LIPPO CHINA RESOURCES LIMITED
力寶華潤有限公司

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

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

INTERIM RESULTS

The Directors of Lippo China Resources 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)
CONTINUING OPERATIONS			
Revenue	*2*	**820,025**	810,289
Cost of sales		**(638,397)**	(611,799)
Gross profit		**181,628**	198,490
Administrative expenses		**(62,452)**	(68,006)
Other operating expenses		**(47,086)**	(70,908)
Fair value gains on investment properties		**78,592**	84,546
Gain on disposal of available-for-sale financial assets		**724**	103,970
Gain/(Loss) on disposal of subsidiaries	*4*	**100,434**	(255)
Gain/(Loss) on disposal of associates		**57,620**	(5,575)
Net fair value gain on financial assets at fair value through profit or loss		**24,468**	8,655
Finance costs		**(41,946)**	(34,848)
Share of results of associates	*5*	**607,622**	3,169
Share of results of jointly controlled entities		**(826)**	(9,852)
Profit before tax	*6*	**898,778**	209,386
Tax	*7*	**43,934**	(33,647)
Profit for the period from continuing operations		**942,712**	175,739
DISCONTINUED OPERATION			
Profit for the period from discontinued operation	*8*	**13,180**	6,772
Profit for the period		**955,892**	182,511

	Note	Unaudited six months ended 30th June, 2007 HK$'000	2006 HK$'000 (restated)
Attributable to:			
Equity holders of the Company		**676,469**	126,904
Minority interests		**279,423**	55,607
		955,892	182,511
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	*9*		
Basic			
– For profit for the period		**7.35**	1.38
– For profit from continuing operations		**7.25**	1.33
Diluted			
– For profit for the period		**N/A**	N/A
– For profit from continuing operations		**N/A**	N/A
Special interim distribution per ten shares	*8*	**235.9**	–
Interim dividend per share		**0.2**	0.2
Special interim dividend per share		**0.8**	–

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30th June, 2007** *HK$'000* **(Unaudited)**	31st December, 2006 *HK$'000* (Audited)
Non-current assets			
Goodwill		**–**	57,285
Fixed assets		**190,499**	244,203
Investment properties		**2,951,217**	3,971,901
Properties under development		**44,541**	201,174
Interests in associates		**916,513**	2,775,160
Interests in jointly controlled entities		**155,202**	205,618
Available-for-sale financial assets		**387,628**	385,618
Held-to-maturity financial assets		**–**	9,582
Loans and advances		**–**	27,066
		4,645,600	7,877,607
Current assets			
Properties held for sale		**4,892**	23,750
Properties under development		**395,845**	369,865
Inventories		**426**	–
Financial assets at fair value through profit or loss		**58,582**	933,831
Loans and advances		**7,184**	281,487
Debtors, prepayments and deposits	*10*	**146,385**	224,701
Client trust bank balances		**–**	582,905
Treasury bills		**–**	194,970
Cash and bank balances		**1,151,138**	720,767
		1,764,452	3,332,276
Assets of a disposal group held for distribution	*8*	**6,536,531**	–
		8,300,983	3,332,276
Current liabilities			
Bank and other borrowings		**150,000**	374,276
Creditors, accruals and deposits received	*11*	**423,410**	1,163,051
Current, fixed, savings and other deposits of customers		**–**	305,521
Tax payable		**60,597**	67,960
		634,007	1,910,808
Liabilities directly associated with the assets held for distribution	*8*	**2,651,058**	–
		3,285,065	1,910,808
Net current assets		**5,015,918**	1,421,468
Total assets less current liabilities		**9,661,518**	9,299,075

	Note	**30th June, 2007**	31st December, 2006
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Non-current liabilities			
Bank and other borrowings		**1,304,866**	1,850,950
Deferred tax liabilities		**422,882**	532,065
		1,727,748	2,383,015
Net assets		**7,933,770**	6,916,060
Equity			
Equity attributable to equity holders of the Company			
Share capital		**920,109**	920,109
Reserves		**5,388,224**	4,582,760
		6,308,333	5,502,869
Minority interests		**1,625,437**	1,413,191
		7,933,770	6,916,060

