement

For the six months ended 30th June, 2011

	Note	**Unaudited six months ended 30th June, 2011 HK$'000**	2010 HK$'000 (restated)
Continuing Operations			
Revenue	3	**168,638**	166,891
Cost of sales		**(19,587)**	(22,754)
Gross profit		**149,051**	144,137
Administrative expenses		**(88,091)**	(82,219)
Other operating expenses		**(43,670)**	(75,016)
Fair value gains on investment properties		**361,722**	513,699
Gain on disposal of available-for-sale financial assets		**3,415**	—
Gain/(Loss) on disposal of fixed assets		**(1)**	35,843
Net fair value gain/(loss) on financial assets at fair value through profit or loss		**(5,110)**	3,248
Provision for impairment losses:			
Associates		**(419)**	(11,958)
Available-for-sale financial assets		**(682)**	(8,945)
Write-back of allowance/(Allowance) for bad and doubtful debts		**267**	(25,477)
Finance costs		**(30,249)**	(28,689)
Share of results of associates	4	**975,176**	252,804
Share of results of jointly controlled entities		**(85)**	(276)
Profit before tax from continuing operations	5	**1,321,324**	717,151
Income tax	6	**(74,487)**	(133,659)
Profit for the period from continuing operations		**1,246,837**	583,492
Discontinued Operation			
Loss for the period from discontinued operation	7	**—**	(64,173)
Profit for the period		**1,246,837**	519,319
Attributable to:			
Equity holders of the Company		**721,819**	311,164
Non-controlling interests		**525,018**	208,155
		1,246,837	519,319
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	8		
Basic			
— For profit for the period		**144**	62
— For profit from continuing operations		**144**	71
Diluted			
— For profit for the period		**N/A**	N/A
— For profit from continuing operations		**N/A**	N/A

Details of the interim dividend are disclosed in Note 9 to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2011

	Unaudited six months ended 30th June, 2011 HK$'000	2010 HK$'000
Profit for the period	**1,246,837**	519,319
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	**6,288**	(32,224)
Reclassification adjustments for disposal	**85**	—
Income tax effect	**(227)**	774
	6,146	(31,450)
Share of other comprehensive income/(loss) of associates:		
Share of changes in fair value of available-for-sale financial assets	**11,251**	—
Share of effective portion of changes in fair value of cash flow hedges of an associate	**(345)**	—
Share of exchange differences on translation of foreign operations *(Note)*	**303,227**	3,854
	314,133	3,854
Exchange differences on translation of foreign operations	**141,958**	22,181
Other comprehensive income/(loss) for the period, net of tax	**462,237**	(5,415)
Total comprehensive income for the period	**1,709,074**	513,904
Attributable to:		
Equity holders of the Company	**994,540**	301,349
Non-controlling interests	**714,534**	212,555
	1,709,074	513,904

Note: The amount represented the share of resulting exchange differences on translating the results of foreign associates into Hong Kong dollars.

Condensed Consolidated Statement of Financial Position

As at 30th June, 2011

	Note	30th June, 2011 HK$'000 (Unaudited)	31st December, 2010 HK$'000 (Audited)
Non-current assets			
Goodwill		**71,485**	71,485
Fixed assets		**293,699**	285,307
Investment properties		**4,722,839**	4,295,946
Properties under development		**1,299,276**	1,003,573
Interests in associates	4	**8,658,193**	7,507,750
Interests in jointly controlled entities		**259,549**	310,876
Available-for-sale financial assets	10	**450,874**	492,639
Held-to-maturity financial assets	11	**27,573**	11,832
Loans and advances	12	**39,283**	39,297
Deposits paid for long term investments		**154,413**	119,720
		15,977,184	14,138,425
Current assets			
Properties held for sale		**22,826**	22,455
Financial assets at fair value through profit or loss	13	**154,523**	152,125
Loans and advances	12	**212,134**	199,226
Debtors, prepayments and deposits	14	**245,185**	367,827
Client trust bank balances		**534,537**	560,850
Pledged time deposits	15	**318**	308
Treasury bills		**—**	9,700
Cash and bank balances		**1,200,938**	969,164
		2,370,461	2,281,655
Current liabilities			
Bank loans	15	**907,054**	588,779
Creditors, accruals and deposits received	16	**990,024**	1,068,566
Current, fixed, savings and other deposits of customers	17	**123,528**	138,772
Tax payable		**58,291**	56,760
		2,078,897	1,852,877
Net current assets		**291,564**	428,778
Total assets less current liabilities		**16,268,748**	14,567,203

Condensed Consolidated Statement of Financial Position *(Continued)*

As at 30th June, 2011

	Note	**30th June, 2011** ***HK$'000*** **(Unaudited)**	31st December, 2010 *HK$'000* (Audited)
Non-current liabilities			
Bank loans	*15*	**1,675,865**	1,471,212
Deferred tax liabilities	*18*	**777,137**	694,500
		2,453,002	2,165,712
Net assets		**13,815,746**	12,401,491
Equity			
Equity attributable to equity holders of the Company			
Issued capital	*19*	**50,043**	50,043
Reserves	*20*	**8,190,762**	7,214,035
		8,240,805	7,264,078
Non-controlling interests		**5,574,941**	5,137,413
		13,815,746	12,401,491

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2011

	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	Hedging reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
				(Note 20 (a))		*(Note 20 (b))*	*(Note 20 (c))*			*(Note 20 (d))*					
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 2011	**50,043**	**914,507**	**23,920**	**1,709,202**	**22,035**	**3,658**	**458**	**275,895**	**25,634**	**(3,997)**	**606,537**	**3,636,186**	**7,264,078**	**5,137,413**	**12,401,491**
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	721,819	721,819	525,018	1,246,837
Other comprehensive income/(loss) for the period:															
Available-for-sale financial assets:															
Changes in fair value	—	—	—	—	—	—	—	4,166	—	—	—	—	4,166	2,122	6,288
Reclassification adjustments for disposal	—	—	—	—	—	—	—	50	—	—	—	—	50	35	85
Income tax effect	—	—	—	—	—	—	—	(117)	—	—	—	—	(117)	(110)	(227)
Share of other comprehensive income/(loss) of associates	—	—	—	—	—	—	—	6,306	—	(193)	170,080	—	176,193	137,940	314,133
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	92,429	—	92,429	49,529	141,958
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	10,405	—	(193)	262,509	721,819	994,540	714,534	1,709,074
Issuance of shares upon exercise of warrants	—	6	—	—	—	—	—	—	—	—	—	—	6	—	6
Changes in non-controlling interests from the exercise of warrants of a subsidiary *(Note 21)*	—	—	—	—	—	—	—	—	—	—	—	93,758	93,758	(31,124)	62,634
Changes in non-controlling interests without change in control *(Note 21)*	—	—	—	—	—	—	—	—	—	—	—	6,465	6,465	(129,034)	(122,569)
Share of equity movements arising on equity transactions of associates	—	—	511	—	—	—	—	—	—	—	—	(108,544)	(108,033)	(86,727)	(194,760)
Advances from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	25	25
Transfer of reserve	—	—	—	—	—	218	—	—	—	—	—	(218)	—	—	—
2010 final dividend declared to shareholders of the Company	—	—	—	—	—	—	—	—	—	—	—	(10,009)	(10,009)	—	(10,009)
2010 final dividend and distribution declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(30,146)	(30,146)
At 30th June, 2011	**50,043**	**914,513**	**24,431**	**1,709,202**	**22,035**	**3,876**	**458**	**286,300**	**25,634**	**(4,190)**	**869,046**	**4,339,457**	**8,240,805**	**5,574,941**	**13,815,746**

Condensed Consolidated Statement of Changes in Equity *(Continued)*

For the six months ended 30th June, 2011

	Unaudited													
	Attributable to equity holders of the Company													
	Issued capital	Share premium account	Share option reserve	Special capital reserve *(Note 20 (a))*	Capital redemption reserve	Legal reserve *(Note 20 (b))*	Regulatory reserve *(Note 20 (c))*	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January, 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
Profit for the period	—	—	—	—	—	—	—	—	—	—	311,164	311,164	208,155	519,319
Other comprehensive income/ (loss) for the period:														
Available-for-sale financial assets:														
Changes in fair value	—	—	—	—	—	—	—	(19,209)	—	—	—	(19,209)	(13,015)	(32,224)
Income tax effect	—	—	—	—	—	—	—	432	—	—	—	432	342	774
Share of other comprehensive income/ (loss) of associates	—	—	—	—	—	—	—	(10,548)	—	9,889	—	(659)	4,513	3,854
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	9,621	—	9,621	12,560	22,181
Total comprehensive income/ (loss) for the period	—	—	—	—	—	—	—	(29,325)	—	19,510	311,164	301,349	212,555	513,904
Share of equity movement arising on equity transactions of associates	—	—	—	—	—	—	—	—	—	—	374,336	374,336	296,156	670,492
Advances from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	2,701	2,701
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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2011

	Unaudited six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Net cash flows from/(used in) operating activities	**(90,116)**	105,601
Net cash flows from/(used in) investing activities	**(116,120)**	126,068
Net cash flows from/(used in) financing activities	**422,057**	(148,686)
Net increase in cash and cash equivalents	**215,821**	82,983
Cash and cash equivalents at 1st January	**925,162**	1,155,700
Exchange realignments	**11,856**	2,770
Cash and cash equivalents at 30th June	**1,152,839**	1,241,453
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	**1,200,938**	1,236,603
Treasury bills	**—**	4,850
Time deposits with original maturity of more than three months	**(48,099)**	—
	1,152,839	1,241,453

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, 2010, 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, 2011, that are adopted for the first time for the current period's financial statements:

HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, the Group also adopted *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

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.

