HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 655)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2007

INTERIM RESULTS

The Directors of Hongkong Chinese Limited (the "Company") are pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the "Group") for the six months ended 30th June, 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited six months ended 30th June,	
		2007	2006
	Note	***HK$'000***	*HK$'000* (restated)
Revenue	*2*	**708,620**	538,850
Cost of sales		**(579,861)**	(449,227)
Gross profit		**128,759**	89,623
Administrative expenses		**(53,107)**	(39,581)
Other operating expenses		**(29,628)**	(18,054)
Fair value gains on investment properties		**3,333**	5,468
Gain on disposal of available-for-sale financial assets		**724**	100,480
Gain/(Loss) on disposal of subsidiaries	*4*	**101,956**	(255)
Gain on disposal of associates		**57,620**	–
Net fair value gain on financial assets at fair value through profit or loss		**23,295**	6,588
Finance costs		**(38,847)**	(12,677)
Share of results of associates	*5*	**494,276**	2,200
Share of results of jointly controlled entities		**(811)**	(1,968)
Profit before tax	*6*	**687,570**	131,824
Tax	*7*	**895**	(3,926)
Profit for the period		**688,465**	127,898
Attributable to:			
Equity holders of the Company		**687,082**	128,766
Minority interests		**1,383**	(868)
		688,465	127,898
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	*8*		
Basic		**51.0**	9.6
Diluted		**N/A**	N/A
Interim distribution per share		**1.75**	1.5

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30th June, 2007** *HK$'000* **(Unaudited)**	31st December, 2006 *HK$'000* (Audited)
Non-current assets			
Goodwill		**57,285**	57,285
Fixed assets		**45,899**	47,443
Investment properties		**497,028**	1,136,256
Properties under development		**138,599**	160,115
Interests in associates		**2,572,876**	1,961,964
Interests in jointly controlled entities		**151,684**	49,299
Available-for-sale financial assets		**109,522**	102,869
Held-to-maturity financial assets		**9,613**	9,582
Loans and advances		**23,963**	27,066
		3,606,469	3,551,879
Current assets			
Properties held for sale		**19,666**	19,223
Properties under development		**30,768**	–
Available-for-sale financial assets		**1,922**	–
Financial assets at fair value through profit or loss		**378,009**	821,025
Loans and advances		**714,488**	273,324
Debtors, prepayments and deposits	*9*	**858,371**	179,171
Client trust bank balances		**558,517**	582,905
Treasury bills		**13,580**	194,970
Cash and bank balances		**354,741**	363,487
		2,930,062	2,434,105
Current liabilities			
Bank and other borrowings		**1,592,240**	942,205
Creditors, accruals and deposits received	*10*	**865,588**	832,729
Current, fixed, savings and other deposits of customers		**158,678**	305,521
Tax payable		**8,963**	8,265
		2,625,469	2,088,720
Net current assets		**304,593**	345,385
Total assets less current liabilities		**3,911,062**	3,897,264
Non-current liabilities			
Bank and other borrowings		**–**	547,368
Deferred tax liabilities		**25,589**	58,207
		25,589	605,575
Net assets		**3,885,473**	3,291,689
Equity			
Equity attributable to equity holders of the Company			
Share capital		**1,346,829**	1,346,829
Reserves		**2,504,210**	1,845,575
		3,851,039	3,192,404
Minority interests		**34,434**	99,285
		3,885,473	3,291,689

Note:

1. **Principal accounting policies**

The interim results 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 interim results have been reviewed by the Company's audit committee and the auditors, Messers. Ernst & Young.

The accounting policies and basis of preparation adopted in the preparation of these interim results are consistent with those used in the Group's audited financial statements for the year ended 31st December, 2006, except in relation to the following new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "new/revised HKFRSs"), which have become effective for accounting periods beginning on or after 1st January, 2007, that are adopted for the first time for the current period's interim results:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the above new/revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's interim results.