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 income on treasury investment which includes interest income on bank deposits and debt securities, gross rental income, gross proceeds from sales of properties, gross income from securities investment which includes gross proceeds from sales of investments, dividend income and related interest income, gross income from underwriting and securities broking, sales income from food businesses, gross income from catering business, gross rental income from department stores, gross income from property management, gross interest income, commissions, dealing income and other revenues from a banking subsidiary, and interest and other income from money lending 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)
Treasury investment	**8,735**	20,946
Property investment and development	**103,739**	125,718
Securities investment	**612,292**	495,207
Food businesses	**–**	138,856
Banking business	**15,388**	14,338
Other	**79,871**	15,224
Attributable to continuing operations	**820,025**	810,289
Corporate finance and securities broking attributable to discontinued operation	**67,424**	46,110
	887,449	856,399

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 treasury investment segment includes investments in cash and bond markets;

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

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

(d) the food businesses segment engages in food manufacturing, wholesale distribution of food and allied fast-moving consumer goods;

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

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

(g) the "other" segment comprises principally catering business, the operating of department stores, the development of computer hardware and software, money lending and the provision of property, project and 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 Continuing operations								Discontinued operation		
	Treasury investment HK$'000	Property investment and development HK$'000	Securities investment HK$'000	Food businesses HK$'000	Banking business HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000	Corporate finance and securities broking HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue											
External	8,735	103,739	612,292	–	15,388	79,871	–	820,025	67,424	–	887,449
Inter-segment	13,938	2,495	–	–	–	882	(17,315)	–	164	(164)	–
Total	22,673	106,234	612,292	–	15,388	80,753	(17,315)	820,025	67,588	(164)	887,449
Segment results	22,454	260,445	33,562	–	4,157	101,044	(17,036)	404,626	13,180	–	417,806
Unallocated corporate expenses								(72,216)			(72,216)
Finance costs								(40,428)			(40,428)
Share of results of associates	–	490,742	–	–	–	116,880	–	607,622	–	–	607,622
Share of results of jointly controlled entities	–	(64)	–	–	–	(762)	–	(826)	–	–	(826)
Profit before tax								898,778			911,958
Tax								43,934			43,934
Profit for the period								942,712			955,892

	Six months ended 30th June, 2006 (restated) Continuing operations								Discontinued operation		
	Treasury investment HK$'000	Property investment and development HK$'000	Securities investment HK$'000	Food businesses HK$'000	Banking business HK$'000	Other HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000	Corporate finance and securities broking HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Revenue											
External	20,946	125,718	495,207	138,856	14,338	15,224	–	810,289	46,110	–	856,399
Inter-segment	797	2,709	–	–	–	3,494	(7,000)	–	222	(222)	–
Total	21,743	128,427	495,207	138,856	14,338	18,718	(7,000)	810,289	46,332	(222)	856,399
Segment results	20,657	158,265	133,823	400	5,051	2,424	(4,223)	316,397	6,772	–	323,169
Unallocated corporate expenses								(66,005)			(66,005)
Finance costs								(34,323)			(34,323)
Share of results of associates	–	(4,779)	–	–	(4,446)	12,394	–	3,169	–	–	3,169
Share of results of jointly controlled entities	–	(8,406)	–	–	–	(1,446)	–	(9,852)	–	–	(9,852)
Profit before tax								209,386			216,158
Tax								(33,647)			(33,647)
Profit for the period								175,739			182,511

4. Gain/(Loss) on disposal of subsidiaries

The amount included a gain on disposal of subsidiaries of HK$101,956,000 from the Group's disposal 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, in June 2007.

