



Lippo China Resources Limited

力寶華潤有限公司

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



INTERIM REPORT
2012

Contents

	Page
Condensed Consolidated Income Statement	2
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	6
Condensed Consolidated Statement of Cash Flows	7
Notes to the Interim Financial Statements	8
Management Discussion and Analysis	24
Business Review and Prospects	28
Additional Information	32
Corporate Information	44

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, 2012.

Condensed Consolidated Income Statement

For the six months ended 30th June, 2012

		Unaudited	
		six months ended 30th June,	
		2012	2011
	<i>Note</i>	HK\$'000	HK\$'000
			<i>(Restated)</i>
Revenue	3	122,937	120,122
Cost of sales		(9,527)	(8,794)
Gross profit		113,410	111,328
Administrative expenses		(26,766)	(29,384)
Other operating expenses		(39,228)	(35,022)
Fair value gains on investment properties		503,329	388,055
Gain on disposal of investment properties		19,685	—
Net fair value loss on financial assets at fair value through profit or loss		(15,236)	(4,885)
Finance costs		(23,826)	(22,690)
Share of results of associates		5,354	(2,352)
Share of results of jointly controlled entities		(34)	(9)
Profit before tax	4	536,688	405,041
Income tax	5	(122,014)	(28,513)
Profit for the period		414,674	376,528
Attributable to:			
Equity holders of the Company		412,744	369,440
Non-controlling interests		1,930	7,088
		414,674	376,528
		HK cents	HK cents
			<i>(Restated)</i>
Earnings per share attributable to equity holders of the Company			
Basic	6	4.49	4.02
Diluted		4.49	4.02

Details of the interim dividend are disclosed in Note 7 to the interim financial statements.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2012

	Unaudited	
	six months ended 30th June,	
	2012	2011
	HK\$'000	<i>HK\$'000</i>
		(Restated)
Profit for the period	414,674	376,528
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	16,662	4,374
Share of other comprehensive loss of associates	(2,461)	(7,430)
Exchange differences on translation of foreign operations	4,501	87,308
Other comprehensive income for the period, net of tax	18,702	84,252
Total comprehensive income for the period	433,376	460,780
Attributable to:		
Equity holders of the Company	427,754	450,922
Non-controlling interests	5,622	9,858
	433,376	460,780

Condensed Consolidated Statement of Financial Position

As at 30th June, 2012

	Note	30th June, 2012 HK\$'000 (Unaudited)	31st December, 2011 HK\$'000 (Restated)
Non-current assets			
Fixed assets		113,481	114,364
Investment properties		4,838,342	4,599,721
Interests in associates		839,946	763,032
Interests in jointly controlled entities		8,849	8,783
Available-for-sale financial assets	8	358,729	360,412
		6,159,347	5,846,312
Current assets			
Properties held for sale		69,956	68,557
Properties under development		—	—
Deposits paid for properties under development		204,301	192,624
Financial assets at fair value through profit or loss	9	167,690	125,042
Loans and advances		5,100	5,100
Debtors, prepayments and deposits	10	68,875	42,178
Cash and bank balances		537,248	558,233
		1,053,170	991,734
Current liabilities			
Bank loans	11	111,066	126,340
Other payables, accruals and deposits received		377,070	220,217
Tax payable		49,286	52,147
		537,422	398,704
Net current assets		515,748	593,030
Total assets less current liabilities		6,675,095	6,439,342

Condensed Consolidated Statement of Financial Position (Continued)

As at 30th June, 2012

	Note	30th June, 2012 HK\$'000 (Unaudited)	31st December, 2011 HK\$'000 (Restated)
Non-current liabilities			
Bank loans	11	1,147,754	1,269,956
Deferred tax liabilities		636,034	527,968
		1,783,788	1,797,924
Net assets			
Equity			
Equity attributable to equity holders of the Company			
Issued capital	12	919,125	919,125
Reserves		3,924,523	3,680,290
		4,843,648	4,599,415
Non-controlling interests		47,659	42,003
		4,891,307	4,641,418