2. Segment Information

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

(a) the property investment segment includes letting and resale of properties;

(b) the property development segment includes development and sale of properties;

(c) the treasury investment segment includes investments in cash and bond markets;

(d) the securities investment segment includes dealings in securities and disposals of investments;

(e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;

(f) the banking business segment engages in the provision of commercial and retail banking services;

2. Segment Information *(Continued)*

(g) the "other" segment comprises principally food business, the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services; and

(h) the retail business segment engages in operation of department stores. At the end of the reporting period, the retail business segment is classified as discontinued operation of the Group.

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.

Six months ended 30th June, 2011

	Continuing operations									Discontinued operation	
	Property investment *HK$'000*	Property development *HK$'000*	Treasury investment *HK$'000*	Securities investment *HK$'000*	Corporate finance and securities broking *HK$'000*	Banking business *HK$'000*	Other *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*	Retail business *HK$'000*	Consolidated *HK$'000*
Revenue											
External	108,911	—	2,466	10,415	24,566	6,433	15,847	—	168,638	—	168,638
Inter-segment	5,403	—	—	—	—	—	4,587	(9,990)	—	—	—
Total	114,314	—	2,466	10,415	24,566	6,433	20,434	(9,990)	168,638	—	168,638
Segment results	445,412 *(Note)*	(5,239)	1,873	5,790	(1,879)	137	(588)	(4,587)	440,919	—	440,919
Unallocated corporate expenses									(64,437)	—	(64,437)
Finance costs									(30,249)	—	(30,249)
Share of results of associates	726,505	251,020	—	—	—	—	(2,349)	—	975,176	—	975,176
Share of results of jointly controlled entities	—	(94)	—	—	—	—	9	—	(85)	—	(85)
Profit before tax									1,321,324	—	1,321,324

2. Segment Information *(Continued)*

Six months ended 30th June, 2010 (restated)

	Continuing operations									Discontinued operation	
	Property investment *HK$'000*	Property development *HK$'000*	Treasury investment *HK$'000*	Securities investment *HK$'000*	Corporate finance and securities broking *HK$'000*	Banking business *HK$'000*	Other *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*	Retail business *HK$'000*	Consolidated *HK$'000*
Revenue											
External	87,367	—	2,292	8,000	22,308	6,769	40,155	—	166,891	81,919	248,810
Inter-segment	6,262	—	—	—	—	—	13,540	(19,802)	—	—	—
Total	93,629	—	2,292	8,000	22,308	6,769	53,695	(19,802)	166,891	81,919	248,810
Segment results	617,620 *(Note)*	(2,492)	1,992	1,900	(2,817)	15	(7,558)	(15,416)	593,244	(64,173)	529,071
Unallocated corporate expenses									(99,932)	—	(99,932)
Finance costs									(28,689)	—	(28,689)
Share of results of associates	269,259	(11,001)	—	—	—	—	(5,454)	—	252,804	—	252,804
Share of results of jointly controlled entities	—	283	—	—	—	—	(559)	—	(276)	—	(276)
Profit/(Loss) before tax									717,151	(64,173)	652,978

Note: The amount included fair value gains on investment properties of HK$361,722,000 (2010 — HK$513,699,000).

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 and commissions from concessionaire sales generated 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.

3. Revenue *(Continued)*

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

	Six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
		(restated)
Property investment	**108,911**	87,367
Treasury investment	**2,466**	2,292
Securities investment	**10,415**	8,000
Corporate finance and securities broking	**24,566**	22,308
Banking business	**6,433**	6,769
Other	**15,847**	40,155
Attributable to continuing operations	**168,638**	166,891
Retail business attributable to discontinued operation *(Note 7)*	**—**	81,919
	168,638	248,810

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,	
	2011	2010
	HK$'000	*HK$'000*
Interest income	**4,501**	4,934
Commission income	**1,418**	1,550
Other revenues	**514**	285
	6,433	6,769

4. Share of Results of Associates/Interests in Associates

Share of results of associates included the Group's share of profit in Lippo ASM Asia Property LP ("LAAP") of approximately HK$726,508,000 (2010 — HK$269,261,000) and share of profit from Lippo Marina Collection Pte. Ltd. ("Lippo Marina") of approximately HK$263,872,000 (2010 — share of loss of HK$148,000). LAAP, a property fund which carries the objective of investing in real estate in Asia, invested in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore which is principally engaged in property investment and development and hospitality business. The profit in 2011 was mainly attributable to the fair value gain on an investment property of OUE. Lippo Marina was set up for the purpose of a property development project in Singapore, namely Marina Collection. Marina Collection was completed in April 2011 and share of profits arising from the sold units were recognised for the period.

4. Share of Results of Associates/Interests in Associates *(Continued)*

Interests in associates mainly included the Group's interest in LAAP of approximately HK$7,170,845,000 (31st December, 2010 — HK$6,318,378,000). The increase in interest in LAAP during the period was mainly attributable to the share of profits and the increase in share of exchange reserves from the appreciation of Singapore dollars during the period.

5. Profit before Tax

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

	Six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Interest income:		
Unlisted financial assets at fair value through profit or loss	**204**	270
Listed available-for-sale financial assets	**743**	690
Listed held-to-maturity financial assets	**748**	475
Loans and advances	**666**	596
Banking business	**4,501**	4,934
Other	**2,466**	2,292
Dividend income:		
Listed investments	**540**	307
Unlisted investments	**438**	770
Gain on disposal of:		
Listed financial assets at fair value through profit or loss	**5,268**	1,753
Unlisted financial assets at fair value through profit or loss	**2,474**	3,735
Unlisted available-for-sale financial assets	**3,415**	—
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	**(3,039)**	(202)
Unlisted	**(2,071)**	3,450
Interest expense attributable to banking business	**(288)**	(263)
Gain on disposal of a subsidiary	**—**	790
Depreciation	**(7,193)**	(19,560)
Impairment of fixed assets	**—**	(1,189)
Gain/(Loss) on disposal of fixed assets:		
Leasehold land and buildings	**—**	35,836
Other items of fixed assets	**(1)**	7
Loss on disposal of investment properties	**—**	(741)
Foreign exchange gains/(losses) — net	**14,897**	(1,324)
Cost of inventories sold	**—**	(4,916)

Note: The disclosures presented in this note included those amounts charged/credited in respect of the discontinued operation.

6. Income Tax

	Six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**3,068**	3,751
Underprovision/(Overprovision) in prior periods	**(2,900)**	1
Deferred	**46,930**	12,883
	47,098	16,635
Overseas:		
Charge for the period	**6,810**	5,108
Underprovision/(Overprovision) in prior periods	**(253)**	8
Deferred	**20,832**	111,908
	27,389	117,024
Total charge for the period (attributable to continuing operations)	**74,487**	133,659

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2010 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

7. Discontinued Operation

On 15th October, 2010, the Group completed the sale of the retail business (specifically being the operations of three department stores in Tianjin, Chengdu and Yangzhou) for an aggregate cash consideration of HK$345,000,000 (the "Disposal"). In connection with the Disposal, the Group was granted an option to buy back 20 per cent. of the interest in the retail business within three years from completion of the Disposal. Following the completion of the Disposal, all the retail business operation was discontinued.