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): *(Note)*

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Interest income:		
Listed investments	**821**	3,652
Unlisted investments	**324**	791
Banking operation	**12,428**	12,064
Other	**9,310**	20,946
Dividend income:		
Listed investments	**175**	817
Unlisted investments	**5,648**	1,291
Other unlisted investment income	**–**	702
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**(130)**	20,284
Unlisted financial assets at fair value through profit or loss	**2,217**	20
Listed available-for-sale financial assets	**–**	103,338
Unlisted available-for-sale financial assets	**724**	632
Net fair value gain on financial assets at fair value through profit or loss:		
Listed	**11,398**	1,082
Unlisted	**13,070**	7,573
Provision for impairment losses on unlisted available-for-sale financial assets	**–**	(1,142)
Depreciation	**(7,155)**	(8,875)
Loss on disposal of fixed assets	**(9)**	(1)
Gain on disposal of properties	**–**	699
Cost of inventories sold	**(2,284)**	(101,149)

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

7. Tax

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**–**	1,270
Deferred	**8,988**	6,304
	8,988	7,574
Overseas:		
Charge for the period	**12,674**	10,713
Underprovision in prior periods	**111**	263
Deferred	**(65,707)**	15,097
	(52,922)	26,073
Total tax charge/(credit) for the period	**(43,934)**	33,647

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. Discontinued operation/Assets and liabilities of a disposal group held for distribution/Special interim distribution

On 18th June, 2007, the Company announced a proposal to declare a special interim distribution to be satisfied by way of a distribution in specie (the "Distribution") comprising substantially all the Company's beneficial shareholding of 973,240,440 shares of HK$1.00 each in Hongkong Chinese Limited ("HKC"), representing approximately 72.26 per cent. of the issued share capital of HKC, held by the Company. On 17th July, 2007, the Company announced the decision of its board of directors to declare the Distribution in the proportion of 1.057745 share of HKC for every ten shares of the Company held by the Company's shareholders. Following the Distribution, HKC and its subsidiaries (the "HKC Group") ceased to be subsidiaries of the Company and the corporate finance and securities broking business which was solely carried out by the HKC Group would become discontinued operation. Results of the HKC Group will not be accounted for in the consolidated financial statements of the Company. As at 30th June, 2007, final approval for the Distribution was in progress and the HKC Group was classified as a disposal group held for distribution.

(a) Profit for the period from corporate finance and securities broking business are presented below:

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Revenue	**67,424**	46,110
Cost of sales	**(23,234)**	(17,352)
Gross profit	**44,190**	28,758
Administrative expenses	**(15,760)**	(12,837)
Other operating expenses	**(5,573)**	(3,397)
Finance costs	**(9,677)**	(5,752)
Profit for the period	**13,180**	6,772
	HK cents	*HK cents*
Earnings per share		
Basic, from the discontinued operation	**0.10**	0.05
Diluted, from the discontinued operation	**N/A**	N/A

(b) The net cash flows incurred by the HKC Group are presented below:

	30th June, 2007
	HK$'000
Operating activities	**(737,554)**
Investing activities	**432,163**
Financing activities	**105,761**
Net cash outflow of the disposal group	**(199,630)**

(c) The major classes of assets and liabilities of the HKC Group held for distribution are as follows:

	30th June, 2007
	HK$'000
Assets	
Goodwill	**57,285**
Fixed assets	**45,899**
Investment properties	**497,028**
Properties under development	**169,367**
Interests in associates	**2,572,876**
Interests in jointly controlled entities	**151,684**
Available-for-sale financial assets	**111,444**
Financial assets at fair value through profit or loss	**378,009**
Held-to-maturity financial assets	**9,613**
Loans and advances	**738,451**
Property held for sale	**19,666**
Debtors, prepayments and deposits	**858,371**
Client trust bank balances	**558,517**
Treasury bills	**13,580**
Cash and bank balances	**354,741**
Assets of a disposal group held for distribution	**6,536,531**
Liabilities	
Bank and other borrowings	**(1,592,240)**
Creditors, accruals and deposits received	**(865,588)**
Current, fixed, savings and other deposits of customers	**(158,678)**
Tax payable	**(8,963)**
Deferred tax liabilities	**(25,589)**
Liabilities directly associated with the assets held for distribution	**(2,651,058)**
Net assets directly associated with the disposal group	**3,885,473**

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

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company; and (ii) the weighted average number of 9,201,089,000 ordinary shares (2006 – 9,201,089,000 ordinary shares) in issue during the period.

	Six months ended 30th June,	
	2007	2006
	HK$'000	*HK$'000*
Consolidated profit attributable to equity holders of Company:		
From continuing operations	**666,945**	122,011
From discontinued operation	**9,524**	4,893
	676,469	126,904

(b) Diluted earnings per share

No diluted earnings per share is presented for the periods ended 30th June, 2007 and 2006 as the share options outstanding during these periods had no dilutive effect on the basic earnings per share for these periods.