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2012

	Unaudited										
	Attributable to equity holders of the Company									Non-controlling interests	Total equity
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	Investment revaluation reserve	Other asset revaluation reserve	Exchange equalisation reserve	Retained profits	Total		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st January, 2012											
As previously reported	919,125	785,257	11,915	984	131,186	40,901	350,915	2,111,700	4,351,983	42,003	4,393,986
Prior year adjustments	—	—	—	—	—	—	—	247,432	247,432	—	247,432
As restated	919,125	785,257	11,915	984	131,186	40,901	350,915	2,359,132	4,599,415	42,003	4,641,418
Profit for the period	—	—	—	—	—	—	—	412,744	412,744	1,930	414,674
Other comprehensive income/(loss) for the period:											
Changes in fair value of available-for-sale financial assets	—	—	—	—	16,662	—	—	—	16,662	—	16,662
Share of other comprehensive loss of associates	—	—	—	—	—	—	(1,967)	—	(1,967)	(494)	(2,461)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	315	—	315	4,186	4,501
Total comprehensive income/(loss) for the period	—	—	—	—	16,662	—	(1,652)	412,744	427,754	5,622	433,376
Share of equity movements arising on equity transactions of associates	—	—	169	—	—	—	—	135	304	34	338
2011 final and special final dividends declared to shareholders of the Company	—	—	—	—	—	—	—	(183,825)	(183,825)	—	(183,825)
At 30th June, 2012	919,125	785,257	12,084	984	147,848	40,901	349,263	2,588,186	4,843,648	47,659	4,891,307
At 1st January, 2011											
As previously reported	919,125	785,257	10,462	984	212,043	40,901	248,123	1,880,350	4,097,245	174,037	4,271,282
Prior year adjustments	—	—	—	—	—	—	—	219,154	219,154	—	219,154
As restated	919,125	785,257	10,462	984	212,043	40,901	248,123	2,099,504	4,316,399	174,037	4,490,436
Profit for the period	—	—	—	—	—	—	—	369,440	369,440	7,088	376,528
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	369,440	450,922	9,858	460,780
Changes in non-controlling interests without change in control (Note 14)	—	—	—	—	—	—	—	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 (restated)	919,125	785,257	11,179	984	216,499	40,901	325,149	2,432,164	4,731,258	52,271	4,783,529

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2012

	Unaudited	
	six months ended 30th June,	
	2012	2011
	HK\$'000	<i>HK\$'000</i>
		(Restated)
Net cash flows used in operating activities	(74,746)	(13,765)
Net cash flows from investing activities	215,193	100,364
Net cash flows used in financing activities	(161,001)	(56,259)
Net increase/(decrease) in cash and cash equivalents	(20,554)	30,340
Cash and cash equivalents at 1st January	558,233	460,068
Exchange realignments	(431)	7,495
Cash and cash equivalents at 30th June	537,248	497,903
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	537,248	497,903

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, 2011, except as described below.

The Group has adopted 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, 2012, for the first time for the current period’s financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes — Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of HKAS 12 Amendments, the adoption of the above new and revised HKFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group’s condensed consolidated interim financial statements.

HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value. The amendments introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes — Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis.

1. Principal Accounting Policies (Continued)

In prior years, deferred tax was provided on the basis that the carrying amounts of investment properties will be recovered through use. Upon adoption of HKAS 12 Amendments, deferred tax is provided on the basis that the carrying amounts of the investment properties will be recovered through sale except that the basis of recovery through use will continue to apply to those investment properties which are depreciable and are held with an objective to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. This change in accounting policy has been applied retrospectively and the effects are summarised below:

	Six months ended 30th June,	
	2012	2011
	HK\$'000	<i>HK\$'000</i>
Decrease in income tax expense	1,741	49,874
Increase in basic earnings per share (<i>HK cents</i>)	0.02	0.54
Increase in diluted earnings per share (<i>HK cents</i>)	0.02	0.54
	30th June,	31st December,
	2012	2011
	HK\$'000	<i>HK\$'000</i>
Decrease in deferred tax liabilities	249,173	247,432
Increase in retained profits	249,173	247,432

In addition, the Group has changed voluntarily its accounting policy regarding the current/non-current assets classification for properties under development intended for sale. In prior years, the Group classified the properties under development intended for sale as properties under development in non-current assets in the statement of financial position which would be transferred to properties under development in current assets when the construction was expected to be completed within one year from the end of the reporting period. Under the revised accounting policy, properties under development intended for sale are classified as current assets. In the opinion of the directors, the financial statements according to the revised policy will provide more relevant information to the users of the financial statements and bring the Group in line with the treatment adopted by other entities in the real estate industry. This change in policy has been applied retrospectively and comparative amounts have been restated.

The above change has had no effect on the condensed consolidated income statement. The effect on the condensed consolidated statement of financial position is summarised as follows:

	30th June,	31st December,
	2012	2011
	HK\$'000	<i>HK\$'000</i>
Non-current Assets		
Decrease in deposits paid for properties under development	204,301	192,624
Current Assets		
Increase in deposits paid for properties under development	204,301	192,624

There was no impact on the net assets of the Group.

2. Segment Information

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

- (a) the property investment segment includes letting and resale of properties;
- (b) the property development segment includes development and sale of properties;
- (c) the treasury investment segment includes investments in cash and bond markets;
- (d) the securities investment segment includes dealings in securities and disposals of investments; and
- (e) the "other" segment comprises principally mineral exploration, extraction and processing, food business, the provision of commercial and retail banking services, money lending and the provision of property management services.

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

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

2. Segment Information (Continued)

Six months ended 30th June, 2012

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
Revenue	113,543	—	1,267	20	8,107	122,937
Segment results	618,247	(2,829)	1,259	(15,216)	2,892	604,353
	(Note)					
Unallocated corporate expenses						(49,159)
Finance costs						(23,826)
Share of results of associates	—	—	—	—	5,354	5,354
Share of results of jointly controlled entities	—	(14)	—	—	(20)	(34)
Profit before tax						536,688

Six months ended 30th June, 2011

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
Revenue	108,742	—	1,393	378	9,609	120,122
Segment results	474,247	—	904	(5,189)	6,208	476,170
	(Note)					
Unallocated corporate expenses						(46,078)
Finance costs						(22,690)
Share of results of associates	(3)	—	—	—	(2,349)	(2,352)
Share of results of jointly controlled entities	—	(18)	—	—	9	(9)
Profit before tax						405,041

Note: The amount included fair value gains on investment properties of HK\$503,329,000 (2011 — HK\$388,055,000).

