



Lippo Limited

力寶有限公司

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



INTERIM REPORT
2012

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The Directors of Lippo Limited (the "Company") 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,	
	<i>Note</i>	2012	2011
		HK\$'000	HK\$'000
			<i>(Restated)</i>
Revenue	3	170,762	168,638
Cost of sales		(16,687)	(19,587)
Gross profit		154,075	149,051
Administrative expenses		(85,055)	(88,091)
Other operating expenses		(73,564)	(44,505)
Fair value gains on investment properties		502,329	361,722
Gain on changes in interests in associates		23,902	—
Gain on disposal of investment properties		19,685	—
Gain on disposal of available-for-sale financial assets		—	3,415
Net fair value loss on financial assets at fair value through profit or loss		(17,674)	(5,110)
Finance costs		(31,182)	(30,249)
Share of results of associates	4	(95,272)	1,123,733
Share of results of jointly controlled entities		(428)	(85)
Profit before tax	5	396,816	1,469,881
Income tax	6	(122,669)	(27,715)
Profit for the period		274,147	1,442,166
Attributable to:			
Equity holders of the Company		203,405	839,045
Non-controlling interests		70,742	603,121
		274,147	1,442,166
		HK cents	HK cents
			<i>(Restated)</i>
Earnings per share attributable to equity holders of the Company			
Basic	7	41	168
Diluted		41	168

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, 2012

	Unaudited	
	six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
		(Restated)
Profit for the period	274,147	1,442,166
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	19,762	6,288
Reclassification adjustments for disposal	—	85
Income tax effect	(1,360)	(227)
	18,402	6,146
Surplus on revaluation of leasehold land and buildings	8,885	—
Income tax effect	(1,066)	—
	7,819	—
Share of other comprehensive income/(loss) of associates:		
Share of changes in fair value of available-for-sale financial assets	5,068	11,251
Share of effective portion of changes in fair value of cash flow hedges of an associate	(96)	(345)
Share of exchange differences on translation of foreign operations	128,086	354,932
	133,058	365,838
Exchange differences on translation of foreign operations	23,351	141,958
Reclassification adjustment relating to changes in interests in associates	10,504	—
Other comprehensive income for the period, net of tax	193,134	513,942
Total comprehensive income for the period	467,281	1,956,108
Attributable to:		
Equity holders of the Company	317,488	1,140,974
Non-controlling interests	149,793	815,134
	467,281	1,956,108

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			
Goodwill		71,485	71,485
Fixed assets		266,588	271,012
Investment properties		4,936,954	4,688,129
Interests in associates	4	9,596,133	9,254,430
Interests in jointly controlled entities		75,006	194,396
Available-for-sale financial assets	9	420,307	407,916
Held-to-maturity financial assets	10	27,822	27,265
Loans and advances	11	46,715	41,541
		15,441,010	14,956,174
Current assets			
Properties held for sale		79,267	77,882
Properties under development		1,677,532	1,347,459
Deposits paid for properties under development		204,301	192,624
Financial assets at fair value through profit or loss	12	299,162	247,142
Loans and advances	11	224,287	204,678
Debtors, prepayments and deposits	13	342,308	166,519
Client trust bank balances		440,842	550,716
Restricted cash		585,935	466,295
Treasury bills		7,760	—
Cash and bank balances		1,335,832	1,085,542
		5,197,226	4,338,857
Current liabilities			
Bank loans	14	869,393	290,689
Creditors, accruals and deposits received	15	2,331,851	1,545,517
Current, fixed, savings and other deposits of customers	16	192,796	120,225
Tax payable		50,990	53,966
		3,445,030	2,010,397
Net current assets		1,752,196	2,328,460
Total assets less current liabilities		17,193,206	17,284,634

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	14	1,568,415	2,294,405
Deferred tax liabilities		668,769	558,297
		2,237,184	2,852,702
Net assets		14,956,022	14,431,932
Equity			
Equity attributable to equity holders of the Company			
Issued capital	17	49,863	50,044
Reserves	18	8,841,786	8,452,088
		8,891,649	8,502,132
Non-controlling interests		6,064,373	5,929,800
		14,956,022	14,431,932

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	Special capital reserve	Capital redemption reserve	Legal reserve	Regulatory reserve	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve	Exchange equalisation reserve	Retained profits	Total		
HKS'000	HKS'000	HKS'000	(Note 18 (a)) HKS'000	HKS'000	(Note 18 (b)) HKS'000	(Note 18 (c)) HKS'000	HKS'000	HKS'000	(Note 18 (d)) HKS'000	HKS'000	HKS'000	HKS'000	HKS'000		
At 1st January, 2012															
As previously reported	50,044	914,519	24,955	1,709,202	22,035	3,876	458	216,195	25,634	(2,416)	634,562	4,291,440	7,890,504	5,514,733	13,405,237
Prior year adjustments	—	—	—	—	—	—	—	—	—	—	19,668	591,960	611,628	415,067	1,026,695
As restated	50,044	914,519	24,955	1,709,202	22,035	3,876	458	216,195	25,634	(2,416)	654,230	4,883,400	8,502,132	5,929,800	14,431,932
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	203,405	203,405	70,742	274,147
Other comprehensive income/(loss) for the period:															
Available-for-sale financial assets:															
Changes in fair value	—	—	—	—	—	—	—	13,600	—	—	—	—	13,600	6,162	19,762
Income tax effect	—	—	—	—	—	—	—	(761)	—	—	—	—	(761)	(599)	(1,360)
Surplus on revaluation of leasehold land and buildings	—	—	—	—	—	—	—	—	4,976	—	—	—	4,976	3,909	8,885
Income tax effect on surplus on revaluation of leasehold land and buildings	—	—	—	—	—	—	—	—	(597)	—	—	—	(597)	(469)	(1,066)
Share of other comprehensive income/(loss) of associates	—	—	—	—	—	—	—	2,837	—	(53)	71,661	—	74,445	58,613	133,058
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	11,916	—	11,916	11,435	23,351
Reclassification adjustment relating to changes in interests in associates	—	—	—	—	—	—	—	—	—	—	10,504	—	10,504	—	10,504
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	15,676	4,379	(53)	94,081	203,405	317,488	149,793	467,281
Repurchases of shares	(181)	—	—	—	181	—	—	—	—	—	—	(5,154)	(5,154)	—	(5,154)
Repurchases of shares by a subsidiary (Note 19)	—	—	—	—	—	—	—	—	—	—	—	10,114	10,114	(16,059)	(5,945)
Share of equity movements arising on equity transactions of associates	—	—	120	—	—	—	—	—	—	—	—	101,921	102,041	80,128	182,169
Transfer of reserve	—	—	—	—	—	179	—	—	—	—	—	(179)	—	—	—
2011 final and special final dividends declared to shareholders of the Company	—	—	—	—	—	—	—	—	—	—	—	(34,972)	(34,972)	—	(34,972)
2011 final and special final dividends and distributions declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(79,289)	(79,289)
At 30th June, 2012	49,863	914,519	25,075	1,709,202	22,216	4,055	458	231,871	30,013	(2,469)	748,311	5,158,535	8,891,649	6,064,373	14,956,022