10. 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	**–**	45,809
Within 30 days	**1,333**	42,088
Between 31 and 60 days	**72**	1,166
Between 61 and 90 days	**27**	279
Between 91 and 180 days	**183**	155
Over 180 days	**54**	60
	1,669	89,557

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.

11. 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	**158**	637,965
Within 30 days	**4,374**	114,178
Between 31 and 60 days	**106**	195
Between 61 and 90 days	**42**	–
Between 91 and 180 days	**–**	50
Over 180 days	**515**	–
	5,195	752,388

The outstanding balances as at 31st December, 2006 that were 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 31st December, 2006, total client trust bank balances amounted to HK$582,905,000. As at 30th June, 2007, the respective balance of client payables and total client trust bank balances amounted to HK$558,517,000 has been included as liabilities directly associated with the assets held for distribution.

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 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. During the period under review, property investment and development sector performed well and sustained impressive returns to the Group. The Group also 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.

On 18th June, 2007, the Company announced the proposal to declare a special interim distribution to be satisfied by way of a distribution in specie (the "Distribution") comprising substantially all the Company's beneficial shareholding of 973,240,440 shares of HK$1.00 each in Hongkong Chinese Limited ("HKC") held by the Company. Following the Distribution, results of HKC and its subsidiaries (the "HKC Group") will not be accounted for in the consolidated financial statements of the Company. As at 30th June, 2007, the HKC Group was classified as a disposal group held for distribution. The Distribution has resulted in a clearer operational structure of the Group.

Following the Distribution, the Group will primarily focus on its retail business. Recently, the Group has entered into certain lease agreements to commence its retail business in Mainland China. The leased premises would be used to operate shopping centres and department stores carried trade name as "Robbinz" in the strategic locations in Mainland China which included Tianjin and Chengdu, etc. The proposed branch network will also cover other core cities in Mainland China. It is expected that the flagship store in Tianjin with a gross floor area of approximately 98,000 square metres will commence business in early November 2007 after completion of necessary furnishing works. The Group will position itself at the mid-to-high-end of the retail market. By establishing an extensive network of department stores, the Group will capture the growth opportunities in the China economy and the domestic consumption in Mainland China. As at 30th June, 2007, a capital contribution of HK$143 million has been made by the Group to the retail business in Mainland China.

For the six months ended 30th June, 2007, the Group's profit attributable to shareholders increased to HK$676 million (2006 – HK$127 million).

Results for the period

Turnover for the six months ended 30th June, 2007 totalled HK$820 million, which was higher than the HK$810 million (restated) which included the turnover of HK$139 million from food businesses contributed by a former subsidiary in the corresponding period of 2006. Property and treasury and securities investments remained the principal sources of revenue of the Group, contributing 13 per cent. (2006 – 16 per cent., restated) and 76 per cent. (2006 – 64 per cent., restated) of the total turnover.

The Group reported a profit for the period from continuing operations of HK$943 million (2006 – HK$176 million). Property investment and development sector was the main contributor.

Property investment and development

Turnover generated from this segment increased to HK$104 million (2006 – HK$82 million when the proceeds of HK$28 million relating to sales of properties and the rental income of HK$16 million contributed by a former subsidiary were excluded) as a result of the increase in rental income from the leasing of the existing high quality and well-located investment properties.

Rental income generated from properties located in Hong Kong and Mainland China registered an increase of 31 per cent. and 9 per cent., respectively. Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, China continued to achieve high occupancy and renewal rental rates. The investment properties 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 of HK$79 million (2006 – HK$85 million) during the period.

The Group's earnings from property investment and development also benefited 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.

Additionally, the Group has participated in other well-located development projects in China and Singapore.

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$621 million (2006 – HK$516 million, restated) and HK$56 million (2006 – HK$154 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.

Other businesses

During the period, the Group registered a share of profit of HK$113 million from a listed associate in Singapore, Auric Pacific Group Limited ("APG"). The businesses of APG mainly included food manufacturing, wholesale and distribution, retail and food court operation as well as property and securities investment. The Group also participated 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 policy of focusing on core businesses of the Group.