3. Revenue

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, gross proceeds from sales of properties, gross 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 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,	
	2012 HK\$'000	2011 HK\$'000
Property investment	113,543	108,742
Treasury investment	1,267	1,393
Securities investment	20	378
Other	8,107	9,609
	122,937	120,122

4. Profit before Tax

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

	Six months ended 30th June,	
	2012 HK\$'000	2011 HK\$'000
Interest income:		
Loans and advances	—	178
Other	1,267	1,393
Dividend income:		
Listed investments	20	20
Unlisted investments	—	358
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	(16,052)	(10)
Unlisted	816	(4,875)
Provision for impairment losses on unlisted available-for-sale financial assets	—	(682)
Depreciation	(2,142)	(2,042)

5. Income Tax

	Six months ended 30th June,	
	2012 HK\$'000	2011 HK\$'000 (Restated)
Hong Kong:		
Charge for the period	2,454	3,068
Overprovision in prior periods	—	(2,900)
Deferred	863	154
	3,317	322
Overseas:		
Charge for the period	7,577	6,706
Underprovision in prior periods	146	—
Deferred	110,974	21,485
	118,697	28,191
Total charge for the period	122,014	28,513

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2011 — 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.

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

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of 9,191,253,000 ordinary shares (2011 — 9,191,253,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of 9,191,735,000 ordinary shares (2011 — 9,193,799,000 ordinary shares), calculated as follows:

	Number of shares	
	2012	2011
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	482,000	2,546,000
	9,191,735,000	9,193,799,000

7. Interim Dividend

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
Interim dividend, declared, of HK0.3 cent (2011 — HK0.2 cent) per ordinary share	27,574	18,383

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

8. Available-for-sale Financial Assets

	30th June, 2012	31st December, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets stated at fair value:		
Equity securities listed overseas	317,587	300,925
Unlisted investment funds	—	38,007
	317,587	338,932
Financial assets stated at cost:		
Unlisted equity securities	53,102	34,218
Unlisted debt securities	7,298	7,298
Unlisted investment funds	16,239	15,461
	76,639	56,977
Provision for impairment losses	(35,497)	(35,497)
	41,142	21,480
	358,729	360,412

9. Financial Assets at Fair Value through Profit or Loss

	30th June, 2012	31st December, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Held for trading:		
Equity securities listed overseas	74,711	32,879
Unlisted investments funds	74,607	73,538
	149,318	106,417
Derivative financial assets:		
Call option	18,372	18,625
	167,690	125,042

10. Debtors, Prepayments and Deposits

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

	30th June, 2012 HK\$'000	31st December, 2011 HK\$'000
Outstanding balances with ages:		
Within 30 days	2,642	2,306
Between 31 and 60 days	—	513
Between 61 and 90 days	—	14
Between 91 and 180 days	291	—
	2,933	2,833

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, other receivables of HK\$26,645,000 (31st December, 2011 — 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.

11. Bank Loans

	30th June, 2012	31st December, 2011
	HK\$'000	HK\$'000
Secured bank loans (Note)	1,258,820	1,396,296
Less: Amount classified under current portion	(111,066)	(126,340)
	1,147,754	1,269,956
Non-current portion	1,147,754	1,269,956
Bank loans by currency:		
Hong Kong dollar	935,000	1,046,000
Renminbi	323,820	350,296
	1,258,820	1,396,296
Bank loans repayable:		
Within one year	111,066	126,340
In the second year	456,066	121,340
In the third to fifth years, inclusive	637,732	1,045,020
After five years	53,956	103,596
	1,258,820	1,396,296

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\$4,270,398,000 (31st December, 2011 — HK\$4,028,611,000) and HK\$106,437,000 (31st December, 2011 — HK\$107,735,000), respectively.

The Group's bank loans bear interest at floating rates ranging from 2.6 per cent. to 5.9 per cent. (31st December, 2011 — 1.8 per cent. to 6.4 per cent.) per annum.