Loss for the six months ended 30th June, 2010 from retail business is presented below:

	Note	Six months ended 30th June, 2010 *HK$'000*
Revenue	*3*	81,919
Cost of sales		(76,609)
Gross profit		5,310
Administrative expenses		(28,050)
Other operating expenses		(41,433)
Loss before tax		(64,173)
Income tax	*6*	—
Loss for the period		(64,173)
Attributable to:		
Equity holders of the Company		(45,698)
Non-controlling interests		(18,475)
		(64,173)
		HK cents
Loss per share	*8*	
Basic, from discontinued operation		(9)
Diluted, from discontinued operation		N/A

8. Earnings/(Loss) Per Share Attributable to Equity Holders of the Company

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the period attributable to equity holders of the Company; and (ii) the weighted average number of 500,435,000 ordinary shares (2010 — 500,433,000 ordinary shares) in issue during the period.

	Six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Consolidated profit/(loss) attributable to equity holders of the Company:		
From continuing operations	**721,819**	356,862
From discontinued operation	**—**	(45,698)
	721,819	311,164

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented for the six months ended 30th June, 2011 and 2010 as the share options and warrants outstanding during these periods had no dilutive effect on the basic earnings/(loss) per share for these periods.

9. Interim Dividend

	Six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Interim dividend, declared — Nil (2010 — Nil)	**—**	—

10. Available-for-sale Financial Assets

	30th June, 2011 HK$'000	31st December, 2010 HK$'000
Financial assets stated at fair value:		
Equity securities listed overseas	**386,156**	381,782
Debt securities listed overseas	**19,089**	18,841
Unlisted investment funds	**16,991**	62,912
	422,236	463,535
Financial assets stated at cost:		
Unlisted equity securities	**110,613**	110,397
Unlisted debt securities	**11,663**	11,663
Unlisted investment funds	**15,461**	15,461
	137,737	137,521
Provision for impairment losses	**(109,099)**	(108,417)
	28,638	29,104
	450,874	492,639

The debt securities have effective interest rates ranging from nil to 10 per cent. (31st December, 2010 — nil to 10 per cent.) per annum.

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

	30th June, 2011 HK$'000	31st December, 2010 HK$'000
Equity securities:		
Corporate entities	**496,769**	492,179
Debt securities:		
Club debentures	**11,663**	11,663
Corporate entities	**8,668**	8,320
Banks and other financial institutions	**10,421**	10,521
	30,752	30,504

11. Held-to-maturity Financial Assets

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Debt securities, at amortised cost:		
Listed in Hong Kong	**15,924**	2,411
Listed overseas	**11,649**	9,421
	27,573	11,832
Market value of listed debt securities	**27,826**	12,334

The debt securities have effective interest rates ranging from 6 per cent. to 9 per cent. (31st December, 2010 — 6 per cent. to 9 per cent.) per annum.

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

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Corporate entities	**15,924**	2,411
Banks and other financial institutions	**11,649**	9,421
	27,573	11,832

12. 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$219,289,000 (31st December, 2010 — HK$207,178,000).

The loans and advances to customers of the Group have effective interest rates ranging from 2 per cent. to 9 per cent. (31st December, 2010 — 2 per cent. to 9 per cent.) per annum. Certain balances arising from securities broking and banking businesses are secured by clients' properties, deposits and securities being held as collaterals with carrying amounts of HK$515,580,000 (31st December, 2010 — HK$562,723,000).

As at the end of the reporting period, the overdue or impaired balances are related to securities broking, banking and money lending businesses. Movements of the allowance for bad and doubtful debts during the period are as follows:

	Six months ended 30th June,	
	2011 *HK$'000*	2010 *HK$'000*
Balance at beginning of period	**13,294**	9,048
Impairment allowance released	**—**	(2,416)
Balance at end of period	**13,294**	6,632

13. Financial Assets at Fair Value through Profit or Loss

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Held for trading:		
Equity securities:		
Listed in Hong Kong	**20,558**	13,523
Listed overseas	**6,993**	7,660
	27,551	21,183
Investment funds:		
Unlisted	**108,011**	107,744
Derivative financial assets:		
Call option	**18,961**	23,198
	154,523	152,125

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

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Equity securities:		
Corporate entities	**24,612**	14,085
Banks and other financial institutions	**764**	5,049
Public sector entities	**2,175**	2,049
	27,551	21,183

14. Debtors, Prepayments and Deposits

The balance mainly comprised of consideration receivables in respect of the disposal of the retail business of HK$105,333,000 (31st December, 2010 — HK$209,000,000), which will be due in October 2011 according to schedule.

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

	30th June, 2011	31st December, 2010
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Repayable on demand	**57,035**	42,224
Within 30 days	**7,305**	38,304
Between 31 and 60 days	**2**	—
Between 61 and 90 days	**9**	4
	64,351	80,532

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 other receivables 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,	
	2011	2010
	HK$'000	*HK$'000*
Balance at beginning of period	**42,519**	15,874
Allowance for bad and doubtful debts	**—**	25,830
Balance at end of period	**42,519**	41,704

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

15. Bank Loans

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Secured bank loans *(Note)*	**2,582,919**	2,059,991
Less: Amount classified under current portion	**(907,054)**	(588,779)
Non-current portion	**1,675,865**	1,471,212
Bank loans by currency:		
Hong Kong dollar	**1,572,000**	1,331,000
United States dollar	**270,464**	271,793
Renminbi	**740,455**	457,198
	2,582,919	2,059,991
Bank loans repayable:		
Within one year or on demand	**907,054**	588,779
In the second year	**638,529**	1,095,717
In the third to fifth years, inclusive	**912,296**	229,789
After five years	**125,040**	145,706
	2,582,919	2,059,991

Note:

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$2,734,945,000 (31st December, 2010 — HK$2,898,101,000);

(ii) first legal mortgages over certain investment properties, leasehold land and buildings and properties under development of the Group with carrying amounts of HK$4,033,866,000 (31st December, 2010 — HK$3,647,844,000), HK$126,474,000 (31st December, 2010 — HK$105,024,000) and HK$1,154,687,000 (31st December, 2010 — HK$867,373,000), respectively; and

(iii) certain fixed deposits of the Group with carrying amount of HK$318,000 (31st December, 2010 — HK$308,000).

The Group's bank loans bear interest at floating rates ranging from 1.6 per cent. to 7.0 per cent. (31st December, 2010 — 1.7 per cent. to 6.3 per cent.) per annum.

16. Creditors, Accruals and Deposits Received

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

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**581,922**	585,921
Within 30 days	**4,562**	33,304
Between 31 and 60 days	**—**	35
	586,484	619,260

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, 2011, total client trust bank balances amounted to HK$534,537,000 (31st December, 2010 — HK$560,850,000).

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

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

The current, fixed, savings and other deposits of customers attributable to banking business bear effective interest rates ranging from 0.01 per cent. to 1.5 per cent. (31st December, 2010 — 0.01 per cent. to 2.9 per cent.) per annum.

18. 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.

19. Share Capital

Shares

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Authorised:		
30,000,000,000 (31st December, 2010 — 30,000,000,000) ordinary shares of HK$0.10 each	**3,000,000**	3,000,000
Issued and fully paid:		
500,434,657 (31st December, 2010 — 500,433,372) ordinary shares of HK$0.10 each	**50,043**	50,043

During the period, a total of 1,285 ordinary shares of HK$0.10 each in the Company were issued upon exercise in cash of the subscription rights attaching to the warrants of the Company in an aggregate amount of approximately HK$6,000 at a subscription price of HK$4.70 per share.

19. Share Capital *(Continued)*

Warrants

As at 1st January, 2011, the Company had 54,214,266 units of warrants outstanding with an aggregate subscription value of approximately HK$254,807,000. Each warrant entitled 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 during the period from 4th July, 2008 to 4th July, 2011 (both days inclusive). During the period, 1,285 units of warrants with an aggregate subscription value of approximately HK$6,000 were exercised for 1,285 ordinary shares of HK$0.10 each at a subscription price of HK$4.70 per share. At the end of the reporting period, the Company had 54,212,981 units of warrants outstanding with an aggregate subscription value of approximately HK$254,801,000.

In accordance with the terms and conditions of the instrument of warrants of the Company, the subscription rights under the warrants expired on 4th July, 2011 (the "Expiry"). Subsequent to the reporting period, a further of 1,375 units of warrants with an aggregate subscription value of approximately HK$6,000 were exercised for 1,375 ordinary shares of HK$0.10 each at a subscription price of HK$4.70 per share before the Expiry. On 4th July, 2011, 54,211,606 units of warrants with an aggregate subscription value of approximately HK$254,795,000 remained unexercised and lapsed.

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.