2. **Revenue**

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, gross income on treasury investment which includes interest income on bank deposits and debt securities, gross income from securities investment which includes proceeds from sales of investments, dividend income and related interest income, gross income from underwriting and securities broking, gross income from project management, gross interest income, commissions, dealing income and other revenues from a banking subsidiary, and interest and other income from money lending business and other businesses.

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

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
		(restated)
Property investment and development	**19,765**	21,610
Treasury investment	**4,284**	11,801
Securities investment	**552,934**	435,897
Corporate finance and securities broking	**67,424**	46,110
Banking business	**15,388**	14,338
Project management	**39,770**	–
Other	**9,055**	9,094
	708,620	538,850

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,	
	2007	2006
	HK$'000	*HK$'000*
Interest income	**12,428**	12,064
Commission income	**2,132**	1,658
Other revenues	**828**	616
	15,388	14,338

3. **Segment information**

Segment information is presented by way of business segment as the primary segment reporting format. Descriptions of the business segments are as follows:

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

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

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

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

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

(f) the project management segment engages in the provision of project management, marketing, sales administrative and other related services; and

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

An analysis of the Group's segment information by business segment is set out as follows:

Six months ended 30th June, 2007

	Property investment and development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Project management HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue									
External	19,765	4,284	552,934	67,424	15,388	39,770	9,055	–	708,620
Inter-segment	–	15	–	164	–	167	715	(1,061)	–
Total	19,765	4,299	552,934	67,588	15,388	39,937	9,770	(1,061)	708,620
Segment results	114,050	4,152	28,723	13,180	4,157	34,026	59,239	(618)	256,909
Unallocated corporate expenses									(35,152)
Finance costs									(27,652)
Share of results of associates	490,547	–	–	–	–	–	3,729	–	494,276
Share of results of jointly controlled entities	(49)	–	–	–	–	–	(762)	–	(811)
Profit before tax									687,570
Tax									895
Profit for the period									688,465

Six months ended 30th June, 2006 (restated)

	Property investment and development HK$'000	Treasury investment HK$'000	Securities investment HK$'000	Corporate finance and securities broking HK$'000	Banking business HK$'000	Project management HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue									
External	21,610	11,801	435,897	46,110	14,338	–	9,094	–	538,850
Inter-segment	–	797	–	222	–	–	3,494	(4,513)	–
Total	21,610	12,598	435,897	46,332	14,338	–	12,588	(4,513)	538,850
Segment results	9,029	11,728	125,342	6,772	5,051	(1,291)	4,919	(3,420)	158,130
Unallocated corporate expenses									(20,138)
Finance costs									(6,400)
Share of results of associates	(4,832)	–	–	–	–	–	7,032	–	2,200
Share of results of jointly controlled entities	(522)	–	–	–	–	–	(1,446)	–	(1,968)
Profit before tax									131,824
Tax									(3,926)
Profit for the period									127,898

4. Gain/(Loss) on disposal of subsidiaries

In June 2007, the Group disposed of its entire interest in a joint venture, which held twenty-two strata lots in a commercial building located at 79 Anson Road in Singapore. The disposal resulted in a gain on disposal of subsidiaries of HK$101,956,000.

5. Share of results of associates

The amount included the Group's share of profit in Lippo ASM Asia Property LP ("LAAP"), a property fund which carries the objective of investing in real estates in the East Asia Region, of approximately HK$491 million (2006 – loss of HK$5 million).