12. Share Capital

	30th June, 2012 HK\$'000	31st December, 2011 HK\$'000
Authorised:		
28,000,000,000 (31st December, 2011 — 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, 2011 — 9,191,252,716) ordinary shares of HK\$0.10 each	919,125	919,125

13. Share Option Scheme

Pursuant to the share option scheme of the Company (the "Share Option Scheme") adopted and approved by the shareholders of the Company and Lippo Limited ("Lippo"), an intermediate holding company of the Company, on 7th June, 2007 (the "Adoption Date"), the board of the Directors of the Company (the "Board") may, at its discretion, offer to grant to any eligible employee (including director, officer and/or employee of the Group or any member of it); or any consultant, adviser, supplier, customer or sub-contractor of the Group or any member of it; or any other person whomsoever is determined by the Board as having contributed to the development, growth or benefit of the Group or any member of it or as having spent any material time in or about the promotion of the Group or its business (together the "Eligible Person") an option to subscribe for shares in the Company. The purpose of the Share Option Scheme is to provide Eligible Persons with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Share Option Scheme shall be valid and effective for the period of ten years commencing on the Adoption Date. Under the rules of the Share Option Scheme, no further options shall be granted on and after the tenth anniversary of the Adoption Date. The options can be exercised at any time during the period commencing on the date of grant and ending on the date of expiry which 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.

13. 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 a total of 8,000,000 Shares lapsed in 2009 and 2010.

As at 1st January, 2012, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 91,010,000 Shares (the "Option Shares").

13. 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, 2012 and 30th June, 2012
Directors:			
John Luen Wai Lee	17th December, 2007	0.267	22,000,000
Leon Nim Leung Chan	17th December, 2007	0.267	3,000,000
Edwin Neo	17th December, 2007	0.267	2,300,000
King Fai Tsui	17th December, 2007	0.267	2,300,000
Victor Ha Kuk Yung	17th December, 2007	0.267	2,300,000
Employees (Note 1)	17th December, 2007 1st August, 2008	0.267 0.169	20,660,000 7,000,000
Others (Note 2)	17th December, 2007	0.267	31,450,000
Total			91,010,000
Weighted average exercise price per Share (HK\$)			0.259

Note:

- (1) Employees refer to the employees of the Group as at 30th June, 2012 working under employment contracts that are regarded as "continuous contracts" for the purposes of the Employment Ordinance, other than the Directors and chief executive of the Company.
- (2) Others included a former employee who held an option to subscribe for 50,000 Option Shares which lapsed on 1st July, 2012.

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

13. Share Option Scheme (Continued)

The exercise prices of the Option Shares and exercise periods of the options of the Company outstanding as at 30th June, 2012 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.

* including an option to subscribe for 50,000 Option Shares which lapsed on 1st July, 2012

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

During the six months ended 30th June, 2012, there were no changes in ownership interests in subsidiaries without change in control.

Major changes in non-controlling interests during the six months ended 30th June, 2011 were 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.

15. Contingent Liabilities

As at 30th June, 2012, the Group did not have any material contingent liabilities (31st December, 2011 — Nil).

16. Capital Commitments

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

	30th June, 2012 HK\$'000	31st December, 2011 HK\$'000
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	241,143	221,217
Other capital commitments:		
Contracted, but not provided for	61,098	8,545
	302,241	229,762

17. Related Party Transactions

- (a) During the period, the Group received rental income (including service charges) of HK\$3,629,000 (2011 — HK\$3,624,000) 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) of HK\$1,532,000 (2011 — HK\$1,530,000) from Hongkong Chinese Limited (“HKC”), a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing to open market rentals.
- (c) During the period, the Group received rental income (including service charges) of HK\$640,000 (2011 — HK\$357,000) from Lippo Investments Management Limited, a fellow subsidiary of the Company. The rental was determined by reference to the then prevailing to open market rentals.
- (d) During the period, the Group received rental income of HK\$2,609,000 (2011 — HK\$3,865,000) from associates of the Group. The rentals were determined by reference to the then prevailing open market rentals.
- (e) As at 30th June, 2012, the Group had amounts due from associates in a total of HK\$93,263,000 (31st December, 2011 — HK\$92,917,000).

The balances with the associates included a loan of HK\$4,500,000 (31st December, 2011 — 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 balance was impaired and provided for. The remaining balances with the associates are unsecured, interest-free and have no fixed terms of repayment.

18. Events after the Reporting Period

In August 2012, the Group entered into a membership unit purchase agreement (the "Equity Financing Agreement") relating to the provision of additional funding for working capital (the "Equity Financing") to Skye Mineral Partners, LLC ("Skye"), which has interests in a few copper ore deposits in the State of Utah in the United States of America. Pursuant to the Equity Financing Agreement, the Group agreed to acquire additional Class A units in Skye for a consideration of approximately HK\$29 million. Concurrently with the signing of the Equity Financing Agreement, the Group entered into an amendment (the "Amendment Agreement") to the membership unit purchase agreement dated 27th February, 2012 (the "Purchase Agreement") to reduce its purchase of Class A units in Skye under the Purchase Agreement in order for the unitholders to maintain more or less the same the existing percentage ownership interest in Skye. Following the Equity Financing and the Amendment Agreement, the Group would have an effective interest of approximately 16.7 per cent. of the total issued and outstanding Class A units in Skye. In the event that the Equity Financing is not completed, following the Amendment Agreement, the Group would have an effective interest of 16 per cent. of the total issued and outstanding Class A units in Skye.

Management Discussion and Analysis

The global economic environment is still very challenging in the first half of 2012. The European financial crisis remains unresolved and is even deepening. High unemployment rate in the United States not only hinders the recovery of US economy, but also adds weights to the investor sentiment. Major emerging markets, including China and Brazil have lowered down the growth forecast.

