



Lippo China Resources Limited

力寶華潤有限公司

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

**2011 INTERIM
REPORT**

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The Directors of Lippo China Resources Limited (the “Company”) are pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th June, 2011.

Condensed Consolidated Income Statement

For the six months ended 30th June, 2011

		Unaudited	
		six months ended 30th June,	
	<i>Note</i>	2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
			(restated)
Continuing Operations			
Revenue	3	120,122	112,040
Cost of sales		(8,794)	(12,951)
Gross profit		111,328	99,089
Administrative expenses		(29,384)	(32,379)
Other operating expenses		(33,920)	(51,829)
Fair value gains on investment properties		388,055	521,399
Net fair value gain/(loss) on financial assets at fair value through profit or loss		(4,885)	18
Gain/(Loss) on disposal of fixed assets		(1)	35,843
Provision for impairment losses:			
Associates		(419)	(11,958)
Available-for-sale financial assets		(682)	(8,945)
Allowance for bad and doubtful debts		—	(25,830)
Finance costs		(22,690)	(21,252)
Share of results of associates		(2,352)	(8,259)
Share of results of jointly controlled entities		(9)	(472)
Profit before tax from continuing operations	4	405,041	495,425
Income tax	5	(78,387)	(134,637)
Profit for the period from continuing operations		326,654	360,788
Discontinued Operation			
Loss for the period from discontinued operation	6	—	(64,173)
Profit for the period		326,654	296,615
Attributable to:			
Equity holders of the Company		319,566	279,398
Non-controlling interests		7,088	17,217
		326,654	296,615
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share attributable to equity holders of the Company	7		
Basic			
— For profit for the period		3.48	3.04
— For profit from continuing operations		3.48	3.74
Diluted			
— For profit for the period		3.48	3.04
— For profit from continuing operations		3.48	3.74

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

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2011

	Unaudited	
	six months ended 30th June,	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period	326,654	296,615
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	4,374	(7,913)
Share of other comprehensive loss of associates	(7,430)	(11,388)
Exchange differences on translation of foreign operations	87,308	18,186
Other comprehensive income/(loss) for the period, net of tax	84,252	(1,115)
Total comprehensive income for the period	410,906	295,500
Attributable to:		
Equity holders of the Company	401,048	276,081
Non-controlling interests	9,858	19,419
	410,906	295,500

Condensed Consolidated Statement of Financial Position

As at 30th June, 2011

	<i>Note</i>	30th June, 2011 HK\$'000 (Unaudited)	31st December, 2010 HK\$'000 (Audited)
Non-current assets			
Fixed assets		118,387	116,496
Investment properties		4,666,601	4,215,948
Properties under development		82,819	75,459
Interests in associates		778,488	762,349
Interests in jointly controlled entities		7,409	7,276
Available-for-sale financial assets	9	404,618	400,926
Loans and advances		—	5,100
Deposits paid for long term investments		154,413	119,720
		6,212,735	5,703,274
Current assets			
Properties held for sale		13,485	13,121
Financial assets at fair value through profit or loss	10	96,304	101,189
Loans and advances		20,976	15,698
Debtors, prepayments and deposits	11	148,215	258,270
Cash and bank balances		497,903	460,068
		776,883	848,346
Current liabilities			
Bank loans	12	524,148	109,008
Other payables, accruals and deposits received		195,880	187,272
Tax payable		56,010	53,612
		776,038	349,892
Net current assets		845	498,454
Total assets less current liabilities		6,213,580	6,201,728

Condensed Consolidated Statement of Financial Position (Continued)

As at 30th June, 2011

	<i>Note</i>	30th June, 2011 HK\$'000 (Unaudited)	31st December, 2010 HK\$'000 (Audited)
Non-current liabilities			
Bank loans	<i>12</i>	937,435	1,254,737
Deferred tax liabilities	<i>13</i>	761,644	675,709
		1,699,079	1,930,446
Net assets		4,514,501	4,271,282
Equity			
Equity attributable to equity holders of the Company			
Issued capital	<i>14</i>	919,125	919,125
Reserves		3,543,105	3,178,120
		4,462,230	4,097,245
Non-controlling interests		52,271	174,037
		4,514,501	4,271,282