Condensed Consolidated Statement of Changes in Equity (Continued)

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	Special capital reserve (Note 18 (a))	Capital redemption reserve	Legal reserve (Note 18 (b))	Regulatory reserve (Note 18 (c))	Investment revaluation reserve	Other asset revaluation reserve	Hedging reserve (Note 18 (d))	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	HK\$'000	HK\$'000	HK\$'000		
At 1st January, 2011															
As previously reported	50,043	914,507	23,920	1,709,202	22,035	3,658	458	275,895	25,634	(3,997)	606,537	3,636,186	7,264,078	5,137,413	12,401,491
Prior year adjustments	—	—	—	—	—	—	—	—	—	—	26,494	495,762	522,256	355,649	877,905
As restated	50,043	914,507	23,920	1,709,202	22,035	3,658	458	275,895	25,634	(3,997)	633,031	4,131,948	7,786,334	5,493,062	13,279,396
Profit for the period	—	—	—	—	—	—	—	—	—	—	—	839,045	839,045	603,121	1,442,166
Other comprehensive income/(loss) for the period:															
Available-for-sale financial assets:															
Changes in fair value	—	—	—	—	—	—	—	4,166	—	—	—	—	4,166	2,122	6,288
Reclassification adjustments for disposal	—	—	—	—	—	—	—	50	—	—	—	—	50	35	85
Income tax effect	—	—	—	—	—	—	—	(117)	—	—	—	—	(117)	(110)	(227)
Share of other comprehensive income/(loss) of associates	—	—	—	—	—	—	—	6,306	—	(193)	199,288	—	205,401	160,437	365,838
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	—	—	92,429	—	92,429	49,529	141,958
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	—	10,405	—	(193)	291,717	839,045	1,140,974	815,134	1,956,108
Issuance of shares upon exercise of warrants	—	6	—	—	—	—	—	—	—	—	—	—	6	—	6
Changes in non-controlling interests from the exercise of warrants of a subsidiary (Note 19)	—	—	—	—	—	—	—	—	—	—	—	94,867	94,867	(32,233)	62,634
Changes in non-controlling interests without change in control (Note 19)	—	—	—	—	—	—	—	—	—	—	—	6,465	6,465	(129,034)	(122,569)
Share of equity movements arising on equity transactions of associates	—	—	511	—	—	—	—	—	—	—	—	(117,249)	(116,738)	(93,614)	(210,352)
Advances from a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	—	—	—	—	25	25
Transfer of reserve	—	—	—	—	—	218	—	—	—	—	—	(218)	—	—	—
2010 final dividend declared to shareholders of the Company	—	—	—	—	—	—	—	—	—	—	—	(10,009)	(10,009)	—	(10,009)
2010 final dividend and distribution declared to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—	—	(30,146)	(30,146)
At 30th June, 2011 (restated)	50,043	914,513	24,431	1,709,202	22,035	3,876	458	286,300	25,634	(4,190)	924,748	4,944,849	8,901,899	6,023,194	14,925,093

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2012

	Unaudited	
	2012	2011
	HK\$'000	HK\$'000 (Restated)
Net cash flows from/(used in) operating activities	228,611	(403,815)
Net cash flows from investing activities	216,537	197,579
Net cash flows from/(used in) financing activities	(185,668)	422,057
Net increase in cash and cash equivalents	259,480	215,821
Cash and cash equivalents at 1st January	1,085,542	925,162
Exchange realignments	(3,018)	11,856
Cash and cash equivalents at 30th June	1,342,004	1,152,839
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	1,335,832	1,200,938
Treasury bills	7,760	—
Time deposits with original maturity of more than three months	(1,588)	(48,099)
	1,342,004	1,152,839

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	HK\$'000
Increase in share of results of associates	—	148,557
Decrease in income tax expense	1,556	46,772
Increase in share of other comprehensive income of associates	17,528	51,705
Increase in profit for the period attributable to:		
Equity holders of the Company	1,108	117,226
Non-controlling interests	448	78,103
Increase in total comprehensive income for the period attributable to:		
Equity holders of the Company	10,930	146,434
Non-controlling interests	8,154	100,600
Increase in basic earnings per share (<i>HK cents</i>)	0.2	24
Increase in diluted earnings per share (<i>HK cents</i>)	0.2	24

	30th June,	31st December,
	2012	2011
	HK\$'000	HK\$'000
Increase in interests in associates	840,349	791,860
Decrease in deferred tax liabilities	236,391	234,835
Increase in exchange equalisation reserve	29,490	19,668
Increase in retained profits	611,485	591,960
Increase in non-controlling interests	435,765	415,067

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.

1. Principal Accounting Policies (Continued)

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, 2012 HK\$'000	31st December, 2011 HK\$'000
Non-current Assets		
Decrease in properties under development	1,677,532	1,347,459
Decrease in deposits paid for properties under development	204,301	192,624
Current Assets		
Increase in properties under development	1,677,532	1,347,459
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;
- (e) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services;
- (f) the banking business segment engages in the provision of commercial and retail banking services; and
- (g) the "other" segment comprises principally mineral exploration, extraction and processing, food business, the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services.

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

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

2. Segment Information (Continued)

Six months ended 30th June, 2012

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Corporate finance and securities broking HK\$'000	Banking business HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	114,273	—	5,086	11,310	16,523	5,928	17,642	—	170,762
Inter-segment	5,276	—	—	—	—	—	1,615	(6,891)	—
Total	119,549	—	5,086	11,310	16,523	5,928	19,257	(6,891)	170,762
Segment results	613,719	12,972	4,868	(8,607)	(9,195)	63	(998)	(1,615)	611,207
	<i>(Note)</i>								
Unallocated corporate expenses									(87,509)
Finance costs									(31,182)
Share of results of associates	(120,417)	19,791	—	—	—	—	5,354	—	(95,272)
Share of results of jointly controlled entities	—	(408)	—	—	—	—	(20)	—	(428)
Profit before tax									396,816

2. Segment Information (Continued)

Six months ended 30th June, 2011 (restated)

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Corporate finance and securities broking HK\$'000	Banking business HK\$'000	Other HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue									
External	108,911	—	2,466	10,415	24,566	6,433	15,847	—	168,638
Inter-segment	5,403	—	—	—	—	—	4,587	(9,990)	—
Total	114,314	—	2,466	10,415	24,566	6,433	20,434	(9,990)	168,638
Segment results	445,412	(5,239)	1,873	5,790	(1,879)	137	(588)	(4,587)	440,919
	(Note)								
Unallocated corporate expenses									(64,437)
Finance costs									(30,249)
Share of results of associates	875,062	251,020	—	—	—	—	(2,349)	—	1,123,733
Share of results of jointly controlled entities	—	(94)	—	—	—	—	9	—	(85)
Profit before tax									1,469,881

Note: The amount included fair value gains on investment properties of HK\$502,329,000 (2011 — HK\$361,722,000).