For the six months ended 30th June, 2012, the Group recorded a profit attributable to shareholders of HK\$413 million (2011 — HK\$369 million, restated), benefited from the fair value gains of the Group's investment properties.

Results for the Period

Turnover for the six months ended 30th June, 2012 totalled HK\$123 million (2011 — HK\$120 million). Property investment was the principal source of revenue of the Group, representing 92 per cent. (2011 — 91 per cent.) of the turnover.

Property investment and property development

Property investment business continued to provide stable and recurring revenue to the Group. Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmarks of the Group in Hong Kong and in mainland China respectively, continued to contribute remarkable results to the Group. Rental income registered an increase of 4 per cent. from both properties.

Given the quality and strategic location of the investment properties, the Group recorded revaluation gains on its investment properties of a total of HK\$503 million (2011 — HK\$388 million) during the period.

During the period, the Group completed the disposal of several residential units in Hong Kong at an aggregate consideration of approximately HK\$270 million and recognised a gain of HK\$20 million. The disposal of five more residential units in Hong Kong with an aggregate consideration of approximately HK\$299 million will be completed in the second half of this year. The disposals represented a good opportunity for the Group to realise the profits.

In mainland China, the Group participated in development projects in Huai An, Jiangsu Province ("Huai An Project") and Taizhou City, Jiangsu Province ("Taizhou Project"). Huai An Project will be developed into an integrated residential, commercial and retail complex, whereas Taizhou Project is a residential development project comprising townhouses and residential towers. Both projects are currently under planning and design stage.

Treasury and securities investment

The investment markets are challenging and full of uncertainties. Foreseeing that the global investment markets will continue to be volatile, the Group cautiously managed its investment portfolio. In the first six months of 2012, treasury and securities investments business recorded a revenue of HK\$1 million (2011 — HK\$2 million), with a net loss of HK\$14 million (2011 — HK\$4 million). The loss was mainly attributed to the fair value loss on securities investments.

During the period, the Group further invested approximately A\$7.3 million in Haranga Resources Limited, a listed company in Australia engaged in the acquisition, exploration and development of iron ore projects in Mongolia, thereby increased its interests to approximately 15 per cent.

Other businesses

During the period, the Group registered an attributable profit of HK\$9.5 million (2011 — HK\$0.3 million) from Auric Pacific Group Limited (“APG”), a listed company in Singapore. APG is mainly engaged in food manufacturing, wholesale and distribution, food retail and food court operation as well as property and securities investments.

The Group also owns interests in Asia Now Resources Corp. (“Asia Now”), a company listed on the TSX Venture Exchange of Canada and is primarily engaged in the business of exploration of mineral deposits in mainland China. Asia Now is currently focusing on the exploration of the site at Beiya in Yunnan Province. An independent technical report was released in January 2012, which was prepared in accordance with the National Instrument 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Standard Definitions for Mineral Projects on the initial mineral resource estimate for the deposit. At present, Asia Now is conducting a preliminary evaluation of Beiya project.

In February 2012, the Group has completed the acquisition of approximately 4 per cent. of the total issued and outstanding Class A units in Skye Mineral Partners, LLC (“Skye”) for a consideration of US\$4.2 million. Together with the attributable interest of 8 per cent. of the Class A units acquired in last year, the Group has approximately 12 per cent. attributable interests in Skye as at 30th June, 2012. Additional acquisitions of 2,456 Class A units (the “Acquisitions”) with an aggregate consideration of approximately US\$5.5 million is expected to be completed in the second half of 2012. Following the Acquisitions, the Group would have an effective interest of approximately 16.7 per cent. of the total issued and outstanding Class A Units in Skye. Skye has interests in a few copper ore deposits in State of Utah in the United States of America and the production is expected to be started shortly. The investment is an opportunity for the Group to benefit from exploration results of this project.

Financial Position

As at 30th June, 2012, the Group's total assets amounted to HK\$7.2 billion (31st December, 2011 — HK\$6.8 billion). Property-related assets increased to HK\$5.4 billion (31st December, 2011 — HK\$5.0 billion), representing 74 per cent. (31st December, 2011 — 74 per cent.) of the total assets. Total liabilities slightly increased to HK\$2.3 billion (31st December, 2011 — HK\$2.2 billion, restated). The Group's financial position remained healthy.

As at 30th June, 2012, bank loans of the Group decreased to HK\$1,259 million (31st December 2011 — HK\$1,396 million). All the bank loans were secured by certain properties of the Group and denominated in Hong Kong dollars and Renminbi. The bank loans carried interest at floating rates and 9 per cent. (31st December, 2011 — 9 per cent.) of the bank loans were repayable within one year. At the end of the period, the gearing ratio (measured as total borrowings to shareholders' funds) was 26.0 per cent. (31st December, 2011 — 30.4 per cent., restated).