19. Share Capital *(Continued)*

Share Option Schemes (Continued)

(a) Share Option Scheme of the Company adopted on 7th June, 2007 (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 43,373,501 shares (the "Scheme Mandate Limit"). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1 per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations sheets of The Stock Exchange 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 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 of the Company 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.

An option to subscribe for 62,500 Shares lapsed in 2010.

As at 1st January, 2011, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 5,983,750 Shares (the "Option Shares").

19. Share Capital *(Continued)*

Share Option Schemes (Continued)

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

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

Participants	Date of grant	Exercise price per Share *HK$*	Number of Option Shares: Balance as at 1st January, 2011 and 30th June, 2011
Directors:			
John Luen Wai Lee	17th December, 2007	5.58	**1,125,000**
Leon Nim Leung Chan	17th December, 2007	5.58	**193,750**
Jark Pui Lee	17th December, 2007	5.58	**162,500**
Edwin Neo	17th December, 2007	5.58	**162,500**
King Fai Tsui	17th December, 2007	5.58	**162,500**
Victor Ha Kuk Yung	17th December, 2007	5.58	**162,500**
Employees *(Note)*	17th December, 2007	5.58	**3,390,000**
	1st August, 2008	3.95	**625,000**
Total			**5,983,750**
Weighted average exercise price per Share *(HK$)*			**5.41**

Note: Employees refer to the employees of the Group as at 30th June, 2011 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. One of the participants has become an employee of the Group during the period.

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, 2011 are as follows:

Number of Option Shares	Exercise price per Share *(Note)* *HK$*	Exercise period
5,358,750	**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.

19. Share Capital *(Continued)*

Share Option Schemes (Continued)

(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 Lippo China Resources Limited ("LCR"), a listed subsidiary of the Company, adopted and approved by the shareholders of LCR and the Company on 7th June, 2007 (the "LCR Share Option Scheme") are substantially the same as the terms of the Share Option Scheme as mentioned above.

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

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

Options to subscribe for 7,500,000 LCR Shares and 500,000 LCR Shares lapsed in 2009 and 2010 respectively.

As at 1st January, 2011, there were outstanding options granted under the LCR Share Option Scheme to subscribe for a total of 91,010,000 LCR Shares (the "LCR Option Shares").

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

			Number of LCR Option Shares
Participants	**Date of grant**	**Exercise price per share** ***HK$***	**Balance as at 1st January, 2011 and 30th June, 2011**
Directors:			
John Luen Wai Lee	17th December, 2007	0.267	**22,000,000**
Leon Nim Leung Chan	17th December, 2007	0.267	**3,000,000**
Edwin Neo	17th December, 2007	0.267	**2,300,000**
King Fai Tsui	17th December, 2007	0.267	**2,300,000**
Victor Ha Kuk Yung	17th December, 2007	0.267	**2,300,000**
Employees *(Note)*	17th December, 2007	0.267	**20,710,000**
	1st August, 2008	0.169	**7,000,000**
Others	17th December, 2007	0.267	**31,400,000**
Total			**91,010,000**
Weighted average exercise price per share *(HK$)*			**0.259**

Note: Employees refer to the employees of LCR and its subsidiaries as at 30th June, 2011 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. One of the participants has become an employee of LCR during the period.

19. Share Capital *(Continued)*

Share Option Schemes (Continued)

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

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

The exercise prices of the LCR Option Shares and exercise periods of the options of LCR outstanding as at 30th June, 2011 are as follows:

Number of LCR Option Shares	Exercise price per share *(Note)* *HK$*	Exercise period
84,010,000	**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.

(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 Hongkong Chinese Limited ("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 the 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.

An option to subscribe for 337,500 HKC Shares lapsed in 2010.

As at 1st January, 2011, there were outstanding options granted under the HKC Share Option Scheme to subscribe for a total of 19,869,300 HKC Shares (the "HKC Option Shares").

19. Share Capital *(Continued)*

Share Option Schemes (Continued)

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

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

Participants	Date of grant	Exercise price per share *HK$*	Number of HKC Option Shares Balance as at 1st January, 2011 and 30th June, 2011
Directors:			
John Luen Wai Lee	17th December, 2007	1.24	**4,590,000**
Leon Nim Leung Chan	17th December, 2007	1.24	**810,000**
King Fai Tsui	17th December, 2007	1.24	**607,500**
Victor Ha Kuk Yung	17th December, 2007	1.24	**607,500**
Other directors of HKC	17th December, 2007	1.24	**1,215,000**
Employees *(Note)*	17th December, 2007	1.24	**7,179,300**
Others	17th December, 2007	1.24	**2,835,000**
	1st August, 2008	1.00	**2,025,000**
Total			**19,869,300**
Weighted average exercise price per share *(HK$)*			**1.22**

Note: Employees refer to the employees of HKC and its subsidiaries as at 30th June, 2011 working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, other than the Directors and chief executive of the Company.

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

The exercise prices of the HKC Option Shares and exercise periods of the options of HKC outstanding as at 30th June, 2011 are as follows:

Number of HKC Option Shares	Exercise price per share *(Note)* *HK$*	Exercise period
17,844,300	**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.

20. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the condensed consolidated statement of changes in equity on pages 6 and 7.

(a) *Special capital reserve*

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

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

(b) *Legal reserve*

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

(c) *Regulatory reserve*

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

(d) *Hedging reserve*

The hedging reserve relates to the Group's share of the hedging reserve of an associate.

21. Changes in Non-controlling Interests without Change in Control

Major changes in non-controlling interests during the period are as follows:

(a) During the six months ended 30th June, 2011, Hennessy Holdings Limited, a wholly-owned subsidiary of the Company, and the other holders of warrants issued by HKC ("HKC warrants") exercised 106,764,864 HKC warrants and 50,107,462 HKC warrants to subscribe for a total of 106,764,864 HKC Shares and 50,107,462 HKC Shares for a total cash consideration of approximately HK$133,456,000 and HK$62,634,000, respectively. The Group's effective ownership in HKC increased from approximately 55.8 per cent. as at 31st December, 2010 to approximately 56.8 per cent. as at 30th June, 2011. The Group recognised a decrease in non-controlling interests of HK$31,124,000 and an increase in retained profits of HK$93,758,000.

(b) In January 2011, Win Joyce Limited ("Win Joyce"), a wholly-owned subsidiary of LCR, and Jeremiah Holdings Limited ("Jeremiah"), a 60 per cent. subsidiary of LCR, completed an agreement for the acquisition of the entire issued share capital of Pantogon Holdings Pte Ltd ("Pantogon") by a wholly-owned subsidiary of Win Joyce from Jeremiah, and the assignment of the shareholder's loans owed by Pantogon to Jeremiah, from Jeremiah to a wholly-owned subsidiary of Win Joyce, for a total consideration of approximately HK$150,267,000 (the "Transaction"). The carrying amount of the non-controlling interests in Pantogon on the date of completion of the Transaction was HK$43,782,000. The Group recognised a decrease in non-controlling interests of HK$43,782,000 and an increase in retained profits of HK$43,782,000.

21. Changes in Non-controlling Interests without Change in Control *(Continued)*

(c) In April 2011, 力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited) ("Lippo Realty"), a subsidiary of LCR, completed a capital reduction exercise (the "Completion") pursuant to which the 5 per cent. registered capital of Lippo Realty was reduced at a cash consideration of approximately HK$122,569,000. After the Completion, Lippo Realty has become an indirect wholly-owned subsidiary of LCR. The carrying amount of the non-controlling interests in Lippo Realty on the date of the Completion was HK$84,962,000. The Group recognised a decrease in non-controlling interests of HK$84,962,000 and a decrease in retained profits of HK$37,607,000.

There were no changes in ownership interests in subsidiaries without change in control in 2010.

22. Contingent Liabilities

At the end of the reporting period, the Group had the following contingent liabilities relating to its banking subsidiary:

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Guarantees and other endorsements	**10,805**	11,048
Liabilities under letters of credit on behalf of customers	**8,799**	7,372
	19,604	18,420

23. Capital Commitments

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

	30th June, 2011 *HK$'000*	31st December, 2010 *HK$'000*
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	**735,126**	600,816
Other capital commitments:		
Contracted, but not provided for *(Note)*	**84,884**	81,920
	820,010	682,736

Note: The balance included the Group's capital commitments in respect of the formation of joint ventures for certain property projects in Singapore, of approximately HK$75 million (31st December, 2010 — HK$72 million).

24. Related Party Transactions

(a) 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$1,842,000 (2010 — HK$2,501,000) and HK$4,753,000 (2010 — HK$15,515,000) from associates and jointly controlled entities of the Group, respectively.