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 underwriting and securities broking, gross interest income, commissions, dealing income and other revenues from a banking subsidiary, gross income from property and project management, and interest and other income from money lending and other businesses, after eliminations of all significant intra-group transactions.

3. Revenue (Continued)

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

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
Property investment	114,273	108,911
Treasury investment	5,086	2,466
Securities investment	11,310	10,415
Corporate finance and securities broking	16,523	24,566
Banking business	5,928	6,433
Other	17,642	15,847
	170,762	168,638

Revenue attributable to banking business represents revenue generated from The Macau Chinese Bank Limited, a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China. Revenue attributable to banking business is analysed as follows:

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
Interest income	4,910	4,501
Commission income	1,018	1,418
Other revenues	—	514
	5,928	6,433

4. Share of Results of Associates/Interests in Associates

Share of results of associates included the Group's share of loss in Lippo ASM Asia Property LP ("LAAP") of approximately HK\$120,417,000 (2011 — share of profit of HK\$875,065,000, restated) and share of profit from Lippo Marina Collection Pte. Ltd. ("Lippo Marina") of approximately HK\$51,368,000 (2011 — HK\$263,872,000). LAAP, a fund which carries the objective of investing in real estate and hospitality service businesses in Asia, invested in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore which is principally engaged in property investment and development and hotel operations. The decrease in share of results was mainly attributable to absence of fair value gains on investment properties of OUE as compared with the corresponding period of last year. Lippo Marina was set up for the purpose of a property development project in Singapore, namely Marina Collection. The share of profit in 2011 was arising from the profit recognition of the sold units upon completion in April 2011. The profit in 2012 represented the share of profit from the sale of additional units during the period.

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

Interests in associates mainly included the Group's interest in LAAP of approximately HK\$8,034,612,000 (31st December, 2011 — HK\$7,837,681,000, restated). Certain shares of OUE held under LAAP had been pledged to secure banking facilities made available to the subsidiaries of LAAP. Due to the share buy-back of OUE during the period, LAAP's controlling interest in OUE increased from approximately 65.6 per cent. as at 31st December, 2011 to approximately 68.0 per cent. as at 30th June, 2012.

5. Profit before Tax

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

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000
Interest income:		
Unlisted financial assets at fair value through profit or loss	51	204
Listed available-for-sale financial assets	915	743
Listed held-to-maturity financial assets	1,030	748
Loans and advances	869	666
Banking business	4,910	4,501
Other	5,086	2,466
Dividend income:		
Listed investments	676	540
Unlisted investments	1,485	438
Gain on disposal of:		
Listed financial assets at fair value through profit or loss	5,041	5,268
Unlisted financial assets at fair value through profit or loss	2,112	2,474
Unlisted available-for-sale financial assets	—	3,415
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	(22,300)	(3,039)
Unlisted	4,626	(2,071)
Provision for impairment losses on unlisted available-for-sale financial assets	(90)	(682)
Write-back of allowance/(Allowance) for bad and doubtful debts	(233)	267
Interest expense attributable to banking business	(786)	(288)
Depreciation	(7,347)	(7,193)
Foreign exchange gains/(losses) — net	(782)	14,897

6. Income Tax

	Six months ended 30th June,	
	2012	2011
	HK\$'000	HK\$'000 (Restated)
Hong Kong:		
Charge for the period	2,494	3,068
Overprovision in prior periods	—	(2,900)
Deferred	902	158
	3,396	326
Overseas:		
Charge for the period	8,153	6,810
Underprovision/(Overprovision) in prior periods	146	(253)
Deferred	110,974	20,832
	119,273	27,389
Total charge for the period	122,669	27,715

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.

7. Earnings Per Share Attributable to Equity Holders of the Company

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 500,184,000 ordinary shares (2011 — 500,435,000 ordinary shares) in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30th June, 2012 and 2011 as the share options and warrants outstanding had no dilutive effect on the basic earnings per share amounts presented.

8. Interim Dividend

	Six months ended 30th June,	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend, declared, of HK3 cents (2011 — Nil) per ordinary share	14,955	—

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

9. Available-for-sale Financial Assets

	30th June,	31st December,
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets stated at fair value:		
Equity securities listed overseas	317,587	300,925
Debt securities listed in Hong Kong	3,627	3,407
Debt securities listed overseas	18,921	18,388
Unlisted investment funds	16,865	52,943
	357,000	375,663
Financial assets stated at cost:		
Unlisted equity securities	143,912	113,546
Unlisted debt securities	11,663	11,663
Unlisted investment funds	16,239	15,461
	171,814	140,670
Provision for impairment losses	(108,507)	(108,417)
	63,307	32,253
	420,307	407,916

The debt securities bear interest at effective rates ranging from nil to 10 per cent. (31st December, 2011 — nil to 10 per cent.) per annum.

9. Available-for-sale Financial Assets (Continued)

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

	30th June, 2012	31st December, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity securities:		
Corporate entities	461,499	414,471
Debt securities:		
Club debentures	11,663	11,663
Corporate entities	12,255	11,704
Banks and other financial institutions	10,293	10,091
	34,211	33,458

10. Held-to-maturity Financial Assets

	30th June, 2012	31st December, 2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Debt securities, at amortised cost:		
Listed in Hong Kong	18,098	8,083
Listed overseas	9,724	19,182
	27,822	27,265
Market value of listed debt securities	28,245	26,654

The debt securities bear interest at effective rates ranging from 6 per cent. to 9 per cent. (31st December, 2011 — 6 per cent. to 9 per cent.) per annum.

10. Held-to-maturity Financial Assets (Continued)

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

	30th June, 2012 HK\$'000	31st December, 2011 HK\$'000
Corporate entities	25,891	15,889
Banks and other financial institutions	1,931	11,376
	27,822	27,265

11. Loans and Advances

The balance mainly comprised of loans and advances to customers of the Group in respect of securities broking and banking operations of HK\$256,279,000 (31st December, 2011 — HK\$230,589,000).