The net asset value of the Group remained strong and increased to HK\$4.8 billion (31st December, 2011 — HK\$4.6 billion, restated). This was equivalent to HK53 cents per share (31st December, 2011 — HK50 cents per share, restated).

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, 2011 — Nil). The Group had no material contingent liabilities outstanding (31st December, 2011 — Nil).

As at 30th June, 2012, the Group's total capital commitment increased to HK\$302 million (31st December, 2011 — HK\$230 million), mainly arising from 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 205 employees as at 30th June, 2012 (2011 — 170 employees). The increase in the number of employees was mainly due to the expansion of the property development team in mainland China. Staff costs (including directors' emoluments) charged to the income statement during the period amounted to HK\$22 million (2011 — HK\$24 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under the share option scheme of the Company.

Outlook

The business environment continues to be challenging. The world economy will remain unstable, unless the European debt problems can be resolved. Despite of the weakening global outlook, the Group remains prudently optimistic about the global and regional economic prospects over the medium term. The Group will respond to the fast changing market conditions, refine its existing businesses and prudently seek new investment opportunities with long-term growth potential.

Business Review

In the first half of 2012, the global economy remained subdued and continued to be dominated by the eurozone banking and sovereign debt crises. Consumer and investor confidence and the job market remained weak in the US. Except for Japan which recorded almost no growth, other major economies in Asia have been able to hold on to their economic growth, which has contributed to a more stable economic environment in Asia. However, prospects for the global economy is for little growth in the coming year.

China continued to be Asia's leading economic performer. But recent statistics show that the pace of China's economic growth has slowed down, expectedly in response to the weakening global market as well as the various credit tightening and austerity measures taken by the Central Government in 2011. The potential for an overheated economy has been averted, and inflation brought down to a modest level. The Chinese Government is looking at ways to orderly reflate its economy. The continuing strong economic performance in South East Asian countries has also contributed to Asia's holding on well in economic growth.

However, within the overall economic picture in Asia, growth in the property sector has moderated, largely a response to various measures taken by local and national authorities in key property markets to address local community concern about high and rising property prices.

As the Group's operations and investments are substantially within the Asian region, its performance is largely unaffected, and even if it did, only marginally and indirectly, by global economic happenings outside Asia. Against this backdrop, the Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$413 million for the six months ended 30th June, 2012, as compared with a profit of HK\$369 million (restated) for the corresponding period in 2011. The profit was mainly attributable to the fair value gains of the Group's investment properties.

The Group's investment properties continued to enjoy satisfactory occupancy during the period under review and provided the Group with stable recurrent income. Rental income from Lippo Centre in Hong Kong and Lippo Plaza in Shanghai increased moderately. During the period under review, the Group had entered into agreements for the disposal of a couple of residential units in Hong Kong for an aggregate consideration of approximately HK\$518.2 million. Such disposals reflect the Group's seizing good opportunities to realise its property portfolio at favourable market prices. The proceeds have been/would be applied towards the general working capital and development projects of the Group.

Asia Now Resources Corp. (“Asia Now”), in which the Group is interested in approximately 49.9 per cent. of its issued share capital, has focused its efforts in exploration of the site at Beiya in Yunnan Province, mainland China. An independent technical report prepared in accordance with the National Instrument 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Standard Definitions for Mineral Projects on the initial mineral resource estimate for the deposit in Beiya North was obtained in January 2012. Asia Now has commissioned a scoping study (the “Scoping Study”) on the ore body identified in Beiya North. Upon completion of the Scoping Study, Asia Now may proceed with a pre-feasibility study and explore a possible application of an exploitation licence to develop the Beiya project. Asia Now is listed on the TSX Venture Exchange of Canada, and is primarily engaged in the business of exploration of mineral deposits in mainland China.

In December 2011, the Group acquired 14,470,000 ordinary shares in, representing approximately 7.35 per cent. of the then issued share capital of, Haranga Resources Limited (“Haranga”) for an aggregate consideration of A\$4,051,600. In March 2012, the Group entered into a subscription agreement with Haranga for the subscription of 15,000,000 new ordinary shares in Haranga at an aggregate subscription price of A\$6 million. Immediately after the above subscription, the Group was interested in a total of 29,470,000 shares in, representing approximately 13.92 per cent. of the issued share capital of, Haranga. In order to strengthen its position in Haranga, the Group subsequently acquired additional 3,000,000 shares in Haranga from the market for a total consideration of approximately A\$1,319,000. As at 30th June, 2012, the Group was interested in a total of 32,470,000 shares in, representing approximately 15.33 per cent. of the issued share capital of, Haranga. Haranga is listed on the Australian Securities Exchange and is primarily engaged in the acquisition, exploration and development of iron ore projects in Mongolia, and owns a controlling interest in four separate iron ore projects in Mongolia.