6. Profit before tax

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

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Interest income:		
Listed investments	**821**	3,652
Unlisted investments	**324**	758
Banking operation	**12,428**	12,064
Other	**4,859**	11,081
Dividend income:		
Listed investments	**136**	763
Unlisted investments	**4,212**	1,291
Other unlisted investment income	**–**	664
Gain /(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**(130)**	13,649
Unlisted financial assets at fair value through profit or loss	**27**	267
Listed available-for-sale financial assets	**–**	103,338
Unlisted available-for-sale financial assets	**724**	(2,858)
Net fair value gain on financial assets at fair value through profit or loss:		
Listed	**11,233**	92
Unlisted	**12,062**	6,496
Provision for impairment losses on unlisted available-for-sale financial assets	**–**	(970)
Depreciation	**(3,861)**	(3,364)

7. Tax

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**–**	1,270
Deferred	**578**	955
	578	2,225
Overseas:		
Charge for the period	**1,943**	1,438
Underprovision/(Overprovision) in prior periods	**(36)**	263
Deferred	**(3,380)**	–
	(1,473)	1,701
Total charge/(credit) for the period	**(895)**	3,926

Hong Kong profits tax has been provided for at the rate of 17.5 per cent. (2006 – 17.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated on the estimated assessable profits for the period at the tax rates prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

8. Earnings per share attributable to equity holders of the Company

(a) *Basic earnings per share*

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company of HK$687,082,000 (2006 – HK$128,766,000); and (ii) the weighted average number of 1,346,829,000 ordinary shares (2006 – 1,346,829,000 ordinary shares) in issue during the period.

(b) *Diluted earnings per share*

No diluted earnings per share is presented for the periods ended 30th June, 2007 and 2006 as there were no dilutive potential ordinary shares during these periods.

9. Debtors, prepayments and deposits

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

	30th June, 2007 *HK$'000*	31st December, 2006 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**75,791**	45,809
Within 30 days	**693,343**	39,602
Between 31 and 60 days	**58**	969
Between 61 and 90 days	**288**	184
	769,480	86,564

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.

Except for receivables from certain securities brokers which are interest-bearing, the balances of trade debtors are non-interest-bearing. The carrying amounts of debtors and deposits are approximate to their fair values.

10. Creditors, accruals and deposits received

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

	30th June, 2007 *HK$'000*	31st December, 2006 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**618,768**	637,860
Within 30 days	**156,538**	108,336
	775,306	746,196

The outstanding balances that are repayable on demand include client payables relating to cash balances held on trust for the customers in respect of the Group's securities broking business. As at 30th June, 2007, total client trust bank balances amounted to HK$558,517,000 (31st December, 2006 – HK$582,905,000).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong's economy gathered strong momentum in 2007. The Asia region also sustained healthy economic growth.

The Group achieved encouraging results in the first half of 2007 with good progress on all major core businesses. Property investment and development sector, being one of the major business streams of the Group, performed well and sustained impressive returns to the Group. Corporate finance and securities broking business also recorded a substantial growth on the back of the robust local investment market. The Group took advantage of the positive global and local market conditions and realised a substantial part of its investment portfolio at profit. Meanwhile, the Group continued to strengthen its core businesses and explore overseas investment markets.

For the six months ended 30th June, 2007, the Group's profit attributable to shareholders increased sharply to HK$687 million (2006 – HK$129 million).

Results for the period

Turnover for the six months ended 30th June, 2007 totalled HK$709 million, which was 32 per cent. higher than the HK$539 million (restated) recorded in 2006.

The Group reported a profit for the period of HK$688 million (2006 – HK$128 million). Property investment and development was the main contributor.

Property investment and development

The Group's earnings from property investment and development continued to benefit from the prosperous property market in Singapore. In June 2007, the Group disposed of its entire interest in a joint venture, which held twenty-two strata lots in a commercial building located at 79 Anson Road in Singapore (the "Anson Road Properties") at a net profit of HK$102 million. Given the increase in Singapore property values, the disposal enabled the Group to realise the gain from its investment in the Anson Road Properties.

The Group's investment in a property fund (the "Property Fund"), carrying the objective of investing in real estates in the East Asia Region, registered remarkable results for the period. The Property Fund's investment in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in hotel operations and property investments, recorded a strong growth for the period as a result of the buoyant property market and booming tourist demand in Singapore. The Group registered a share of profit of HK$491 million from the investment. Currently, OUE has six prestigious hotels, carries the "Mandarin" and "Meritus" brand, which are strategically located in various famous tourist districts of Singapore, Malaysia and China. OUE also holds a number of prime office buildings in central financial and business districts of Singapore. Meanwhile, OUE has recently participated in certain new property development and investment projects to capture the robust prime office and luxury residential property demand. It is expected that these investments have strong value appreciation potential.