The loans and advances to customers of the Group bear interest at effective rates ranging from 2 per cent. to 9 per cent. (31st December, 2011 — 3 per cent. to 8 per cent.) per annum. Certain balances arising from securities broking and banking operations are secured by clients' properties, deposits and securities being held as collaterals with carrying amounts of HK\$684,016,000 (31st December, 2011 — HK\$498,272,000).

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

	Six months ended 30th June,	
	2012 HK\$'000	2011 HK\$'000
Balance at beginning of period	8,450	13,294
Allowance for bad and doubtful debts	233	—
Balance at end of period	8,683	13,294

12. Financial Assets at Fair Value through Profit or Loss

	30th June, 2012 HK\$'000	31st December, 2011 HK\$'000
Held for trading:		
Equity securities:		
Listed in Hong Kong	96,934	26,396
Listed overseas	77,854	99,439
	174,788	125,835
Unlisted investment funds	106,002	102,682
Derivative financial assets:		
Call option	18,372	18,625
	299,162	247,142

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

	30th June, 2012 HK\$'000	31st December, 2011 HK\$'000
Equity securities:		
Corporate entities	171,904	122,917
Banks and other financial institutions	662	703
Public sector entities	2,222	2,215
	174,788	125,835

13. 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:		
Repayable on demand	32,500	50,076
Within 30 days	8,100	8,031
Between 31 and 60 days	99	587
Between 61 and 90 days	5	14
Between 91 and 180 days	291	125
Over 180 days	—	9
	40,995	58,842

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\$53,105,000 (31st December, 2011 — HK\$53,105,000) related to securities broking operation and investment and property development projects 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.

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing.

14. Bank Loans

	30th June, 2012 HK\$'000	31st December, 2011 HK\$'000
Bank loans:		
Secured (Note)	2,427,808	2,585,094
Unsecured	10,000	—
	2,437,808	2,585,094
Less: Amount classified under current portion	(869,393)	(290,689)
Non-current portion	1,568,415	2,294,405
Bank loans by currency:		
Hong Kong dollar	1,615,661	1,797,355
Renminbi	822,147	787,739
	2,437,808	2,585,094
Bank loans repayable:		
Within one year or on demand	869,393	290,689
In the second year	666,066	689,434
In the third to fifth years, inclusive	848,393	1,501,375
After five years	53,956	103,596
	2,437,808	2,585,094

Note:

At the end of the reporting period, the bank loans were secured by:

- (i) shares in certain listed subsidiaries of the Group with market value of HK\$2,372,380,000 (31st December, 2011 — HK\$2,434,934,000);
- (ii) first legal mortgages over certain investment properties, leasehold land and buildings and properties under development of the Group with carrying amounts of HK\$4,277,171,000 (31st December, 2011 — HK\$4,036,890,000), HK\$123,399,000 (31st December, 2011 — HK\$124,940,000) and HK\$1,213,587,000 (31st December, 2011 — HK\$1,306,333,000), respectively; and
- (iii) certain bank deposits of the Group with a carrying amount of HK\$191,536,000 (31st December, 2011 — HK\$168,588,000).

The Group's bank loans bear interest at floating rates ranging from 1.3 per cent. to 7.4 per cent. (31st December, 2011 — 1.8 per cent. to 7.4 per cent.) per annum.

15. Creditors, Accruals and Deposits Received

Creditors, accruals and deposits received mainly comprised of pre-sale proceeds received from the property development projects of the Group of HK\$1,364,669,000 (31st December, 2011 — HK\$676,081,000), and trade payables relating to cash balances held on trust for the customers in respect of the Group's securities broking operation of HK\$464,499,000 (31st December, 2011 — HK\$593,250,000). As at 30th June, 2012, total client trust bank balances amounted to HK\$440,842,000 (31st December, 2011 — HK\$550,716,000).

An aged analysis of trade creditors are as follows:

	30th June, 2012	31st December, 2011
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Repayable on demand	458,329	435,334
Within 30 days	6,204	169,677
	464,533	605,011

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

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

The current, fixed, savings and other deposits of customers attributable to banking business bear interest at effective rates ranging from 0.01 per cent. to 4.0 per cent. (31st December, 2011 — 0.02 per cent. to 2.75 per cent.) per annum.

17. Share Capital*Shares*

	30th June, 2012	31st December, 2011
	HK\$'000	HK\$'000
Authorised:		
30,000,000,000 (31st December, 2011 — 30,000,000,000) ordinary shares of HK\$0.10 each	3,000,000	3,000,000
Issued and fully paid:		
498,624,032* (31st December, 2011 — 500,436,032) ordinary shares of HK\$0.10 each	49,863	50,044

* After taking into account 53,000 ordinary shares of HK\$0.10 each repurchased prior to 30th June, 2012 which were cancelled in July 2012.

17. Share Capital (Continued)

Shares (Continued)

During the period, the Company had repurchased a total of 1,812,000 ordinary shares (2011 — Nil) of HK\$0.10 each in the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), of which 1,759,000 shares were cancelled by the Company before the end of reporting period and 53,000 shares were subsequently cancelled in July 2012. The premium of HK\$4,973,000 arising from such repurchases has been charged to the retained profits of the Company and an amount of HK\$181,000 was transferred from retained profits to the capital redemption reserve as set out in the condensed consolidated statement of changes in equity to the financial statements on pages 6 and 7.

The repurchases of the Company's shares during the period were effected by the Directors with a view to benefiting shareholders as a whole by enhancing the net asset value per share of the Company.

Share Option Schemes

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

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

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

17. Share Capital (Continued)

Share Option Schemes (Continued)

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

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

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

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

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

As at 1st January, 2012, there were outstanding options granted under the Share Option Scheme to subscribe for a total of 5,983,750 Shares (the "Option Shares").

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

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

Participants	Date of grant	Exercise price per Share HK\$	Number of Option Shares
			Balance as at 1st January, 2012 and 30th June, 2012
Directors:			
John Luen Wai Lee	17th December, 2007	5.58	1,125,000
Leon Nim Leung Chan	17th December, 2007	5.58	193,750
Jark Pui Lee	17th December, 2007	5.58	162,500
Edwin Neo	17th December, 2007	5.58	162,500
King Fai Tsui	17th December, 2007	5.58	162,500
Victor Ha Kuk Yung	17th December, 2007	5.58	162,500
Employees (Note)			
	17th December, 2007	5.58	3,390,000
	1st August, 2008	3.95	625,000
Total			5,983,750
Weighted average exercise price per Share (HK\$)			5.41

Note: Employees refer to the employees of the Group as at 30th June, 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.