(b) During the period, the Group received rental income of HK$3,865,000 (2010 — Nil) from associates of the Group. The rentals were determined by reference to the then prevailing open market rentals.

(c) As at 30th June, 2011, the Group had amounts due from associates in a total of HK$566,961,000 (31st December, 2010 — HK$550,035,000) and amounts due from jointly controlled entities in a total of HK$157,971,000 (31st December, 2010 — HK$211,687,000).

The balances with associates included a loan of HK$4,500,000 (31st December, 2010 — HK$4,500,000), which bears interest at Hong Kong dollar prime rate per annum quoted by The Hongkong and Shanghai Banking Corporation Limited and has no fixed terms of repayment. At the end of the reporting period, such loan was impaired and provided for (31st December, 2010 — HK$4,500,000). The balances with associates included another loan of HK$32,344,000 (31st December, 2010 — HK$32,320,000), which bears interest at 8.5 per cent. per annum and is repayable on 30th November, 2011. The remaining balances with associates are unsecured, interest-free and have no fixed terms of repayment.

The balances with jointly controlled entities included a loan of HK$3,991,000 (31st December, 2010 — HK$3,988,000), 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.

25. Financial Risk Management Objectives and Policies

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The 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.

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

(a) Credit risk (Continued)

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

(b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet 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, 2011							
Assets							
Amount due from a jointly controlled entity	—	—	—	—	—	3,991	3,991
Debt securities:							
Held-to-maturity financial assets	—	—	—	—	27,573	—	27,573
Available-for-sale financial assets	—	—	—	—	—	30,752	30,752
Loans and advances	163,689	26,900	21,545	17,710	21,573	—	251,417
Debtors and deposits	73,725	9,262	106,415	5,322	—	31,905	226,629
Client trust bank balances	164,479	370,058	—	—	—	—	534,537
Pledged time deposits	—	318	—	—	—	—	318
Cash and bank balances	388,589	812,349	—	—	—	—	1,200,938
	790,482	1,218,887	127,960	23,032	49,146	66,648	2,276,155
Liabilities							
Bank loans	20,442	—	886,612	1,550,825	125,040	—	2,582,919
Creditors, accruals and deposits received	584,655	53,080	17,782	—	—	334,507	990,024
Current, fixed, savings and other deposits of customers	62,385	58,714	2,429	—	—	—	123,528
	667,482	111,794	906,823	1,550,825	125,040	334,507	3,696,471

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

(b) Liquidity risk (Continued)

	Repayable on demand *HK$'000*	3 months or less *HK$'000*	1 year or less but over 3 months *HK$'000*	5 years or less but over 1 year *HK$'000*	After 5 years *HK$'000*	Undated *HK$'000*	Total *HK$'000*
At 31st December, 2010							
Assets							
Amount due from a jointly controlled entity	—	—	—	—	—	3,988	3,988
Debt securities:							
Held-to-maturity financial assets	—	—	—	—	11,832	—	11,832
Available-for-sale financial assets	—	—	—	—	—	30,504	30,504
Loans and advances	152,446	22,187	24,593	22,228	17,069	—	238,523
Debtors and deposits	64,641	40,305	210,530	6,709	—	28,269	350,454
Client trust bank balances	185,089	375,761	—	—	—	—	560,850
Pledged time deposits	—	308	—	—	—	—	308
Treasury bills	—	9,700	—	—	—	—	9,700
Cash and bank balances	344,939	624,225	—	—	—	—	969,164
	747,115	1,072,486	235,123	28,937	28,901	62,761	2,175,323
Liabilities							
Bank loans	19,978	30,000	538,801	1,325,506	145,706	—	2,059,991
Creditors, accruals and deposits received	588,599	152,388	16,864	—	—	310,715	1,068,566
Current, fixed, savings and other deposits of customers	113,673	20,390	4,709	—	—	—	138,772
	722,250	202,778	560,374	1,325,506	145,706	310,715	3,267,329

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

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury, banking and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. The interest rate risk is managed and monitored regularly by senior management of the Group.

(d) Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from movements of foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its banking activities, foreign exchange dealings and other investment activities.

The Group monitors the relative foreign exchange positions of its assets and liabilities and allocates accordingly to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by senior management of the Group.

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk arising from individual financial assets classified as available-for-sale financial assets (Note 10) and financial assets at fair value through profit or loss (Note 13) as at 30th June, 2011. 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 portfolios 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 Asia region sustained steady economic growth in the first half of 2011, while economic environment in US and Europe remained challenging and uncertain. Property markets for Hong Kong, Singapore and mainland China showed an upward momentum and the property investment sector continued to contribute impressive returns to the Group.

The Group reported a profit attributable to shareholders of HK$722 million for the six months ended 30th June, 2011 (2010 — HK$311 million). Such profit was mainly attributable to the increase in recurrent income and the fair value gains on investment properties under the Group and its associates and the share of profit from the sold units upon the completion of Marina Collection, a property development project in Singapore, during the period.

Results for the Period

Turnover for the six months ended 30th June, 2011 totalled HK$169 million (2010 — HK$167 million, restated to exclude the retail business). Property investment was the principal source of revenue of the Group, representing 65 per cent. (2010 — 52 per cent.) of the turnover from continuing operations.

Property investment

Property investment business continued to provide stable and recurrent revenue to the Group. Property markets in the region in which the Group conducted its business were on positive trend during the period.

Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmarks of the Group in Hong Kong and in mainland China, contributed impressive results to the Group. The shopping mall of Lippo Plaza in Shanghai was refurbished and upgraded to provide a high-end shopping environment. With two renowned international luxury brands, Louis Vuitton and Ermenegildo Zegna, established their stores in Lippo Plaza in the second quarter of 2010, the rental income in mainland China increased significantly by 31 per cent. when compared with the corresponding period of the last year.

In April 2011, the Group completed a capital reduction exercise (the "Completion") of a project company which held a majority interest in Lippo Plaza in Shanghai. Following the Completion, the project company has become an indirect wholly-owned subsidiary of Lippo China Resources Limited ("LCR", a listed subsidiary of the Company), and it is more efficient in formulating business decisions.

Given the quality and strategic location of the investment properties, the Group recorded revaluation gains on its investment properties of a total of HK$362 million (2010 — HK$514 million) during the period.

The Group has invested in a property fund, Lippo ASM Asia Property LP (together with its subsidiaries, the “LAAP Group”), which has indirect interests in Overseas Union Enterprise Limited (“OUE”), a listed company in Singapore principally engaged in property investment and development and hospitality business. The hotels managed by OUE, including Mandarin Orchard Singapore, are strategically located in various well known tourist destinations of Singapore, Malaysia and mainland China. With the recent acquisition of Crowne Plaza Changi Airport Hotel in Singapore, earning base of the hospitality business will be further expanded. OUE Bayfront, a prime office building near Marina Bay, obtained the temporary occupation permit in January 2011 and started to generate rental income. Together with DBS Building Towers One and Two acquired in September 2010 and Mandarin Gallery, a premier luxury retail mall in Orchard Road, Singapore, the investment property portfolio provided a higher and recurrent source of revenue to OUE. OUE also holds interests in One Raffles Place near Marina Bay, the central financial and business district of Singapore. Construction of One Raffles Place Tower Two, a 38-storey Grade A office building adjoining One Raffles Place Tower One, is expected to be completed by the end of 2011. OUE has participated in a residential property development project, named as Twin Peaks at 33 Leonie Hill Road in Singapore. The Group registered a share of profit of HK$727 million from the investment during the period (2010 — HK$269 million). The profit was mainly attributable to the fair value gain on OUE Bayfront and higher income from the hospitality division and property investment division. In January 2011, approximately 5.4 per cent. of OUE shares held under the LAAP Group were transferred to a financial institution with a right of return in connection with a financing transaction, and resulted in a loss of HK$196 million recorded in the reserves of the LAAP Group. In August 2011, this financing transaction was unwound.

The Group cautiously looked for opportunities to realise the increase in value of its property assets. In June 2011, the Group entered into agreements to sell 16 units of an office building in Beijing at an aggregate consideration of approximately HK$104 million. The disposals represented a good opportunity for the Group to realise the profits.