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 HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Other asset revaluation reserve HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1st January, 2011	919,125	785,257	10,462	984	212,043	40,901	248,123	1,880,350	4,097,245	174,037	4,271,282
Profit for the period	—	—	—	—	—	—	—	319,566	319,566	7,088	326,654
Other comprehensive income/(loss) for the period:											
Changes in fair value of available-for-sale financial assets	—	—	—	—	4,374	—	—	—	4,374	—	4,374
Share of other comprehensive income/(loss) of associates	—	—	—	—	82	—	(5,784)	—	(5,702)	(1,728)	(7,430)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	82,810	—	82,810	4,498	87,308
Total comprehensive income for the period	—	—	—	—	4,456	—	77,026	319,566	401,048	9,858	410,906
Changes in non-controlling interests without change in control (Note 16)	—	—	—	—	—	—	—	9,079	9,079	(131,648)	(122,569)
Share of equity movements arising on equity transactions of associates	—	—	717	—	—	—	—	97	814	24	838
2010 final dividend declared to shareholders of the Company	—	—	—	—	—	—	—	(45,956)	(45,956)	—	(45,956)
At 30th June, 2011	919,125	785,257	11,179	984	216,499	40,901	325,149	2,163,136	4,462,230	52,271	4,514,501
At 1st January, 2010	919,125	785,257	10,462	984	148,969	40,901	154,961	1,225,802	3,286,461	117,459	3,403,920
Profit for the period	—	—	—	—	—	—	—	279,398	279,398	17,217	296,615
Other comprehensive income/(loss) for the period:											
Changes in fair value of available-for-sale financial assets	—	—	—	—	(7,913)	—	—	—	(7,913)	—	(7,913)
Share of other comprehensive income/(loss) of associates	—	—	—	—	(14,812)	—	1,936	—	(12,876)	1,488	(11,388)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	17,472	—	17,472	714	18,186
Total comprehensive income/(loss) for the period	—	—	—	—	(22,725)	—	19,408	279,398	276,081	19,419	295,500
2009 final dividend declared to shareholders of the Company	—	—	—	—	—	—	—	(45,956)	(45,956)	—	(45,956)
At 30th June, 2010	919,125	785,257	10,462	984	126,244	40,901	174,369	1,459,244	3,516,586	136,878	3,653,464

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 operating activities	22,532	131,055
Net cash flows from investing activities	64,067	14,756
Net cash flows used in financing activities	(56,259)	(110,757)
Net increase in cash and cash equivalents	30,340	35,054
Cash and cash equivalents at 1st January	460,068	626,228
Exchange realignments	7,495	1,677
Cash and cash equivalents at 30th June	497,903	662,959
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	497,903	662,959

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

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.

Notes to the Interim Financial Statements (Continued)

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 “other” segment comprises principally food business, the provision of commercial and retail banking services, money lending and the provision of property management services; and
- (f) 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.

Notes to the Interim Financial Statements (Continued)

2. Segment Information (Continued)

Six months ended 30th June, 2011

	Continuing operations						Discontinued operation		
	Property investment	Property development	Treasury investment	Securities investment	Other	Inter-segment elimination	Consolidated	Retail business	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue									
External	108,742	—	1,393	378	9,609	—	120,122	—	120,122
Inter-segment	—	—	—	—	—	—	—	—	—
Total	108,742	—	1,393	378	9,609	—	120,122	—	120,122
Segment results	474,247	—	904	(5,189)	6,208	—	476,170	—	476,170
	<i>(Note)</i>								
Unallocated corporate expenses							(46,078)	—	(46,078)
Finance costs							(22,690)	—	(22,690)
Share of results of associates	(3)	—	—	—	(2,349)	—	(2,352)	—	(2,352)
Share of results of jointly controlled entities	—	(18)	—	—	9	—	(9)	—	(9)
Profit before tax							405,041	—	405,041