In addition, the Group acquired in November 2011 an attributable interest of 8 per cent. of the total issued and outstanding Class A units in Skye Mineral Partners, LLC (“Skye”) for a consideration of US\$4.88 million. In February 2012, the Group entered into a membership unit purchase agreement (the “Purchase Agreement”) for the acquisition of a further 3,600 Class A units (of which the acquisition of 1,900 Class A units had been completed) in Skye, representing 8 per cent. of the total issued and outstanding Class A units in Skye and approximately 7.58 per cent. of the total issued and outstanding units in Skye, for a total consideration of US\$8 million. In order to provide additional funding for working capital (the “Equity Financing”), the Group entered into another membership unit purchase agreement (the “Equity Financing Agreement”) in August 2012 for the acquisition of 1,674 Class A units in Skye for a consideration of US\$3,720,000. Concurrently with the signing of the Equity Financing Agreement, the Group entered into an amendment to the Purchase Agreement (the “Amendment Agreement”) in order for the unitholders to maintain more or less the same the existing percentage ownership interest in Skye. Pursuant to the Amendment Agreement, the Group agreed to reduce its purchase under the Purchase Agreement from the remaining 1,700 Class A units to 782 Class A units. Following the Equity Financing and the Amendment Agreement, the Group would have an effective interest of 7,956 Class A units in Skye, representing approximately 16.7 per cent. of the total issued and outstanding Class A units in Skye and approximately 15.8 per cent. of the total issued and outstanding units in Skye. In the event that the Equity Financing is not completed, following the Amendment Agreement, the Group would have an effective interest of 7,200 Class A units in Skye, representing 16 per cent. of the total issued and outstanding Class A units in Skye and approximately 15.2 per cent. of the total issued and outstanding units in Skye. Skye, through its majority owned subsidiary, CS Mining, LLC (“CS Mining”) owns and controls a few copper ore deposits located in the Milford Mineral Belt in Beaver County, State of Utah in the US, and is to engage in the business of mining and processing copper and possibly other minerals following receipt of the appropriate permits. It is anticipated that CS Mining would be able to commence its production shortly. The above acquisitions have provided another opportunity for the Group to invest in the promising mineral resource industry.

Auric Pacific Group Limited (together with its subsidiaries, the “APG Group”), a listed company in Singapore in which the Group is interested in approximately 49.3 per cent. of its issued share capital, recorded a consolidated profit attributable to shareholders of approximately S\$3,149,000 for the six months ended 30th June, 2012, as compared with a profit of S\$97,000 for the six months ended 30th June, 2011. The higher cost of raw materials and higher operating expenses 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.

Food Junction Holdings Limited (“Food Junction”), a listed company in Singapore, in which the APG Group is interested in approximately 61.4 per cent. of its issued share capital (excluding treasury shares), recorded a consolidated profit attributable to shareholders of approximately S\$215,000 for the first half of the year, as compared with a profit of approximately S\$1,600,000 for the same period in 2011. Food Junction is a regional foodservice company which operates and manages food courts and restaurants in Singapore, Malaysia, Indonesia, Hong Kong and mainland China. While Food Junction expects the operating environment to remain challenging, it remains committed to grow its food court business and related value enhancing F&B operations.

Prospects

Prospects for Asia remains positive but the growth momentum would be hindered by the continuing economic uncertainty in the US and Europe. The continuing weak US economy and sovereign debt crisis in Europe suggest that global economic recovery would be slow. Hopefully, with signs that the threat of inflation has been brought under control, the continuing low interest rate environment should help to promote stronger investor confidence and create new business opportunities.

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 investment portfolio and businesses and in assessing new investment opportunities. In view of the prospects of scarce natural resources in world supply, the Group will seize suitable investment opportunities in mineral resource industry when opportunities arise.

Interim Dividend

The Directors have resolved to declare the payment of an interim dividend of HK0.3 cent per share (2011 — HK0.2 cent per share) amounting to approximately HK\$27,574,000 for the six months ended 30th June, 2012 (2011 — HK\$18,383,000), which will be paid on or about Thursday, 18th October, 2012 to shareholders whose names appear on the Register of Members on Friday, 12th October, 2012.

Closure of Register of Members

The Register of Members of the Company will be closed from Wednesday, 10th October, 2012 to Friday, 12th October, 2012 (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, 2012, 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 Tuesday, 9th October, 2012.

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, 2012, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

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

(a) The Company

Name of Director	Number of ordinary shares of HK\$0.10 each in the Company	Number of underlying ordinary shares of HK\$0.10 each in the Company		Approximate percentage of total interests in the issued share capital
	Other interests	Personal interests (held as beneficial owner)	Total interests	
		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 13 to the interim financial statements.

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

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

(b) Lippo Limited ("Lippo")

Name of Director	Number of ordinary shares of HK\$0.10 each in Lippo		Number of underlying ordinary shares of HK\$0.10 each in Lippo		Approximate percentage of total interests in the issued share capital
	Personal interests (held as beneficial owner)	Other interests	Personal interests (held as beneficial owner)	Total interests	
			Options*		
Stephen Riady	—	319,322,219	—	319,322,219	64.03
		<i>Note (i)</i>			
John Luen Wai Lee	1,031,250	—	1,125,000	2,156,250	0.43
Leon Nim Leung Chan	—	—	193,750	193,750	0.04
Edwin Neo	—	—	162,500	162,500	0.03
King Fai Tsui	—	—	162,500	162,500	0.03
Victor Ha Kuk Yung	—	—	162,500	162,500	0.03

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

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

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

(c) Hongkong Chinese Limited ("HKC")

Name of Director	Number of ordinary shares of HK\$1.00 each in HKC			Number of underlying ordinary shares of HK\$1.00 each in HKC		Total interests	Approximate percentage of total interests in the issued share capital
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Personal interests (held as beneficial owner)	Options [^]		
Stephen Riady	—	—	1,120,987,842	—	—	1,120,987,842	56.09
			<i>Notes (i) and (iii)</i>				
John Luen Wai Lee	270	270	—	4,590,000	—	4,590,540	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 (vi) below.