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and Thailand. In Singapore, Marina Collection, a joint venture development in Sentosa Cove, in which Hongkong Chinese Limited (“HKC”, a listed subsidiary of the Company) has a 50 per cent. interest, was completed in April 2011. As a result, profits arising from the sold units have been recognised and the Group recorded a share of profit of HK$264 million from this project during the period. Other projects in Singapore include the development at Kim Seng Road (“Centennia Suites”) and Holland Road (“The Holland Collection”). Pre-sale of Centennia Suites and The Holland Collection were launched and all units have been sold out. Centennia Suites and The Holland Collection are scheduled to be completed in 2013 and end of 2011 respectively. Profit arising therefrom will be recognised upon completion of the development.

In mainland China, construction of an integrated residential, commercial and retail complex at the Beijing Economic-Technological Development Area is progressing well and is expected to be completed by 2013. Pre-sale permit has been obtained in July 2011 and pre-sale has been launched. In June 2011, the Group successfully won the bid for the land use rights of a piece of land with a site area of approximately 80,615 square metres in Taizhou City, Jiangsu Province, mainland China for a consideration of RMB145 million, which is a residential development project comprising townhouses and residential towers. The Group also participated in another development project in Huai An, Jiangsu Province, mainland China with a site area of approximately 41,087 square metres, which will be developed into an integrated residential, commercial and retail complex and is currently under planning and design stage.

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"). The MIDAN City Project is a comprehensive property project to be developed into a self-contained community with an approved total gross floor area of approximately three million square metres. The marketing of the project is in progress.

Treasury and securities investments

The global investment markets have become volatile due to the uncertainties caused by the outbreak of mega earthquake, tsunami and nuclear leaks in Japan and debt crisis in Europe. During the period, the Group cautiously looked for opportunities to realise its profit in the investment portfolio. For the six months ended 30th June, 2011, treasury and securities investments business recorded a revenue of HK$13 million (2010 — HK$10 million), with a profit of HK$8 million (2010 — HK$4 million). The Group will be watchful on market developments and continue to be prudent in managing its investment portfolio with a continuing focus on improving the overall asset quality.

Corporate finance and securities broking

In the first half of 2011, markets are surrounded by uncertainties resulting from the disasters in Japan, Eurozone financial crisis and inflation pressures, investors have become cautious in highly volatile markets. The Group's corporate finance and securities broking business was also affected. It registered a turnover of HK$25 million in the first half of 2011 (2010 — HK$22 million) and a loss of HK$2 million was derived from this segment (2010 — HK$3 million).

Banking business

The Macau Chinese Bank Limited ("MCB"), a licensed bank in Macau, is a wholly-owned subsidiary of HKC. Although the Macau economy has rebounded since 2010, the operating environment is still tough because of the high operating costs and inflation pressure. 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 million (2010 — HK$7 million), and delivered a profit to the Group.

Retail business

In August 2010, the Group entered into an agreement to sell the retail business in mainland China under the trade name of "Robbinz", comprising three department stores in Tianjin, Chengdu and Yangzhou (the "Disposal"). The Disposal was completed on 15th October, 2010. Following the Disposal, the Group ceased to engage in the retail business. The turnover and the results of the retail business are presented separately as discontinued operation in the financial statements.

Other businesses

In November 2010, the Group disposed of its interest in a Chinese restaurant in Hong Kong, which led to the decrease in revenue of other businesses.

In January 2011, the Group acquired the entire interest of Pantogon Holdings Pte Ltd from Jeremiah Holdings Limited, a 60 per cent. subsidiary of LCR. Following the completion of the transaction, the Company has increased its effective interest in Auric Pacific Group Limited, a listed company in Singapore, from approximately 19.9 per cent. to approximately 28.1 per cent.

Financial Position

As at 30th June, 2011, the Group's total assets increased to HK$18.3 billion (31st December, 2010 — HK$16.4 billion). Property-related assets increased to HK$14.6 billion (31st December, 2010 — HK$13.0 billion), representing 80 per cent. (31st December, 2010 — 79 per cent.) of the total assets. Total liabilities increased to HK$4.5 billion (31st December, 2010 — HK$4.0 billion). The Group's financial position remained healthy and current ratio (measured as current assets to current liabilities) was 1.1 to 1 (31st December, 2010 — 1.2 to 1).

As at 30th June, 2011, the bank loans of the Group (other than those attributable to banking business) increased to HK$2,583 million (31st December, 2010 — HK$2,060 million). The bank loans were secured by certain properties, shares in certain subsidiaries and certain fixed deposits of the Group and denominated in Hong Kong dollars, United States dollars and Renminbi respectively. The bank loans carried interest at floating rates and 35 per cent. (31st December, 2010 — 29 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 22.5 per cent. (31st December, 2010 — 20.6 per cent.).

The net asset value of the Group remained strong and increased to HK$8.2 billion (31st December, 2010 — HK$7.3 billion). This was equivalent to HK$16.5 per share (31st December, 2010 — HK$14.5 per share).

In April 2011, the Group exercised the warrants issued by HKC ("HKC Warrants") to subscribe for a total of 106,764,864 shares of HKC for a total consideration of approximately HK$133 million. This subscription enables the Group to maintain its percentage interest in HKC which would otherwise have been diluted in the event that the other holders of HKC Warrants exercise their HKC Warrants. The Group's interest in HKC increased from approximately 55.8 per cent. as at 31st December, 2010 to approximately 56.8 per cent. as at 30th June, 2011. As a result of allotment of shares of HKC upon further exercises of HKC Warrants by the other holders of HKC Warrants before the expiry of the HKC Warrants on 4th July, 2011, the Group's interest in HKC decreased to approximately 56.0 per cent.

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

Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st December, 2010 — 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, 2010 — Nil).

As at 30th June, 2011, the Group's total capital commitment increased to HK$820 million (31st December, 2010 — HK$683 million), as a result of the property development projects held by the Group. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and Remuneration

The Group had approximately 389 employees as at 30th June, 2011 (2010 — 893 employees). The significant decrease in the number of employees was due to the disposal of the retail business in mainland China in the second half of 2010. Total staff costs (including directors' emoluments) during the period amounted to HK$66 million (2010 — HK$76 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 latter half of 2011 will continue to be a challenging period. Unprecedented downgrade of United States credit rating and sovereign debt crisis in Europe added uncertainties to the global economy. Tightening stance on monetary policy and inflationary pressure in mainland China posed challenges to the business environment. However, the Group remains positive of the prospects of the Asia Pacific region over the medium term and will continue to focus on the business developments in the region. The Group will keep on refining its existing businesses and cautiously seeking new investment opportunities with long-term growth potential.

Business Review and Prospects

Business Review

The global economy, led by the thriving Asian and emerging economies, continued to expand in the first half of 2011. Plagued by the spreading of the Eurozone debt crisis from smaller economies to larger economies such as Spain and Italy, the continuing weak economic recovery in the US with high unemployment and the aftermath of the devastating earthquake, tsunami and nuclear leaks in Japan, economy recovery in the US, Europe and Japan, the major consumer markets, have remained sluggish.

China continued to be the economic driving force in Asia, helped by strong domestic demand and surging exports. Its gross national product grew by 9.6 per cent. from a year ago. However, inflation rose well above target levels which brought renewed action by the Central Government to restrict credit expansion in its effort to rein in inflation. The People's Bank of China increased the banking reserve requirement six times and Renminbi base rates twice during the period under review. These monetary measures appeared to be having an impact. Apart from China, India and the South East Asian countries were the main contributors to the continuing strong economic growth in Asia.

Benefiting from continuing strong economic growth in the Asian region in which the Group had operations, the Group achieved satisfactory results for the first half of the year. The Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK$722 million for the six months ended 30th June, 2011, as compared with a profit of HK$311 million for the six months ended 30th June, 2010. Hongkong Chinese Limited ("HKC", together with its subsidiaries, the "HKC Group"), a 56.0 per cent. listed subsidiary of the Company, recorded an unaudited consolidated profit attributable to shareholders of approximately HK$977 million for the first half of the year, as compared with a profit of HK$256 million for the six months ended 30th June, 2010. Lippo China Resources Limited ("LCR", together with its subsidiaries, the "LCR Group"), a 71.2 per cent. listed subsidiary of the Company, also recorded an unaudited consolidated profit attributable to shareholders of approximately HK$320 million for the first six months of 2011, as compared with a profit of HK$279 million for the corresponding period in 2010. The increase in profit of the Group was mainly attributable to the profit arising from the sale of certain developed properties in Singapore and the fair value gains of investment properties owned by the Group and its associates.