Financial position

As at 30th June, 2007, the Group's total assets amounted to HK$12.9 billion (31st December, 2006 – HK$11.2 billion). When total assets of HKC Group with an amount of HK$6.5 billion which were held for distribution were excluded, total assets of the Group was HK$6.4 billion. Property-related assets decreased to HK$3.7 billion (31st December, 2006 – HK$6.7 billion), representing 58 per cent. (31st December, 2006 – 60 per cent.) of the total assets. On the other hand, investment portfolio of the Group reduced to HK$0.4 billion (31st December, 2006 – HK$1.3 billion), representing 7 per cent. (31st December, 2006 – 12 per cent.) of the Group's total assets.

During the period, the Group realised certain investments, thus, cash and cash equivalents of the Group increased by HK$0.3 billion to HK$1.2 billion (31st December, 2006 – HK$0.9 billion) which excluded HK$0.4 billion cash and cash equivalents classified under a disposal group held for distribution. The Group's financial position remained strong and current ratio (measured as current assets to current liabilities) stood at 2.53 to 1 (31st December, 2006 – 1.74 to 1).

During the period, the Group had fully repaid the loans advanced from Lippo Limited. As at 30th June, 2007, the bank loans of the Group decreased to HK$1,455 million (31st December, 2006 – HK$1,977 million) which excluded those liabilities directly associated with the assets held for distribution. All the bank loans were secured (31st December, 2006 – HK$1,967 million of which were secured and 10 million of which were unsecured) by certain properties, shares in certain subsidiaries and certain securities of the Group. 85 per cent. (31st December, 2006 – 75 per cent.) of the loans were denominated in Hong Kong dollars or United States dollars. All bank loans carried interest at floating rates and 10 per cent. (31st December, 2006 – 6 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 minority interests, to shareholders' funds) was 23.1 per cent. (31st December, 2006 – 35.1 per cent.).

As at 30th June, 2007, total bank loans and overdrafts of the HKC Group amounted to HK$1,280 million, comprising secured bank loans and overdrafts of HK$1,260 million and unsecured bank loans of HK$20 million. 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.

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 had total capital commitment (included capital commitment of HK$0.7 billion from a disposal group held for distribution) of HK$0.9 billion (31st December, 2006 – HK$0.9 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 601 employees as at 30th June, 2007 (2006 – 317 employees). The increase was in line with the development of the retail business of the Group. Total staff costs (including directors' emoluments) during the period amounted to HK$62 million (2006 – HK$64 million) (included staff costs from discontinued operation). The Group ensures that its employees are offered competitive remuneration packages. Currently, there is no share option 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

Overview

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 sustained momentum for economic growth. The strong growth of the surrounding Asian economies has also helped boost business and investment opportunities. However, the uncertain outlook of the US economy emanating from the sub-prime mortgage problems and the resultant volatility in the international financial markets have a dampening effect on the global economy. In Mainland China, tightening macro-economic measures introduced and in the pipeline may affect the pace of economic growth.

During the period under review, the Group continued to seek new businesses and investments as well as potential acquisition and alliance opportunities compatible with its long-term growth strategy. Strong economic growth, rising disposable income and emergence of the middle class have boosted the retail market in Mainland China. The Group's newly established department store chain "Robbinz" is expected to ride on the growth and seize a share of the retail sector in Mainland China.

Results

The Group performed extremely well during the first half of the year. It achieved a consolidated profit attributable to shareholders of HK$676 million for the six months ended 30th June, 2007, compared to a profit of HK$127 million for the six months ended 30th June, 2006.

Hongkong Chinese Limited ("HKC"), a former listed subsidiary of the Company, also delivered an encouraging result during the first half of the year. HKC (together with its subsidiaries, the "HKC Group") achieved a consolidated profit attributable to shareholders of HK$687 million for the six months ended 30th June, 2007, compared to a profit of HK$129 million for the last corresponding period. Subsequent to the period under review, HKC ceased to be a subsidiary of the Company.