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, 2012, 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, was directly and indirectly interested in an aggregate of 319,322,219 ordinary shares of HK\$0.10 each in, representing approximately 64.03 per cent. of the then issued share capital of, Lippo. 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, 2012, 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 then issued share capital of, the Company.
- (iii) As at 30th June, 2012, Lippo was indirectly interested in 1,120,987,842 ordinary shares of HK\$1.00 each in, representing approximately 56.09 per cent. of the then issued share capital of, HKC.
- (iv) The percentages of issued share capital stated in this section were arrived based on the issued share capital of each of the Company, Lippo and HKC (as the case may be) as at 30th June, 2012.

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

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

Note: (Continued)

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

Name of Director	Exercise price per share	Number of underlying ordinary shares of HK\$0.10 each in Lippo in respect of which options have been granted	
		Balance as at 1st January, 2012	and 30th June, 2012
	<i>HK\$</i>		
John Luen Wai Lee	5.58		1,125,000
Leon Nim Leung Chan	5.58		193,750
Edwin Neo	5.58		162,500
King Fai Tsui	5.58		162,500
Victor Ha Kuk Yung	5.58		162,500

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

Name of Director	Exercise price per share	Number of underlying ordinary shares of HK\$1.00 each in HKC in respect of which options have been granted	
		Balance as at 1st January, 2012	and 30th June, 2012
	<i>HK\$</i>		
John Luen Wai Lee	1.24		4,590,000
Leon Nim Leung Chan	1.24		810,000
King Fai Tsui	1.24		607,500
Victor Ha Kuk Yung	1.24		607,500

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

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 interests 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
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
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
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
SCR Ltd.	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10	100
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	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
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

As at 30th June, 2012, 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, 2012, 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, 2012, 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, 2012, 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, 2012, 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 Directors' Information

The followings are the updated information of the Directors 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:

- (i) Mr. John Luen Wai Lee ceased to be a non-executive director of Asia Now Resources Corp., a company listed on TSX Venture Exchange of Canada, on 21st June, 2012.
- (ii) During the period under review, Mr. Stephen Riady ("Mr. Riady") entered into a letter agreement (the "Agreement") with the Company setting out the key terms and conditions for serving as a Director of the Company. Pursuant to the Agreement, Mr. Riady would receive salaries of HK\$1,300,000 per annum with effect from 1st April, 2012. He would also receive allowances and benefits in kind and a discretionary bonus to be determined by the Remuneration Committee by reference to his roles and responsibilities. Mr. Riady was not appointed for a specific term but would be subject to the relevant provisions of the Articles of Association of the Company.

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

As at 30th June, 2012, 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:

- 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 64.03 per cent. of the then issued share capital of Lippo.
- 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 interest in the shares of the Company under the provisions of the SFO.
- Lippo's interests in the ordinary 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, 2012, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

Details of the share option scheme of the Company are disclosed in Note 13 to the interim financial statements.

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

During the six months ended 30th June, 2012, 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, 2012.

Corporate Governance

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, save as disclosed below, the Company has complied with the code provisions of the Code on Corporate Governance Practices for the period from 1st January, 2012 to 31st March, 2012 and the Corporate Governance Code (the "CG Code") for the period from 1st April, 2012 to 30th June, 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The CG Code is the new edition of the Code on Corporate Governance Practices and is applicable to financial reports covering a period after 1st April, 2012. Under the code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should also attend general meetings. One of the non-executive Directors of the Company was unable to attend the annual general meeting of the Company held on 5th June, 2012 as he was stranded in overseas due to an unexpected yacht sunken incident.

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, 16th August, 2012

Board of Directors

Executive Directors

Mr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee, BBS, JP
(*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. King Fai Tsui (*Chairman*)

Mr. Leon Nim Leung Chan

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. Stephen Riady

Nomination Committee

Mr. King Fai Tsui (*Chairman*)

Mr. Leon Nim Leung Chan

Mr. Victor Ha Kuk Yung

Mr. Edwin Neo

Mr. Stephen Riady

Secretary

Ms. Millie Yuen Fun Luk

Auditors

Ernst & Young

Principal Bankers

CITIC Bank International Limited

Standard Chartered Bank

Fubon Bank (Hong Kong) Limited

Agricultural Bank of China, Shanghai Branch

Chong Hing Bank Limited

Solicitors

Howse Williams Bowers

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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