The Group's investment properties continued to enjoy satisfactory occupancy for the first half of the year and provided the Group with stable recurrent income. In April 2011, the LCR Group had completed the capital reduction exercise of a project company which currently owns 26 office floors and nearly the entire retail mall at Lippo Plaza in Shanghai (the "Completion"). Following the Completion, this project company has become an indirect wholly-owned subsidiary of LCR through which it is more efficient for LCR to exercise management control and formulate business decisions. The LCR Group's share of results in Lippo Plaza increased accordingly. With the revamp of the retail mall, the rental income and occupancy rate of Lippo Plaza have improved and provided the LCR Group with a stable and reliable income stream.

To enhance its land bank in mainland China with high development potential, the LCR Group successfully won the bid for the land use rights of a piece of land in Taizhou City, Jiangsu Province (the "Land") for a consideration of RMB145 million in June 2011. The Land is located in China Medical City (中國醫藥城) ("CMC") with a total site area of approximately 80,615 square metres and a total permissible gross floor area (above ground) of approximately 161,230 square metres. It is planned to develop a residential project comprising townhouses and residential towers on the Land. Taizhou is a traffic hub connecting the southern and northern regions of the Jiangsu Province and is a fast developing city in mainland China in new industry and trade, and CMC is the only national level medical high-tech development zone (國家級醫藥高新技術產業開發區) in mainland China, with an area of approximately 25 square kilometres.

During the first half of the year, the LCR Group entered into agreements for the disposal of a total of 16 units of an office building in Beijing for an aggregate consideration of RMB86,548,000. Such disposals represent a good opportunity for the LCR Group to realise its properties at a reasonable price. The proceeds from the disposals will be applied towards the general working capital and/or other capital expenditure of the LCR Group.

The opening of the two integrated resorts, strong tourist arrivals, and its being a major financial centre in Asia have contributed to the continued economic growth of Singapore in the first half of 2011. The strong property markets in Singapore, especially in the office and commercial segments, have greatly benefited the HKC Group's performance.

The certificate of statutory completion for Marina Collection, in which the HKC Group has a 50 per cent. interest, has been obtained. Marina Collection, with a total site area of approximately 22,222 square metres, is located at Sentosa Cove, Sentosa Island, Singapore. It provides 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres of which over 40 units have been sold. Profits arising from the sale of the units have been recognised in the 2011 interim results of the HKC Group. With the opening of the integrated casino/recreational resort on Sentosa Island, the HKC Group is confident about the prospects of Marina Collection.

The HKC Group has a 30 per cent. interest in a site located at 53 Holland Road, Singapore. The site, with an area of approximately 3,376 square metres, will be developed into a low-rise luxury residential development, now named as The Holland Collection, with a total saleable area of approximately 5,497 square metres. Construction works are expected to be completed around the end of 2011. All the 26 residential units in this project had been pre-sold.

Foundation works of Centennia Suites at 100 Kim Seng Road, Singapore, a residential development with a saleable area of approximately 16,182 square metres, have been completed and it is expected that completion will take place in 2013. All the 97 residential units in this project had been pre-sold. The HKC Group has a 50 per cent. interest in this project.

Lippo ASM Asia Property LP (together with its subsidiaries, the "LAAP Group"), of which a wholly-owned subsidiary of HKC is the limited partner, was set up with the objective of investing in real estate in the Asia region. The LAAP Group is holding 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, OUE Bayfront and DBS Building Towers One and Two as well as hotels in the Asia region, including the famous Mandarin Orchard Singapore. Recently, OUE completed the acquisition of 100 per cent. stake in the Crowne Plaza Changi Airport Hotel (with 320 rooms) for a consideration of S$293 million. The Mandarin Gallery at Mandarin Orchard Singapore, a premier luxury retail mall with retail space of around 11,639 square metres, is enjoying full occupancy. The office development at OUE Bayfront is now completed. This bespoke portfolio of well diversified and high quality properties will help generate substantial and stable recurrent income for OUE.

The HKC Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the development project at a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) (the "BDA Project"). With a total site area of approximately 51,209 square metres, the BDA Project, of which the HKC Group has an 80 per cent. interest, will be developed into an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. Superstructure works are in progress. Pre-sale has been launched and has received satisfactory response. A substantial part of the retail area in the BDA project has been successfully pre-sold. The development of the BDA Project is expected to be completed in 2013.

The HKC Group will develop a site situated at 83 Estrada de Cacilhas, Macau, with an area of approximately 3,398 square metres, into a residential development. Construction works will commence shortly. The above project, in which the HKC Group has 100 per cent. interest, will be developed into approximately 300 residential units with a total saleable area of approximately 25,000 square metres.

Infrastructure construction works for the development at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the "MIDAN City Project"), in which the Group is interested in approximately 47.9 per cent., have been substantially completed. 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.

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") recorded a consolidated profit attributable to shareholders of approximately S$97,000 for the six months ended 30th June, 2011, as compared with a profit of S$1.1 million for the last corresponding period in 2010. The decrease in profit was mainly attributable to higher cost of raw materials which eroded gross profit margin and higher advertising and promotion expenses. The inflationary pressures on food items and cost of raw materials will continue to be a challenge to the F&B industry. Facing cost pressures and stiff competition, the APG Group will continue to focus on streamlining its food retail division, expand its business operations through new food retail concepts and contain rising costs in its efforts to sustain and improve its profitability. Discussion and negotiation on a new agreement to replace Delifrancé's existing trademark licensing agreement has taken place. In January 2011, the Company's effective interest in APG was increased from approximately 19.9 per cent. to approximately 28.1 per cent.

Food Junction Holdings Limited ("Food Junction"), a listed company in Singapore, in which the APG Group is interested in approximately 58.8 per cent. of its issued share capital (excluding treasury shares), recorded a consolidated profit attributable to shareholders of approximately S$1.6 million for the first half of the year, as compared with a profit of approximately S$1.5 million for the same period in 2010. Food Junction is a regional foodservice company which operates and manages food courts and restaurants in Singapore, Malaysia, Indonesia, Hong Kong and mainland China. Food Junction expects operating conditions will be challenging. It will continue to streamline its food court and F&B operations, expand business operations through the introduction of new F&B concepts and control operating costs to improve its results and financial position.

In order to maintain its percentage interest in HKC which would otherwise have been diluted in the event that the other holders of the bonus warrants of HKC (the "HKC Warrants") exercise their subscription rights attaching to the HKC Warrants to subscribe for the shares in HKC (the "HKC Shares"), the Group in April 2011 exercised its subscription rights attaching to the HKC Warrants to subscribe for a total of 106,764,864 HKC Shares at a subscription price of HK$1.25 per share, totaling HK$133,456,000. On 4th July, 2011, the subscription rights under the HKC Warrants and the Company's warrants expired and their listing status were also withdrawn on the same date.

Prospects

Prospects for Asia remain positive but the continuing economic uncertainty in the US, Europe and Japan suggests that the downside risks of the global economy have been increasing. The recent downgrade of US long-term sovereign debt rating by a credit rating agency has provoked turbulences in the global stock and financial markets and its impact on the global economy is yet to be seen but could be far reaching. The persistently weak US economy and the Eurozone debt crisis will continue to dampen the global economy recovery. Inflation has emerged as a subject of concern. For much of Asia, the low interest rate environment, itself a result of markets flushed with liquidity, has stoked inflationary pressures. Escalating food and commodity prices and rising property prices have sparked community concerns. In response, countries like China and India have introduced credit tightening measures in their effort to tackle the inflation problem.

The Group will continue to focus on its existing businesses in the Asia-Pacific region for its long term growth. Management is watchful of the economic challenges ahead, and will accordingly continue to take a cautious and prudent approach in managing the Group's property portfolio and businesses and in assessing new investment opportunities.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30th June, 2011 (2010 — Nil).

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

As at 30th June, 2011, 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

	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					
Name of Director	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	Approximate percentage of total interests in the issued share capital
				Options*	Warrants@	Warrants@	Warrants@		
Stephen Riady	—	—	319,322,219 *Note (i)*	—	—	—	35,312,240 *Note (i)*	354,634,459	70.87
Jark Pui Lee	—	60	—	162,500	—	6	—	162,566	0.03
John Luen Wai Lee	1,031,250	—	—	1,125,000	103,125	—	—	2,259,375	0.45
Leon Nim Leung Chan	—	—	—	193,750	—	—	—	193,750	0.04
Edwin Neo	—	—	—	162,500	—	—	—	162,500	0.03
King Fai Tsui	—	—	—	162,500	—	—	—	162,500	0.03
Victor Ha Kuk Yung	—	—	—	162,500	—	—	—	162,500	0.03

* The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by the Company (the "Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Share Option Scheme to subscribe for ordinary shares of HK$0.10 each in the Company at an initial exercise price of HK$6.98 per share (subject to adjustment). Pursuant to the rights issue of new shares of the Company in June 2008 on the basis of one rights share for every four shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK$6.98 per share to HK$5.58 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 19 to the interim financial statements.