On the other hand, the investment properties in Hong Kong continued to provide stable rental income to the Group during the period. With a positive outlook in both regional and local property markets, the Group recorded a total revaluation gain on investment properties in Hong Kong of HK$3 million during the period.

Additionally, the Group has participated in various well-located development projects in Macau, Singapore, Thailand and Japan.

Treasury and securities investments
Entering 2007, the Group redeemed its investment in a real estate fund for a net proceed of S$92 million. The redemption enabled the Group to realise the gain made pursuant to the subscription in the real estate fund, which has been recognised as unrealised gain in the past years. Turnover and profits attributable to treasury and securities investments for the period amounted to HK$557 million (2006 – HK$448 million, as restated) and HK$33 million (2006 – HK$137 million) respectively.

Looking ahead, the investment market would still be challenging and full of uncertainty. Foreseeing the global investment market continued to be volatile, the Group took necessary steps to restructure and refine its composition of investment portfolio in the securities investment segment so as to improve overall asset quality.

Corporate finance and securities broking
Hong Kong capital markets remained buoyant in 2007, boosting the volume of local stock market to record high. The corporate finance and securities broking business has benefited from this favourable environment, registering a remarkable increase in turnover of HK$67 million (2006 – HK$46 million), although challenges of varying degrees in terms of increasing competition, mounting volatility of the global investment market and uncertainty in interest rate movement were also experienced. Profit derived from this segment improved substantially to HK$13 million (2006 – HK$7 million).

Banking business
Benefiting from the positive economic growth in Macau, the bank sustained stable results in the first half of 2007. Credit quality overall remained sound for the period. Management continued to lend conservatively and strived to improve asset quality. Turnover and profit derived from the banking segment amounted to HK$15 million (2006 – HK$14 million) and HK$4 million (2006 – HK$5 million) respectively.

Other businesses
With the Singapore property market performed well, the Group's income base has further been widening by participating in certain property project management in Singapore. Revenue of HK$40 million was generated in the current period.

In May 2007, the Group disposed of its 34.34 per cent. interest in the Convoy Group, which engaged in the provision of independent financial planning services in Hong Kong, at a net profit of HK$58 million. The disposal is in line with the Group's strategy of focusing on core businesses of the Group.

Financial position
As at 30th June, 2007, the Group's total assets increased to HK$6.5 billion (31st December, 2006 – HK$6.0 billion). Property-related assets remained at HK$3.3 billion (31st December, 2006 – HK$3.3 billion), representing 51 per cent. (31st December, 2006 – 55 per cent.) of the total assets. On the other hand, investment portfolio of the Group reduced to HK$0.5 billion (31st December, 2006 – HK$0.9 billion), comprising debt and equity securities of HK$0.1 billion (31st December, 2006 – HK$0.1 billion) and investment funds of HK$0.4 billion (31st December, 2006 – HK$0.8 billion). The investment portfolio represented 8 per cent. (31st December, 2006 – 16 per cent.) of the Group's total assets.

Various new property projects have been financed by proceeds derived from sales of certain investments, new bank loans and other borrowings. Total liabilities remained stable at HK$2.7 billion (31st December, 2006 – HK$2.7 billion). Nevertheless, the Group's financial position remained healthy and current ratio (measured as current assets to current liabilities) stood at 1.1 to 1 (31st December, 2006 – 1.2 to 1).

As at 30th June, 2007, the bank and other borrowings of the Group (other than those attributable to banking business) increased slightly to HK$1.6 billion (31st December, 2006 – HK$1.5 billion), which was in-line with the expansion of the Group.