Six months ended 30th June, 2010 (restated)

	Continuing operations						Discontinued operation		
	Property investment	Property development	Treasury investment	Securities investment	Other	Inter-segment elimination	Consolidated	Retail business	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue									
External	86,963	—	955	12	24,110	—	112,040	81,919	193,959
Inter-segment	1,876	—	—	—	—	(1,876)	—	—	—
Total	88,839	—	955	12	24,110	(1,876)	112,040	81,919	193,959
Segment results	627,790	—	932	(8,915)	(20,497)	(1,876)	597,434	(64,173)	533,261
	<i>(Note)</i>								
Unallocated corporate expenses							(72,026)	—	(72,026)
Finance costs							(21,252)	—	(21,252)
Share of results of associates	(2)	—	—	—	(8,257)	—	(8,259)	—	(8,259)
Share of results of jointly controlled entities	—	87	—	—	(559)	—	(472)	—	(472)
Profit/(Loss) before tax							495,425	(64,173)	431,252

Note: The amount included fair value gains on investment properties of HK\$388,055,000 (2010 — HK\$521,399,000).

Notes to the Interim Financial Statements (Continued)

3. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, gross proceeds from sales of properties, gross rental income 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, sales income from food business, gross income from property management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

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

	Six months ended 30th June,	
	2011 HK\$'000	2010 HK\$'000 (restated)
Property investment	108,742	86,963
Treasury investment	1,393	955
Securities investment	378	12
Other	9,609	24,110
Attributable to continuing operations	120,122	112,040
Retail business attributable to discontinued operation (Note 6)	—	81,919
	120,122	193,959

Notes to the Interim Financial Statements (Continued)

4. Profit before Tax

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

	Six months ended 30th June,	
	2011 HK\$'000	2010 HK\$'000
Interest income:		
Loans and advances	178	253
Other	1,393	955
Dividend income:		
Listed investments	20	12
Unlisted investments	358	—
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	(10)	18
Unlisted	(4,875)	—
Depreciation	(2,042)	(16,768)
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)
Cost of inventories sold	—	(4,916)

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

Notes to the Interim Financial Statements (Continued)

5. Income Tax

	Six months ended 30th June,	
	2011 HK\$'000	2010 HK\$'000
Hong Kong:		
Charge for the period	3,068	3,643
Underprovision/(Overprovision) in prior periods	(2,900)	10
Deferred	50,028	15,420
	50,196	19,073
Overseas:		
Charge for the period	6,706	3,648
Underprovision in prior periods	—	8
Deferred	21,485	111,908
	28,191	115,564
Total charge for the period (attributable to continuing operations)	78,387	134,637

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.

Notes to the Interim Financial Statements (Continued)

6. 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 the 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:

	<i>Note</i>	Six months ended 30th June, 2010 <i>HK\$'000</i>
Revenue	3	81,919
Cost of sales		<u>(76,609)</u>
Gross profit		5,310
Administrative expenses		(28,050)
Other operating expenses		<u>(41,433)</u>
Loss before tax		(64,173)
Income tax	5	<u>—</u>
Loss for the period (attributable to equity holders of the Company)		<u>(64,173)</u>
		<i>HK cents</i>
Loss per share	7	
Basic, from discontinued operation		<u>(0.70)</u>
Diluted, from discontinued operation		<u>(0.70)</u>

Notes to the Interim Financial Statements (Continued)

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

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated profit/(loss) for the period attributable to equity holders of the Company; and (ii) the weighted average number of 9,191,253,000 ordinary shares (2010 — 9,191,253,000 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	319,566	343,571
From discontinued operation	—	(64,173)
	319,566	279,398

(b) Diluted earnings/(loss) per share

Diluted 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 9,193,799,000 ordinary shares (2010 — 9,193,052,000 ordinary shares), calculated as follows:

	Number of shares	
	2011	2010
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	9,191,253,000	9,191,253,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	2,546,000	1,799,000
	9,193,799,000	9,193,052,000

8. Interim Dividend

	Six months ended 30th June,	
	2011	2010
	HK\$'000	HK\$'000
Interim dividend, declared, of HK0.2 cent (2010 — HK0.3 cent) per ordinary share	18,383	27,574

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

Notes to the Interim Financial Statements (Continued)

9. Available-for-sale Financial Assets

	30th June, 2011 <i>HK\$'000</i>	31st December, 2010 <i>HK\$'000</i>
Financial assets stated at fair value:		
Equity securities listed overseas	386,156	381,782
Financial assets stated at cost:		
Unlisted equity securities	31,882	31,882
Unlisted debt securities	7,298	7,298
Unlisted investment funds	15,461	15,461
	54,641	54,641
Provision for impairment losses	(36,179)	(35,497)
	18,462	19,144
	404,618	400,926

10. Financial Assets at Fair Value through Profit or Loss

	30th June, 2011 <i>HK\$'000</i>	31st December, 2010 <i>HK\$'000</i>
Held for trading:		
Equity securities listed overseas	421	431
Unlisted investments funds	76,922	77,560
	77,343	77,991
Derivative financial assets:		
Call option	18,961	23,198
	96,304	101,189

Notes to the Interim Financial Statements (Continued)

11. 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
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding balances with ages:		
Within 30 days	1,737	2,426
Between 31 and 60 days	2	—
	1,739	2,426

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

As at 30th June, 2011, other receivables of HK\$26,645,000 (31st December, 2010 — HK\$26,645,000) related to an investment project were impaired and provided for. Except for this, 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.

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

Notes to the Interim Financial Statements (Continued)

12. Bank Loans

	30th June, 2011 HK\$'000	31st December, 2010 HK\$'000
Secured bank loans (<i>Note</i>)	1,461,583	1,363,745
<i>Less:</i> Amount classified under current portion	(524,148)	(109,008)
Non-current portion	937,435	1,254,737
Bank loans by currency:		
Hong Kong dollar	1,072,000	983,000
Renminbi	389,583	380,745
	1,461,583	1,363,745
Bank loans repayable:		
Within one year	524,148	109,008
In the second year	110,099	899,008
In the third to fifth years, inclusive	702,296	210,023
After five years	125,040	145,706
	1,461,583	1,363,745

Note: At the end of the reporting period, the bank loans were secured by first legal mortgages over certain investment properties and leasehold land and buildings of the Group with carrying amounts of HK\$4,035,388,000 (31st December, 2010 — HK\$3,632,830,000) and HK\$109,034,000 (31st December, 2010 — HK\$87,345,000), respectively.

The Group's bank loans bear interest at floating rates ranging from 1.7 per cent. to 6.2 per cent. (31st December, 2010 — 1.7 per cent. to 5.8 per cent.) per annum.

13. 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.

Notes to the Interim Financial Statements (Continued)

14. Share Capital

	30th June, 2011 <i>HK\$'000</i>	31st December, 2010 <i>HK\$'000</i>
Authorised:		
28,000,000,000 (31st December, 2010 — 28,000,000,000) ordinary shares of HK\$0.10 each	2,800,000	2,800,000
Issued and fully paid:		
9,191,252,716 (31st December, 2010 — 9,191,252,716) ordinary shares of HK\$0.10 each	919,125	919,125

15. Share Option Scheme

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

Notes to the Interim Financial Statements (Continued)