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, 2012 are as follows:

Number of Option Shares	Exercise price per Share (Note) HK\$		Exercise period
5,358,750	5.58	17th June, 2008 to 16th December, 2012	
625,000	3.95	1st August, 2009 to 16th December, 2012	

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

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

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

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

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

Options to subscribe for a total of 8,000,000 LCR Shares lapsed in 2009 and 2010.

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

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

Participants	Date of grant	Exercise price per share HK\$	Number of LCR 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

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

Note:

- (1) Employees refer to the employees of LCR and its subsidiaries 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 LCR Option Shares which lapsed on 1st July, 2012.

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

The exercise prices of the LCR Option Shares and exercise periods of the options of LCR outstanding as at 30th June, 2012 are as follows:

Number of LCR Option Shares	Exercise price per share (Note) HK\$	Exercise period
84,010,000*	0.267	17th June, 2008 to 16th December, 2012
7,000,000	0.169	1st August, 2009 to 16th December, 2012

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

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

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

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

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

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

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

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

As at 1st January, 2012, there were outstanding options granted under the HKC Share Option Scheme to subscribe for a total of 19,869,300 HKC Shares (the "HKC Option Shares").

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

Participants	Date of grant	Exercise price per share HK\$	Number of HKC Option Shares
			Balance as at 1st January, 2012 and 30th June, 2012
Directors:			
John Luen Wai Lee	17th December, 2007	1.24	4,590,000
Leon Nim Leung Chan	17th December, 2007	1.24	810,000
King Fai Tsui	17th December, 2007	1.24	607,500
Victor Ha Kuk Yung	17th December, 2007	1.24	607,500
Other directors of HKC	17th December, 2007	1.24	1,215,000
Employees (Note 1)	17th December, 2007	1.24	7,179,300
Others (Note 2)	17th December, 2007	1.24	2,835,000
	1st August, 2008	1.00	2,025,000
Total			19,869,300
Weighted average exercise price per share (HK\$)			1.22

Note:

- (1) Employees refer to the employees of HKC and its subsidiaries 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 Eligible Person who held an option to subscribe for 67,500 HKC Option Shares which lapsed on 1st July, 2012

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

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

The exercise prices of the HKC Option Shares and exercise periods of the options of HKC outstanding as at 30th June, 2012 are as follows:

Number of HKC Option Shares	Exercise price per share		Exercise period
	(Note)		
	HK\$		
17,844,300*	1.24	17th June, 2008 to 16th December, 2012	
2,025,000	1.00	1st August, 2009 to 16th December, 2012	

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

* including an option to subscribe for 67,500 HKC Option Shares which lapsed on 1st July, 2012

18. Reserves

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

(a) Special capital reserve

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

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

(b) Legal reserve

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

(c) Regulatory reserve

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

(d) Hedging reserve

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

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

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

2012

During the period, HKC has repurchased a total of 4,758,000 HKC Shares for a total consideration (including expenses) of approximately HK\$5,945,000. The Group's effective ownership in HKC increased from approximately 56.0 per cent. as at 31st December, 2011 to approximately 56.1 per cent. as at 30th June, 2012. The Group recognised a decrease in non-controlling interest of HK\$16,059,000 and an increase in retained profits of HK\$10,114,000.

2011

During the six months ended 30th June, 2011, Hennessy Holdings Limited, a wholly-owned subsidiary of the Company, and the other holders of warrants issued by HKC ("HKC warrants") exercised 106,764,864 HKC warrants and 50,107,462 HKC warrants to subscribe for a total of 106,764,864 HKC Shares and 50,107,462 HKC Shares for a total cash consideration of approximately HK\$133,456,000 and HK\$62,634,000, respectively. The Group's effective ownership in HKC increased from approximately 55.8 per cent. as at 31st December, 2010 to approximately 56.8 per cent. as at 30th June, 2011. The Group recognised a decrease in non-controlling interests of HK\$32,233,000 (restated) and an increase in retained profits of HK\$94,867,000 (restated).

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

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

20. Contingent Liabilities

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

	30th June, 2012	31st December, 2011
	HK\$'000	HK\$'000
Guarantees and other endorsements	14,310	15,278
Liabilities under letters of credit on behalf of customers	5,772	9,556
	20,082	24,834

21. Capital Commitments

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

	30th June, 2012	31st December, 2011
	HK\$'000	HK\$'000
Capital commitments in respect of property, plant and equipment:		
Contracted, but not provided for	809,944	864,263
Other capital commitments:		
Contracted, but not provided for (Note)	134,753	80,627
	944,697	944,890

Note: The balance included the Group's capital commitments in respect of the formation of joint ventures for certain property projects in Singapore, of approximately HK\$73 million (31st December, 2011 — HK\$71 million).

22. Related Party Transactions

- (a) During the period, the Group received project management income of HK\$4,596,000 (2011 — HK\$1,842,000) and HK\$813,000 (2011 — HK\$4,753,000) from associates and jointly controlled entities of the Group, respectively.
- (b) 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.
- (c) During the period, the Group paid rental expenses (including service charges) of HK\$1,856,000 (2011 — Nil) to an associate of the Group. The rental was determined by reference to the then prevailing open market rentals.

22. Related Party Transactions (Continued)

- (d) As at 30th June, 2012, the Group had amounts due from associates in a total of HK\$554,626,000 (31st December, 2011 — HK\$548,002,000) and amounts due from jointly controlled entities in a total of HK\$14,790,000 (31st December, 2011 — HK\$149,701,000).

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 balances with the associates also included a loan of HK\$36,499,000 (31st December, 2011 — HK\$36,558,000), which bears interest at 8.5 per cent. per annum and is repayable on demand. The remaining balances with the associates are unsecured, interest-free and have no fixed terms of repayment.

The balances with the jointly controlled entities included a loan of HK\$3,977,000 (31st December, 2011 — HK\$3,984,000), which is secured by certain shares of a jointly controlled entity, bears interest at United States dollar prime rate plus 2 per cent. per annum and has no fixed terms of repayment. The remaining balances with the jointly controlled entities are unsecured, interest-free and have no fixed terms of repayment.

23. Financial Risk Management Objectives and Policies

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

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group and they are summarised below.

(a) Credit risk

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

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

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

23. Financial Risk Management Objectives and Policies (Continued)*(b) Liquidity risk*

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources.