As at 30th June, 2007, total bank loans and overdrafts amounted to HK$1,280 million (31st December, 2006 – HK$604 million), comprising secured bank loans and overdrafts of HK$1,260 million (31st December, 2006 – HK$594 million) and unsecured bank loans of HK$20 million (31st December, 2006 – HK$10 million), which were denominated in Hong Kong dollars or United States dollars (31st December, 2006 – denominated in Hong Kong dollars, United States dollars or Singapore dollars). The bank loans and overdrafts were secured by first legal mortgages over certain investment properties, certain securities of the Group and certain securities owned by margin clients of the Group (31st December, 2006 – first legal mortgages over certain investment properties and certain securities of the Group). The bank loans and overdrafts carried interest at floating rates and all of the bank loans and overdrafts (31st December, 2006 – 9 per cent.) were repayable within one year. During the period, the Group received a third party loan of HK$313 million. Such advance was unsecured, carried interest at floating rate and would be repayable on 26th June, 2008 and subject to renewal for one additional year on terms mutually agreed with the lender. Meanwhile, the Group had fully repaid the loans advanced from Lippo Limited and Lippo China Resources Limited during the period. At the end of the period, gearing ratio (measured as total borrowings, net of minority interests, to shareholders' funds) decreased slightly to 41 per cent. (31st December, 2006 – 45 per cent.).

During the period, the Company declared the 2006 final distribution of HK$0.05 per share to its shareholders, amounting in a total of HK$67 million. The net asset value of the Group remained strong and increased to HK$3.9 billion (31st December, 2006 – HK$3.2 billion). This was equivalent to HK$2.9 per share (31st December, 2006 – HK$2.4 per share).

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

Apart from the abovementioned, there were no charges on the Group's assets at the end of the period (31st December, 2006 – 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, 2006 – Nil).

As at 30th June, 2007, the Group's total capital commitment increased to HK$0.7 billion (31st December, 2006 – HK$0.6 billion). The investments or capital assets will be financed by the Group's internal resources and/or external banking financing, as appropriate.

Staff and remuneration

The Group had approximately 179 employees as at 30th June, 2007 (2006 – 189 employees). Total staff costs (including directors' emoluments) during the period amounted to HK$39 million (2006 – HK$27 million). The Group ensures that its employees are offered competitive remuneration packages. Currently, no share option is granted to its employees.

Outlook

Despite turbulence over the global financial and capital markets triggered off by the sub-prime mortgage problems in the United States, the Group is optimistic about the global and regional economic prospects. The growth prospects will continue to be centered on developments in the Asia Pacific Region. The operating environment of the Group remains challenging. While striving to continue to improve internal operational efficiencies, the Group will keep on refining its existing core businesses and seeking new investment opportunities with long-term growth potential. Given its own strong financial position, the Group is confident that it would be able to take advantage of new business opportunities in its pursuit of enhancing shareholders' value.

BUSINESS REVIEW

The Hong Kong economy continued to perform well in the first half of 2007. Falling unemployment rate, continuing strong domestic consumption and improving market confidence provided continuing momentum for local economic growth. The strong growth of the surrounding Asian economies has also helped boost business and investment opportunities. However, the uncertain outlook on the US economy flowing from the sub-prime mortgage problems and the resultant volatility in the international financial markets have dampened global economic growth. In Mainland China, prospective macro-economic tightening measures may affect the pace of economic growth.

The Group has produced a remarkable performance in the first half of 2007, achieving a consolidated profit attributable to shareholders of HK$687 million for the six months ended 30th June, 2007, which was a marked increase over the profit of HK$129 million in the corresponding period of 2006.

During the period under review, the Group continued to seek new businesses and investments as well as potential acquisition and alliance opportunities which are compatible with its long-term growth strategy. To enhance its asset portfolio, the Group continued with its quest to acquire quality property interests in Singapore and elsewhere in Asia.