15. Share Option Scheme (Continued)

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes must not exceed 30 per cent. of the issued shares of the Company from time to time. The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not (when aggregated with any shares subject to options granted after the Adoption Date pursuant to any other share option scheme(s) of the Company) exceed 10 per cent. of the issued share capital of the Company on the Adoption Date, that is 920,108,871 shares (the “Scheme Mandate Limit”). The Scheme Mandate Limit may be renewed with prior approval of the shareholders of the Company. The total number of shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme to any single Eligible Person, whether or not already a grantee, in any 12-month period shall be subject to a limit that it shall not exceed 1 per cent. of the issued shares of the Company at the relevant time. The exercise price for the shares under the Share Option Scheme shall be determined by the Board at its absolute discretion but in any event shall not be less than the highest of (i) the closing price of the shares of the Company on the date of grant of the option, as stated in the daily quotations 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 92,010,000 ordinary shares of HK\$0.10 each in the Company (the “Shares”) at an exercise price of HK\$0.267 per Share (subject to adjustment). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012.

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

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

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

Notes to the Interim Financial Statements (Continued)

15. Share Option Scheme (Continued)

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

Participants	Date of grant	Exercise price per Share HK\$	Number of Option Shares
			Balance as at 1st January, 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 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
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 Option Shares are subject to adjustment in case of rights or bonus issues, or other similar changes in the Company's share capital.

Notes to the Interim Financial Statements (Continued)

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

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

- (a) In January 2011, Win Joyce Limited (“Win Joyce”), a wholly-owned subsidiary of the Company, and Jeremiah Holdings Limited (“Jeremiah”), a 60 per cent. subsidiary of the Company, 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\$61,483,000. The Group recognised a decrease in non-controlling interests of HK\$61,483,000 and an increase in retained profits of HK\$61,483,000.
- (b) In April 2011, 力寶置業(上海)有限公司 (Lippo Realty (Shanghai) Limited) (“Lippo Realty”), a subsidiary of the Company, 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 the Company. The carrying amount of the non-controlling interests in Lippo Realty on the date of the Completion was HK\$69,757,000. The Group recognised a decrease in non-controlling interests of HK\$69,757,000 and a decrease in retained profits of HK\$52,812,000.

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

17. Contingent Liabilities

As at 30th June, 2011, the Group did not have any significant contingent liabilities (31st December, 2010 — Nil).

18. 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	201,599	117,713
Other capital commitments:		
Contracted, but not provided for	8,561	8,554
	210,160	126,267

Notes to the Interim Financial Statements (Continued)

19. Related Party Transactions

- (a) During the period, the Group received rental income (including service charges) of HK\$3,624,000 (2010 — HK\$2,676,000) from Lippo. The rental was determined by reference to the then prevailing open market rentals.
- (b) During the period, the Group received rental income (including service charges, where applicable) of HK\$1,530,000 (2010 — HK\$1,698,000) from Hongkong Chinese Limited, a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals.
- (c) During the period, the Group received rental income (including service charges) of HK\$357,000 (2010 — HK\$354,000) from Lippo Investments Management Limited, a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals.
- (d) During the period, the Group received rental income of HK\$409,000 (2010 — HK\$271,000) from Beijing Lippo Century Realty Co., Ltd., a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing open market rentals.
- (e) 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.
- (f) As at 30th June, 2011, the Group had amounts due from associates in a total of HK\$97,762,000 (31st December, 2010 — HK\$95,729,000).

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 remaining balances with associates are unsecured, interest-free and have no fixed terms of repayment.

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 and mainland China showed an upward momentum and the property investment sector continued to contribute impressive returns to the Group.

For the six months ended 30th June, 2011, the Group recorded a profit attributable to shareholders of HK\$320 million (2010 — HK\$279 million), benefited from the fair value gains of the Group's investment properties.

Results for the Period

Turnover for the six months ended 30th June, 2011 totalled HK\$120 million (2010 — HK\$112 million, restated to exclude the retail business). Property investment was the principal source of revenue of the Group, representing 91 per cent. (2010 — 78 per cent.) of the turnover from continuing operations.

Property investment and property development

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 34 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 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\$388 million (2010 — HK\$521 million) during the period.

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.

Management Discussion and Analysis (*Continued*)

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.

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 the Company. 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 27.9 per cent. to approximately 39.4 per cent.