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 were entitled to subscribe for ordinary shares of HK$0.10 each in the Company at a subscription price of HK$4.70 per share 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 Other interests	Number of underlying ordinary shares of HK$0.10 each in LCR Personal interests (held as beneficial owner)	Total interests	Approximate percentage of total interests in the issued share capital
		Options#		
Stephen Riady	6,544,696,389 *Notes (i) and (ii)*	—	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 19 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")

	Number of ordinary shares of HK$1.00 each in HKC			Number of underlying ordinary shares of HK$1.00 each in HKC				
Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Personal interests (held as beneficial owner)		Family interests (interest of spouse)	Total interests	Approximate percentage of total interests in the issued share capital
				Options^	Warrants+	Warrants+		
Stephen Riady	—	—	1,120,987,842 *Notes (i) and (iii)*	—	—	—	1,120,987,842	56.80
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	0.23
King Fai Tsui	—	75,000	—	607,500	—	—	682,500	0.03
Leon Nim Leung Chan	—	—	—	810,000	—	—	810,000	0.04
Victor Ha Kuk Yung	—	—	—	607,500	—	—	607,500	0.03

^ The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by HKC (the "HKC Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the HKC Share Option Scheme to subscribe for ordinary shares of HK$1.00 each in HKC at an initial exercise price of HK$1.68 per share (subject to adjustment). Pursuant to the rights issue of new shares of HKC in June 2008 on the basis of seven rights shares for every twenty shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK$1.68 per share to HK$1.24 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 19 to the interim financial statements.

+ The holders of the warrants of HKC were entitled to subscribe for ordinary shares of HK$1.00 each in HKC at a subscription price of HK$1.25 per share 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, 2011, Lippo Capital Limited ("Lippo Capital"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, and through its wholly-owned subsidiary, J & S Company 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 then issued share capital of, the Company. Lippo Securities is a wholly-owned subsidiary of HKC which in turn was interested as to 56.80 per cent. by the Company as at 30th June, 2011. Lanius Limited ("Lanius"), an associated corporation (within the meaning of Part XV of the SFO) of the Company, is the holder of 705,690,001 ordinary shares of HK$1.00 each in, representing the entire issued share capital of, Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the share capital of Lanius. The beneficiaries of the trust included, inter alia, Mr. Stephen Riady and other members of the family. Mr. Stephen Riady was taken to be interested in Lippo Capital under the provisions of the SFO.

(ii) As at 30th June, 2011, 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, 2011, the Company was indirectly interested in 1,120,987,842 ordinary shares of HK$1.00 each in, representing approximately 56.80 per cent. of the then issued share capital of, HKC.

(iv) The percentages of the issued share capital stated in this section were arrived at based on the issued share capital of each of the Company, LCR and HKC (as the case may be) as at 30th June, 2011.

(v) The subscription rights under the warrants of each of the Company and HKC expired on 4th July, 2011.

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)*

For the reasons outlined above, through his deemed interest in Lippo Capital as mentioned in Note (i) above, Mr. Stephen Riady 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
Blue Regent Limited	Ordinary shares	100	100
Boudry Limited	Ordinary shares	10	100
	Non-voting deferred shares	1,000	100
Broadwell Overseas Holdings Limited	Ordinary shares	1	100
East Winds Food Pte Ltd.	Ordinary shares	400,000	88.88
Grand Peak Investment Limited	Ordinary shares	2	100
Great Honor Investments Limited	Ordinary shares	1	100
Greenorth Holdings Limited	Ordinary shares	1	100
Honix Holdings Limited	Ordinary shares	1	100
J & S Company Limited	Ordinary shares	1	100
Kingaroy Limited	Ordinary shares	1	100
Kingtrend International Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1	100
	Non-voting deferred shares	15,999,999	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Investments Limited	Ordinary shares	2	100
Lippo Pacific Limited	Ordinary shares	1	100
Lippo Realty Limited	Ordinary shares	2	100
Manneton Limited	Ordinary shares	1	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
SCR Ltd.	Ordinary shares	1	100
Sabotty Investment Company Limited	Ordinary shares	1,000	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
Sinotrend Global Holdings Limited	Ordinary shares	1	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	70,000	70
Times Grand Limited	Ordinary shares	1	100
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Winroot Holdings Limited	Ordinary shares	1	100
Worldlink Resources Limited	Ordinary shares	1	100

As at 30th June, 2011, Mr. Stephen 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 holder of the entire issued share capital of Lippo Capital. Lanius is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady (father of Mr. Stephen Riady), who does not have any interest in the share capital of Lanius. The beneficiaries of the trust included, inter alia, Mr. Stephen Riady and other members of the family.

As at 30th June, 2011, Mr. Stephen Riady was interested in 27,493,311 ordinary shares in Auric Pacific Group Limited ("APG"), 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 wholly-owned subsidiary of Bravado International Ltd. ("Bravado"). Mr. Stephen Riady is the beneficial owner of the entire issued capital of Bravado. For the reasons outlined above, through his deemed interest in Lippo Capital, Mr. Stephen Riady was also taken to be interested in 61,927,335 ordinary shares in APG. Accordingly, Mr. Stephen 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, APG.

As at 30th June, 2011, 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).

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)*

All the interests stated above represent long positions. Save as disclosed herein, as at 30th June, 2011, 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, 2011, 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).

Updated Director's Information

The following is the updated information of a Director of the Company disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"):

Mr. Tsui King Fai is an independent non-executive director of Newton Resources Ltd, the shares of which are listed on the Stock Exchange on 4th July, 2011.

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

As at 30th June, 2011, 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")	319,322,219	35,312,240	354,634,459	70.87
Lanius Limited ("Lanius")	319,322,219	35,312,240	354,634,459	70.87
Dr. Mochtar Riady	319,322,219	35,312,240	354,634,459	70.87
Madam Lidya Suryawaty	319,322,219	35,312,240	354,634,459	70.87

Note:

1. Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, and its subsidiary, Lippo Securities Limited ("Lippo Securities"), was indirectly interested in 14,699,997 ordinary shares and HK$22,795,084.60 warrants giving rise to an interest of 4,850,018 underlying ordinary shares of the Company. Lippo Securities is a wholly-owned subsidiary of Hongkong Chinese Limited which in turn was interested as to 56.80 per cent. by the Company as at 30th June, 2011. Together with 304,622,222 ordinary shares and HK$143,172,443.40 warrants giving rise to an interest of 30,462,222 underlying ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 319,322,219 ordinary shares and HK$165,967,528 warrants giving rise to an interest of 35,312,240 underlying ordinary shares of the Company, totalling 354,634,459 ordinary shares and underlying ordinary shares of HK$0.10 each in, representing approximately 70.87 per cent. of the issued share capital of, the Company.

2. Lanius is the holder of the entire issued share capital of Lippo Capital and is the trustee of a discretionary trust which was founded by Dr. Mochtar Riady, who does not have any interest in the share capital of Lanius. Dr. Mochtar Riady and his wife Madam Lidya Suryawaty were taken to be interested in the securities of the Company under the provisions of the SFO.

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

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

Note: (Continued)

3. Lippo Capital'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 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 of the Company stated in this section were arrived at based on 500,434,657 ordinary shares of HK$0.10 each in issue of the Company as at 30th June, 2011.

5. The holders of the warrants of the Company were entitled to subscribe for ordinary shares of HK$0.10 each in the Company at a subscription price of HK$4.70 per share during the period from 4th July, 2008 to 4th July, 2011 (both dates inclusive). The subscription rights under the warrants of the Company expired on 4th July, 2011.

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

All the interests stated above represent long positions. Save as disclosed herein, as at 30th June, 2011, 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 19 to the interim financial statements.

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

During the six months ended 30th June, 2011, 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, 2011.

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, 2011.

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, 2011

Corporate Information

Honorary Chairman*
Dr. Mochtar Riady

Board of Directors
Executive Directors
Mr. Stephen 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 Riady

Nomination Committee
Mr. Leon Nim Leung Chan *(Chairman)*
Mr. Victor Ha Kuk Yung
Mr. Edwin Neo
Mr. King Fai Tsui
Mr. Stephen 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
Raiffeisen Bank International AG, Singapore Branch
Agricultural Bank of China, Shanghai Branch
Bank of Beijing Co., Ltd.

Solicitors
Reed Smith Richards Butler

Registrars
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* *non-officer position*