The Group participated in a joint venture, in which the Group has a 50 per cent. interest, established for the acquisition and development of the property known as Kim Seng Plaza located at No. 100, Kim Seng Road, Singapore (the "Kim Seng Property"). The Kim Seng Property has a site area of approximately 5,611 square metres. It is currently intended that the Kim Seng Property will be re-developed into a luxury residential development.

At the end of 2006, the Group participated in a joint venture, in which the Group has a 50 per cent. interest, established for the acquisition and development of the property located at Sentosa Cove, Sentosa Island, Singapore (the "Sentosa Cove Property"). The Sentosa Cove Property comprises two parcels of land with total site area of approximately 22,222 square metres and maximum permissible gross floor area of approximately 26,667 square metres. It is planned that a total of one hundred and twenty four high-end luxury residential units will be constructed on the Sentosa Cove Property. It is expected that pre-sale will be launched by the end of 2007 which will generate additional working capital and income stream for the Group.

In June 2007, the Group won the tender for the acquisition of the site approximating 3,319 square metres and located at 53 Holland Road, Singapore (the "Aura Park Property") for a consideration of S$55.5 million. A joint venture, in which the Group has a 50 per cent interest, was established in September 2007 to undertake the development of the Aura Park Property.

The Group's investment in Lippo ASM Asia Property LP ("LAAP") recorded an encouraging result in the first half of 2007. LAAP is a property fund set up in 2005, of which a wholly-owned subsidiary of the Company is the founding limited partner, and carries the investment objective of investing in real estate in the East Asia Region, in particular in Singapore, Malaysia, Thailand, Indonesia, China (including Hong Kong and Macau) and Japan. In 2006, LAAP participated in a joint venture to acquire a controlling stake in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investments and hotel operations. OUE has interests in prime office buildings in the Central Business District in Singapore as well as hotels in the Asia region, including Meritus Mandarin, which is located at Orchard Road, a prime shopping district in Singapore. These high quality properties generate stable recurrent rental income for OUE. Benefiting from the booming property market in Singapore, OUE has produced a remarkable performance in the first half of 2007 which in turn has helped to boost the profitability of LAAP and the Group.

The Group also participated in a number of 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"). The economy in China continued to show impressive growth in the first half of 2007. With continuing growth in purchasing power and improvement in living standards, the outlook remains good for the property market in China.

The BDA Project is located in the state-level economic-technological development area in Beijing which is approximately ten miles south east of Beijing city centre. The BDA Project is currently planned to comprise office buildings, apartments, hotels and shopping malls with a total site area of approximately 50,745 square metres and a gross floor area of not less than 170,000 square metres. A number of Fortune 500 companies and multinational corporations have presence in the neighbourhood and the Group sees significant long term potential for the BDA Project.

The Macau Chinese Bank Limited ("MCB"), an 85 per cent. subsidiary of the Company, continued to be a net income contributor to the Group. The Macau economy continued to grow firmly in the first half of 2007. MCB achieved steady growth in all aspects of its business. The tourist and gaming sectors continued to do well. A number of additional new large-scale hotels and gaming and entertainment centres have come into stream in 2007. This will further help to improve the banking, financing and property mortgage financing sectors in Macau.

The local stock market continued to perform well in the first half of 2007. The high market turnover has benefited the performance and profitability of Lippo Securities Holdings Limited, a wholly-owned subsidiary of the Company, and its subsidiaries, which are principally engaged in underwriting, securities brokerage, corporate finance, investment advisory and other related financial services.

Taking advantage of the improving market conditions, the Group realised its gain in certain investments during the first half of 2007. At the beginning of the year, the Group realised its gain on its investment in Ferrell Real Estate Investment Fund ("Ferrell Fund"), a property fund, by termination of a discretionary management arrangement with the investment manager of the Ferrell Fund and the redemption of the relevant cell shares in the Ferrell Fund for a net proceed of S$92 million.

In May 2007, the Group disposed of its entire 34.34 per cent interest in the Convoy Group (an independent financial planning services group in Hong Kong) at a net profit of HK$58 million.