Financial Position

As at 30th June, 2011, the Group’s total assets amounted to HK\$7.0 billion (31st December, 2010 — HK\$6.6 billion). Property-related assets increased to HK\$5.0 billion (31st December, 2010 — HK\$4.6 billion), representing 72 per cent. (31st December, 2010 — 70 per cent.) of the total assets. The cash and cash equivalents of the Group increased to HK\$498 million (31st December, 2010 — HK\$460 million).

As at 30th June, 2011, the bank loans of the Group amounted to HK\$1,462 million (31st December, 2010 — HK\$1,364 million). All the bank loans were secured by certain properties of the Group. 73 per cent. and 27 per cent. (31st December, 2010 — 72 per cent. and 28 per cent.) of the loans were denominated in Hong Kong dollars and Renminbi respectively. All bank loans carried interest at floating rates and 36 per cent. (31st December, 2010 — 8 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) stood at 32.8 per cent. (31st December, 2010 — 32.8 per cent.).

Management Discussion and Analysis (*Continued*)

As at 30th June, 2011, the net asset value of the Group amounted to HK\$4.5 billion (31st December, 2010 — HK\$4.1 billion). This was equivalent to HK49 cents per share (31st December, 2010 — HK45 cents per share).

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). The Group had no material contingent liabilities outstanding (31st December, 2010 — Nil).

As at 30th June, 2011, the Group's total capital commitment significantly increased to HK\$210 million (31st December, 2010 — HK\$126 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 170 employees as at 30th June, 2011 (2010 — 669 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\$24 million (2010 — HK\$40 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, especially in mainland China. 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.

During the period under review, the Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$320 million for the six months ended 30th June, 2011, as compared with a profit of HK\$279 million for the corresponding period in 2010. Such profit was mainly attributable to the profit arising from the fair value gains of its investment properties.

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 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 the Company through which it is more efficient for the Company to exercise management control and formulate business decisions. The 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 Group with a stable and reliable income stream.

Business Review and Prospects (Continued)

To enhance its land bank in mainland China with high development potential, the 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 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 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 Group.

Auric Pacific Group Limited (“APG”, a listed company in Singapore in which the Group is interested in approximately 49.3 per cent. of its issued share capital, together with its subsidiaries, the “APG Group”) 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 Delifrance’s existing trademark licensing agreement has taken place. In January 2011, the Company’s effective interest in APG was increased from approximately 27.9 per cent. to approximately 39.4 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.

Business Review and Prospects (*Continued*)

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.

Additional Information

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (2010 — HK0.3 cent per share) amounting to approximately HK\$18,383,000 for the six months ended 30th June, 2011 (2010 — HK\$27,574,000), which will be paid on or about Tuesday, 18th October, 2011 to shareholders whose names appear on the Register of Members on Wednesday, 12th October, 2011.

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 10th October, 2011 to Wednesday, 12th October, 2011 (both dates inclusive) during which period no transfer of share will be registered. In order to qualify for the interim dividend for the six months ended 30th June, 2011, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 7th October, 2011.

Additional Information (Continued)

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

As at 30th June, 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

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

[#] The options were granted on 17th December, 2007 without consideration under the share option scheme adopted by the Company (the "Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in the Company at an exercise price of HK\$0.267 per share (subject to adjustment). None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 15 to the interim financial statements.

Additional Information (Continued)

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

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

(b) Lippo Limited ("Lippo")

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

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

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

Additional Information (*Continued*)

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

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

(c) *Hongkong Chinese Limited* ("HKC")

Name of Director	Number of ordinary shares of HK\$1.00 each in HKC			Number of underlying ordinary shares of HK\$1.00 each in HKC			Approximate percentage of total interests in the issued share capital	
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Personal interests (held as beneficial owner)		Family interests (interest of spouse)		Total interests
				Options [^]	Warrants ⁺	Warrants ⁺		
Stephen Riady	—	—	1,120,987,842	—	—	—	1,120,987,842	56.80
			<i>Notes (i) and (iii)</i>					
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 Directors' interests in underlying shares in respect of the options are disclosed in Note (vii) below.