An analysis of the maturity profile of assets and liabilities of the Group analysed by the remaining period at the end of the reporting period to the contractual maturity date is as follows:

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
At 30th June, 2012							
Assets							
Amount due from a jointly controlled entity	—	—	—	—	—	3,977	3,977
Debt securities:							
Held-to-maturity financial assets	—	—	—	—	27,822	—	27,822
Available-for-sale financial assets	—	—	—	—	3,627	30,584	34,211
Loans and advances	166,061	40,035	18,191	24,191	22,524	—	271,002
Debtors and deposits	36,346	11,903	2,113	—	—	62,334	112,696
Client trust bank balances	148,039	292,803	—	—	—	—	440,842
Restricted cash	585,605	330	—	—	—	—	585,935
Treasury bills	—	7,760	—	—	—	—	7,760
Cash and bank balances	508,023	826,221	1,588	—	—	—	1,335,832
	1,444,074	1,179,052	21,892	24,191	53,973	96,895	2,820,077
Liabilities							
Bank loans	14,965	10,000	844,428	1,514,459	53,956	—	2,437,808
Creditors, accruals and deposits received	461,333	140,947	3,810	—	—	1,725,761	2,331,851
Current, fixed, savings and other deposits of customers	92,348	89,553	10,895	—	—	—	192,796
	568,646	240,500	859,133	1,514,459	53,956	1,725,761	4,962,455

23. Financial Risk Management Objectives and Policies (Continued)*(b) Liquidity risk (Continued)*

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	After 5 years HK\$'000	Undated HK\$'000	Total HK\$'000
At 31st December, 2011							
Assets							
Amount due from a jointly controlled entity	—	—	—	—	—	3,984	3,984
Debt securities:							
Held-to-maturity financial assets	—	—	—	—	27,265	—	27,265
Available-for-sale financial assets	—	—	—	—	3,407	30,051	33,458
Loans and advances	155,236	33,005	16,437	19,201	22,340	—	246,219
Debtors and deposits	53,643	11,236	1,241	—	—	40,910	107,030
Client trust bank balances	126,934	423,782	—	—	—	—	550,716
Restricted cash	465,964	331	—	—	—	—	466,295
Cash and bank balances	469,361	616,181	—	—	—	—	1,085,542
	1,271,138	1,084,535	17,678	19,201	53,012	74,945	2,520,509
Liabilities							
Bank loans	18,009	—	272,680	2,190,809	103,596	—	2,585,094
Creditors, accruals and deposits received	437,977	191,549	688	—	—	915,303	1,545,517
Current, fixed, savings and other deposits of customers	57,478	58,566	4,181	—	—	—	120,225
	513,464	250,115	277,549	2,190,809	103,596	915,303	4,250,836

(c) Interest rate risk

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

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

(d) Foreign currency risk

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

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

23. Financial Risk Management Objectives and Policies (Continued)

(e) *Equity price risk*

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk arising from individual financial assets classified as available-for-sale financial assets (Note 9) and financial assets at fair value through profit or loss (Note 12) as at 30th June, 2012. The Group's listed financial assets are mainly listed on the Hong Kong, Singapore, Australia and Indonesia stock exchanges and are valued at quoted market prices at the end of the reporting period.

The Group uses Value at Risk (the "VaR") model to assess possible changes in the market value of the investment portfolios based on historical data. The VaR figures are regularly reviewed by senior management of the Group to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

24. 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\$203 million (2011 — HK\$839 million, restated), benefited from the fair value gains of the Group's investment properties. The higher profit recorded in 2011 was mainly attributable to the then substantial fair value gains of the investment properties of the Group's associates recognised upon completion of redevelopment and the higher profit shared from the sold units upon the completion of a property development project in Singapore during the first half of last year.

Results for the Period

Turnover for the six months ended 30th June, 2012 totalled HK\$171 million (2011 — HK\$169 million). Property investment was the principal source of revenue of the Group, representing 67 per cent. (2011 — 65 per cent.) of the turnover.

Property investment

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\$502 million (2011 — HK\$362 million) during the period.

The Group has invested in a fund, Lippo ASM Asia Property LP (together with its subsidiaries, the "LAAP Group"), which has indirect interests in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investment and development and hotel operations. The hotels managed by OUE, including Mandarin Orchard Singapore and the Crowne Plaza Changi Airport Hotel acquired in July 2011, are strategically located in various well known tourist destinations of Singapore, Malaysia and mainland China. The investment property portfolio in Singapore, which includes OUE Bayfront, Mandarin Gallery and DBS Building Towers One and Two, provided a recurring source of revenue to OUE. OUE also holds interests in One Raffles Place which is located at the central financial and business district of Singapore. One Raffles Place Tower Two, a 38-storey Grade A office building adjoining One Raffles Place Tower One, has commenced leasing operations in the first quarter of 2012 and provides additional source of income. Currently, OUE plans to redevelop the podium of DBS Building Towers One and Two into a retail mall and plans to revamp the retail podium at One Raffles Place into a modern retail hub to maximise the

value of these properties. Pre-sale of a residential property development project, named as Twin Peaks, at 33 Leonie Hill Road in Singapore has been started. The Group registered a share of loss of HK\$120 million from the investment during the period (2011 — profit of HK\$875 million (restated), which included a then substantial fair value gain over the construction costs incurred on OUE Bayfront recognised upon the issuance of temporary occupation permit in January 2011). As a result of the share buy-back by OUE during the period, LAAP's controlling stake in OUE increased from approximately 65.6 per cent. as at 31st December, 2011 to approximately 68.0 per cent. as at 30th June, 2012 and recorded a net increase of share of equity interest of HK\$182 million directly in the reserves of the LAAP Group.

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.

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and other areas of the Asia Pacific region.

In Singapore, the Group has interests in Marina Collection, a joint venture development project in Sentosa Cove. The project was completed in April 2011 and contributed a share of profit of HK\$264 million during the first half of 2011 from the sold units. During the first half of 2012, a further share of profit of HK\$51 million was recorded from the project, mainly arising from the sale of properties. All the units of Centennia Suites, another joint venture property development project at Kim Seng Road, have been sold out during the pre-sale in 2010. Centennia Suites is scheduled to be completed in 2013, profit arising therefrom will be recognised upon completion of the development.

In mainland China, construction of an integrated residential, commercial and retail complex at the Beijing Economic-Technological Development Area is progressing well. Pre-sale permit was obtained in July 2011 and pre-sale was launched. This project is expected to be completed in 2013. The Group also participated in other 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.

Superstructure works of M Residences, a property development project in Macau, will be commenced in the second half of 2012. Pre-sale has been launched since November 2011 and has received satisfactory response. M Residences is expected to be completed in 2014.