In June 2007, the Group disposed of its entire interest (approximately 80.02 per cent.) in a joint venture which owns a total of twenty-two strata lots in a commercial building located at 79 Anson Road, Singapore. The disposal gave rise to a profit of approximately HK$102 million to the Group.

DISTRIBUTION IN SPECIE OF THE COMPANY'S SHARES

As has been announced, Lippo Limited ("Lippo"), Lippo China Resources Limited ("LCR") and the Company (collectively, the "Lippo Group") have been undertaking a corporate re-structuring to streamline the Lippo Group's corporate structure.

In August 2007, LCR completed the distribution in specie of its entire 72.26 per cent. shareholding in the Company to its shareholders (the "Distribution"). As a result, LCR ceased to be the holding company of the Company and Lippo has become the beneficial owner of approximately 51.4 per cent. of the issued share capital of the Company. The Distribution will result in a clearer and better defined operational structure for the Lippo Group. Following the restructuring, the Company will primarily focus on property investment and development and will effectively be the principal property arm of the Lippo Group. Within this broad directional context, financial business will become a smaller business segment within the Group. The better defined and more focused separate operations of Lippo, LCR and the Company will enable investors to better appraise, assess and distinguish the values, potential and performance of each of the separate entities within the Lippo Group.

PROSPECTS

Economic growth in Hong Kong will maintain good momentum during the second half of the year. The economy will continue to benefit from the improving labour market, a favourable interest rate environment and the strong economic growth in China. There is also broad optimism about the economic and business prospects in the surrounding Asian countries, including China in which the 2008 Olympic Games will take place. Nevertheless, there remains a number of uncertainties in the external economic environment, especially concerns of a slowdown in the US economy arising from the US sub-prime mortgage crisis and the possible flow on effects onto the global financial markets.

The overall outlook for the Group is promising. The Group is in an excellent position to benefit from the continuing economic growth in Asia. The Group will continue to explore suitable investment opportunities, particularly in the property markets in the Asia region. However, Management will continue to adopt a cautious and prudent approach when assessing new investment opportunities.

INTERIM DISTRIBUTION

The Directors have resolved to declare the payment of an interim distribution of HK1.75 cents (2006 – HK1.5 cents) per share, amounting to approximately HK$23,570,000 for the six months ended 30th June, 2007, which will be paid on Monday, 22nd October, 2007 to the shareholders whose names appear on the Company's Register of Members on Friday, 12th October, 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 5th October, 2007 to Friday, 12th October, 2007 (both dates inclusive) during which period no transfers of shares will be registered. In order to qualify for the interim distribution for the six months ended 30th June, 2007, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with Tricor Tengis Limited, the Company's Branch Share Registrars in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 4th October, 2007. Warrants in respect of the interim distribution will be dispatched to the shareholders on or about Monday, 22nd October, 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2007, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee"). The existing members of the Committee comprise three independent non-executive Directors, namely Mr. Victor Yung Ha Kuk (Chairman), Mr. Albert Saychuan Cheok and Mr. Tsui King Fai and one non-executive Director, Mr. Leon Chan Nim Leung. 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, 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance practices. The Company's Board of Directors (the "Board") believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders' expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance.

To the best knowledge and belief of the Directors, the Directors consider that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the six months ended 30th June, 2007.

By Order of the Board
Hongkong Chinese Limited
John Lee Luen Wai
Director

Hong Kong, 17th September, 2007

As at the date of this announcement, the non-executive Directors of the Company are Dr. Mochtar Riady (Chairman) and Mr. Leon Chan Nim Leung; the executive Directors of the Company are Messrs. Stephen Riady (Chief Executive Officer), John Lee Luen Wai and Kor Kee Yee; and the independent non-executive Directors of the Company are Messrs. Albert Saychuan Cheok, Victor Yung Ha Kuk and Tsui King Fai.

* *For identification purpose only*

"Please also refer to the published version of this announcement in The Standard."