⁺ 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).

Additional Information (Continued)

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

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

Note:

- (i) As at 30th June, 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 of 35,312,240 underlying ordinary shares of Lippo, totalling 354,634,459 ordinary shares and underlying ordinary shares of HK\$0.10 each in, representing approximately 70.87 per cent. of the then issued share capital of, Lippo. Lippo Securities is a wholly-owned subsidiary of HKC which in turn was interested as to 56.80 per cent. by Lippo 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, Lippo was indirectly interested in 6,544,696,389 ordinary shares of HK\$0.10 each in, representing approximately 71.21 per cent. of the issued share capital of, the Company.
- (iii) As at 30th June, 2011, Lippo 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 issued share capital stated in this section were arrived at based on the issued share capital of each of the Company, Lippo and HKC (as the case may be) as at 30th June, 2011.
- (v) The subscription rights under the warrants of each of Lippo and HKC expired on 4th July, 2011.

Additional Information (Continued)

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

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

Note: (Continued)

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

Name of Director	Exercise price per share HK\$	Number of underlying ordinary shares of HK\$0.10 each in Lippo in respect of which options have been granted
		Balance as at 1st January, 2011 and 30th June, 2011
John Luen Wai Lee	5.58	1,125,000
Leon Nim Leung Chan	5.58	193,750
Edwin Neo	5.58	162,500
King Fai Tsui	5.58	162,500
Victor Ha Kuk Yung	5.58	162,500

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

Name of Director	Exercise price per share HK\$	Number of underlying ordinary shares of HK\$1.00 each in HKC in respect of which options have been granted
		Balance as at 1st January, 2011 and 30th June, 2011
John Luen Wai Lee	1.24	4,590,000
Leon Nim Leung Chan	1.24	810,000
King Fai Tsui	1.24	607,500
Victor Ha Kuk Yung	1.24	607,500

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

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

Additional Information (Continued)

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

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

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
First Tower Corporation	Ordinary shares	1	100
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

Additional Information (Continued)

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

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

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
Sinotrend Global Holdings Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	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.

Additional Information (*Continued*)

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

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

As at 30th June, 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).

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.

Additional Information (Continued)

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 of the Company

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

Note:

1. 6,544,696,389 ordinary shares of the Company were held by Skyscraper Realty Limited directly as beneficial owner which in turn is a wholly-owned subsidiary of First Tower Corporation (“First Tower”). First Tower is a wholly-owned subsidiary of Lippo. Lippo Capital, and through its wholly-owned subsidiary, J & S Company Limited, was directly and indirectly interested in ordinary shares representing approximately 63.81 per cent. of the then issued share capital of Lippo.
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 shares of the Company under the provisions of the SFO.
3. Lippo’s interests in the shares of the Company were recorded as the interests of Lippo Capital, Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above ordinary shares in the Company related to the same block of 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”.

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

Additional Information (*Continued*)

Share Option Scheme

Details of the share option scheme of the Company are disclosed in Note 15 to the interim financial statements.

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

During the six months ended 30th June, 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.

Additional Information (*Continued*)

Model Code for Securities Transactions by Directors

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

By Order of the Board
Lippo China Resources Limited
John Luen Wai Lee
Chief Executive Officer

Hong Kong, 30th August, 2011

Corporate Information

Board of Directors

Executive Directors

Mr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee, J.P.
(*Chief Executive Officer*)

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

Ms. Millie Yuen Fun Luk

Auditors

Ernst & Young

Principal Bankers

CITIC Bank International Limited

Fubon Bank (Hong Kong) Limited

Agricultural Bank of China, Shanghai Branch

Chong Hing Bank Limited

Solicitors

Reed Smith Richards Butler

Registrars

Tricor Tengis Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

Registered Office

Room 2301, 23rd Floor

Tower One

Lippo Centre

89 Queensway

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Stock Code

156

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