The Group is interested in a town development project at 326 Woonbook-dong, Jung-gu, Incheon, Korea (the "MIDAN City Project"). The MIDAN City Project is a comprehensive property project to be developed into a self-contained community with an approved total gross floor area of approximately three million square metres. In April 2012, new capital injection was made by one of the existing shareholders. As a result, the Group's interest in the MIDAN City Project is reduced from 47.9 per cent. to 38.5 per cent. and the Group recorded a gain on such deemed disposal of HK\$24 million. The marketing of the project is in progress.

Treasury and securities investments

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\$16 million (2011 — HK\$13 million), with a net loss of HK\$4 million (2011 — net profit of HK\$8 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.

Corporate finance and securities broking

The sentiments in the investment markets were affected by uncertainties resulting from unresolved Eurozone financial crisis and threat of China economic slowdown. Investors are watchful and vigilant in the highly volatile markets. Fund raising activities in Hong Kong also reduced as compared to the same period of last year. The Group's corporate finance and securities broking business was adversely affected. It registered a turnover of HK\$17 million in the first half of 2012 (2011 — HK\$25 million) and a loss of HK\$9 million was derived from this segment (2011 — HK\$2 million).

Banking business

The Macau Chinese Bank Limited, a licensed bank in Macau, is a wholly-owned subsidiary of Hongkong Chinese Limited ("HKC", a listed subsidiary of the Company). Macau's economic growth rate has slowed down since the last quarter of 2011. The operating environment is tough because of the strong competition, high operating costs and subdued global economic activities. Nevertheless, the management remains positive to the development and growth in the region, manages to maintain the quality of its client and loan portfolio and will seek opportunities to expand the products and customers base.

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 increased to HK\$20.6 billion (31st December, 2011 — HK\$19.3 billion, restated). Property-related assets increased to HK\$17.2 billion (31st December, 2011 — HK\$15.9 billion, restated), representing 83 per cent. (31st December, 2011 — 82 per cent., restated) of the total assets. Total liabilities increased to HK\$5.7 billion (31st December, 2011 — HK\$4.9 billion, restated). The Group’s financial position remained healthy.

As at 30th June, 2012, the bank loans of the Group (other than those attributable to banking business) decreased to HK\$2,438 million (31st December, 2011 — HK\$2,585 million), comprising secured bank loans of HK\$2,428 million (31st December, 2011 — HK\$2,585 million) and an unsecured bank loan of HK\$10 million (31st December, 2011 — Nil). The bank loans were secured by certain properties, shares in certain subsidiaries and certain bank deposits of the Group and denominated in Hong Kong dollars and Renminbi. The bank loans carried interest at floating rates and 36 per cent. (31st December, 2011 — 11 per cent.) of the bank loans were repayable within one year. At the end of the period, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) was 19.2 per cent. (31st December, 2011 — 21.5 per cent., restated).

During the period, the Company repurchased 1,812,000 shares of the Company at a total consideration of approximately HK\$5.2 million. Besides, HKC repurchased 4,758,000 shares of itself at a total consideration of approximately HK\$5.9 million. As a result, the Group's interest in HKC increased from approximately 56.0 per cent. as at 31st December, 2011 to approximately 56.1 per cent. as at 30th June, 2012.

The net asset value of the Group remained strong and increased to HK\$8.9 billion (31st December, 2011 — HK\$8.5 billion, restated). This was equivalent to HK\$17.8 per share (31st December, 2011 — HK\$17.0 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). Aside from those arising from the normal course of the Group's banking operation, the Group had no material contingent liabilities outstanding (31st December, 2011 — Nil).

As at 30th June, 2012, the Group's total capital commitment amounted to HK\$945 million (31st December, 2011 — HK\$945 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 448 employees as at 30th June, 2012 (2011 — 389 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\$63 million (2011 — HK\$66 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.

Overview

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.

Results

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. Despite Asia maintaining steady growth overall, the Group's performance has been handicapped by the weak property sector in key markets. Against this backdrop, the Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK\$203 million for the first half of the year, as compared to a profit of HK\$839 million (restated) for the six months ended 30th June, 2011. The profit was mainly attributable to the fair value gains of the Group's investment properties. Hongkong Chinese Limited ("HKC", together with its subsidiaries, the "HKC Group"), a 56.1 per cent. listed subsidiary of the Company, recorded an unaudited consolidated loss attributable to shareholders of approximately HK\$112 million for the six months ended 30th June, 2012, as compared to a profit of HK\$1,125 million (restated) recorded for the corresponding period in 2011. The loss was mainly attributable to the absence of fair value gains of the investment properties of the HKC Group's associates and reduction of profit arising from sale of properties by an associate of the HKC Group in the period under review, as compared with the corresponding period in 2011. Lippo China Resources Limited (together with its subsidiaries, the "LCR Group"), a 71.2 per cent. listed subsidiary of the Company, 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.

Property investment and property development

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 LCR 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 LCR 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 LCR Group.

"Marina Collection" in Singapore, in which the HKC Group has a 50 per cent. interest, was completed in 2011. "Marina Collection", a residential development with a total site area of approximately 22,222 square metres, is located at Sentosa Cove in Sentosa Island. It provides 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres of which 60 units have been sold and some of the units have been let out. 15 units were sold during the first half of the year and profits arising therefrom have been recognized in the HKC Group's 2012 interim results.

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

Lippo ASM Asia Property LP (together with its subsidiaries, the "LAAP Group"), of which a wholly-owned subsidiary of HKC is the limited partner, was set up with the objective of investing in real estate and hospitality businesses in the Asian region. As at 30th June, 2012, the LAAP Group held a majority stake of approximately 68 per cent. in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore, principally engaged in property investment and development and hotel operation. OUE has interest in prime office buildings in the Central Business District in Singapore like One Raffles Place, OUE Bayfront and DBS Building Towers One and Two as well as hotels in the Asia region, including the famous Mandarin Orchard Singapore and Crowne Plaza Changi Airport Hotel in Singapore. The Mandarin Gallery at the Mandarin Orchard Singapore, a premier luxury retail mall with retail space of around 11,639 square metres, is enjoying nearly full occupancy. This bespoke portfolio of well diversified and high quality properties will help generate substantial and stable recurrent income for OUE.

The HKC Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the development project at a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) (the "BDA Project"). With a total site area of approximately 51,209 square metres, the BDA Project, of which the HKC Group has an 80 per cent. interest, is being developed into an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. Superstructure works are substantially completed and completion of the whole development is expected to be in 2013. Pre-sale has been launched in the third quarter of 2011 and the project has been well received. As at 30th June, 2012, about 52 per cent. of the total saleable area has been pre-sold.

Foundation works for the residential development "M Residences" at 83 Estrada de Cacilhas, Macau, in which the HKC Group has 100 per cent. interest, have been completed. "M Residences", with a site of approximately 3,398 square metres, will be developed into 311 residential units with a total saleable area of approximately 26,025 square metres. With completion expected to be in 2014, pre-sale of the project has been launched, and as at 30th June, 2012, about 90 per cent. of the total saleable area has been pre-sold.

Infrastructure construction works for the development at 326 Woonbook-dong, Jung-gu, Incheon, Korea ("MIDAN City Project"), in which the Group has approximately 38.5 per cent. interest, have been completed and marketing of this project is in progress. The MIDAN City Project, located in the Incheon Free Economic Zone, involves the development, construction and management of a residential, leisure and business complex with an approved total gross floor area of approximately three million square metres. It will be completed in phases, and is intended to be a self-contained community with residential properties, shopping malls, hospital, schools, hotels and a business town.

Mineral resource investment

Asia Now Resources Corp. ("Asia Now"), in which the LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR 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 LCR Group to invest in the promising mineral resource industry.

Other businesses

Auric Pacific Group Limited (together with its subsidiaries, the “APG Group”), a listed company in Singapore in which the LCR 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 remain 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 HK3 cents per share (2011 — Nil) amounting to approximately HK\$14,955,000 for the six months ended 30th June, 2012 (2011 — Nil), 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 Progressive 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
	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Personal interests (held as beneficial owner)	Total interests	
				Options*		
Stephen Riady	—	—	319,322,219	—	319,322,219	64.03
			Note (i)			
Jark Pui Lee	—	60	—	162,500	162,560	0.03
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 the Company (the "Share Option Scheme"). The above options could not be exercised from the date of grant to 16th June, 2008. Such options are exercisable from 17th June, 2008 to 16th December, 2012 in accordance with the rules of the Share Option Scheme to subscribe for ordinary shares of HK\$0.10 each in the Company at an initial exercise price of HK\$6.98 per share (subject to adjustment). Pursuant to the rights issue of new shares of the Company in June 2008 on the basis of one rights share for every four shares held, the number of ordinary shares to be subscribed for subject to the options was increased and the exercise price was adjusted from HK\$6.98 per share to HK\$5.58 per share (subject to adjustment) with effect from 27th June, 2008. None of the options were exercised by any of the above Directors during the period. Further details of the interests of Directors in the options are disclosed in Note 17 to the interim financial statements.

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

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

(c) Hongkong Chinese Limited ("HKC")

Name of Director	Number of ordinary shares of HK\$1.00 each in HKC			Number of underlying ordinary shares of HK\$1.00 each in HKC		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)	Total interests	
Stephen Riady	—	—	1,120,987,842	—	1,120,987,842	56.09
			<i>Notes (i) and (iii)</i>			
Jark Pui Lee	469	469	—	—	938	0.00
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 interests of Directors in the options are disclosed in Note 17 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)

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, the Company. 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, the Company was indirectly interested in 6,544,696,389 ordinary shares of HK\$0.10 each in, representing approximately 71.21 per cent. of the then issued share capital of, LCR.
- (iii) As at 30th June, 2012, the Company 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 the issued share capital stated in this section were arrived based on the issued share capital of each of the Company, LCR and HKC (as the case may be) as at 30th June, 2012.

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.

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

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
Broadwell Overseas Holdings Limited	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
The HCB General Investment (Singapore) Pte Ltd.	Ordinary shares	100,000	100
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.

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, 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).

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 issued share capital
Lippo Capital Limited ("Lippo Capital")	319,322,219	64.03
Lanius Limited ("Lanius")	319,322,219	64.03
Dr. Mochtar Riady	319,322,219	64.03
Madam Lidya Suryawaty	319,322,219	64.03

Note:

- Lippo Capital, through its wholly-owned subsidiary, J & S Company Limited, was indirectly interested in 14,699,997 ordinary shares of the Company. Together with 304,622,222 ordinary shares of the Company owned by Lippo Capital directly as beneficial owner, Lippo Capital was interested in an aggregate of 319,322,219 ordinary shares of HK\$0.10 each in, representing approximately 64.03 per cent. of the then issued share capital of, the Company.
- 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.
- Lippo Capital's interests in the ordinary shares of the Company were recorded as the interests of Lanius, Dr. Mochtar Riady and Madam Lidya Suryawaty. The above 319,322,219 ordinary shares of 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 Schemes

Details of the share option schemes of the Company and its subsidiaries are disclosed in Note 17 to the interim financial statements.

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

During the six months ended 30th June, 2012, the Company had repurchased a total of 1,812,000 shares of HK\$0.10 each in the Company on The Stock Exchange of Hong Kong Limited, all of which were subsequently cancelled. Particulars of the aforesaid repurchases are as follows:

	Number of shares of HK\$0.10 each repurchased	Highest price paid per share	Lowest price paid per share	Total price paid
2012		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
May	616,000	2.80	2.69	1,693,100
June	1,196,000	3.13	2.75	3,437,750
Total	1,812,000			5,130,850
			Expenses incurred for shares repurchased	22,704
				5,153,554

The above repurchases were effected by the Directors with a view to benefiting the shareholders as a whole in enhancing the net asset value per share of the Company.

Save as disclosed herein, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the period. Further details of the repurchases are set out in Note 17 to the interim financial statements.

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 Limited

John Luen Wai Lee

Managing Director and Chief Executive Officer

Hong Kong, 16th August, 2012

Honorary Chairman*

Dr. Mochtar Riady

Board of Directors

Executive Directors

Mr. Stephen Riady (*Chairman*)

Mr. John Luen Wai Lee, BBS, JP
(*Managing Director and
Chief Executive Officer*)

Mr. Jark Pui Lee, SBS, OBE, JP

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

Mr. Davy Kwok Fai Lee

Auditors

Ernst & Young

Principal Bankers

CITIC Bank International Limited

Standard Chartered Bank

Fubon Bank (Hong Kong) Limited

Chong Hing Bank Limited

Raiffeisen Bank International AG,
Singapore Branch

Agricultural Bank of China, Shanghai Branch

Bank of Beijing Co., Ltd.

Bank of China, Macau Branch

Solicitors

Howse Williams Bowers

Registrars

Tricor Progressive Limited

26th Floor, Tesbury Centre

28 Queen's Road East

Wanchai

Hong Kong

Registered Office

24th Floor, Tower One

Lippo Centre

89 Queensway

Hong Kong

Stock Code

226

Website

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* *non-officer position*