Retail business

The fast-growing economy in China has created excellent opportunities for the development of the Group's retail business. As previously announced, the Group's will focus on retail business. The Group's department store chain "Robbinz" is positioned to serve the fast growing mid-to-high-end consumer segment providing customers with one stop shopping service. In April 2007, the Group entered into a 20-year lease for leasing of a commercial property in Tianjin with a gross floor area of approximately 98,000 square metres (the "Tianjin Store"). Renovation works for the Tianjin Store are in progress. The grand opening of the Tianjin Store is targeted to be held in early November this year. Another new department store in Chengdu (the "Chengdu Store"), with a gross floor area of approximately 28,000 square metres, is also expected to be opened by the end of this year. Both the Tianjin Store and the Chengdu Store are located at prime location in the city centre. According to the business development plan, the Group will open more shopping centres and/or department stores in municipalities and provincial capitals of Mainland China in the near future. Moreover, the Group will explore the opportunities of acquiring suitable existing stores to extend its market share.

Auric Pacific Group Limited ("APG") (together with its subsidiaries, the "APG Group"), a company listed in Singapore, achieved a profit attributable to shareholders of S$45.1 million for the six months ended 30th June, 2007, compared with a loss of S$1.4 million for the last corresponding period. APG is an associated company of the Company. The Group is interested in approximately 49.3 per cent. of the issued share capital of APG.

In August 2007, APG entered into a binding term sheet for the proposed acquisition (the "Proposed Acquisition") of the holding company of Delifrance Asia Limited, its subsidiaries and associated companies (the "Delifrance Asia Group"). The Delifrance Asia Group operates the Delifrance chain of cafes and bistros with a presence across six countries in Asia. The Proposed Acquisition is subject to further negotiation and the terms of the definitive agreements to be entered into by APG and the vendor.

To diversify its business into the resilient retail sector in the region, the APG Group formed a joint venture to acquire an approximate 29.9 per cent. of the issued share capital of Robinson and Company, Limited ("Robinson") in 2006. Robinson is a listed company in Singapore and operates well-known retail and departmental stores under the brand names Robinsons, Marks and Spencer, John Little, Trucco and Principles, River Island, Coast and Fat Face. Robinson has planned to further expand in Singapore and Malaysia. Other than Robinson, the APG Group also acquired in 2006 an approximate 29.9 per cent.

interest in Food Junction Holdings Limited ("Food Junction"), a company listed in Singapore. Food Junction is principally engaged in managing the daily operational requirements of food courts and food stalls. During the period under review, both Robinson and Food Junction made a profit contribution to the APG Group.

Property investment and development

The Group's investment properties continued to enjoy high occupancy during the period under review. Rental provided the Group with stable income. Lippo Plaza at Huaihai Zhong Road in Shanghai maintained almost fully occupancy at satisfactory rental rates.

The market response to the residential development known as The Metropolitan Condominium at Alexandra Road/Tiong Bahru Road in Singapore was very satisfactory. All the units have been pre-sold. The Metropolitan Condominium is a 50:50 joint development of the Group and CapitaLand Limited. It is expected that the development will be completed in late 2009.

The HKC Group participated in a joint venture established for the acquisition and development of the property known as Kim Seng Plaza located at No. 100, Kim Seng Road, Singapore, with a site area of approximately 5,611 square metres (the "Kim Seng Property"). It is currently intended that the Kim Seng Property will be re-developed into a luxury residential complex. At the end of 2006, the HKC Group participated in another joint venture 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 a total site area of about 22,222 square metres and a 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. Pre-sale of the Sentosa Cove Property will be launched by the end of 2007. The HKC Group has a 50 per cent. interest in each of the Kim Seng Property and the Sentosa Cove Property.

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

The HKC Group's investment in Lippo ASM Asia Property LP ("LAAP") recorded an encouraging result in the first half of 2007. LAAP, a property fund set up in 2005, of which a wholly-owned subsidiary of HKC is the founding limited partner, 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 investment and hotel operation. 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 at Orchard Road, a prime shopping district in Singapore. These high quality properties have generated 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 HKC Group.

The HKC Group participated in a number of property projects in Mainland China, including Lippo Tower in Chengdu and the development project of a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) (the "BDA Project"). The BDA Project is located in the state-level economic-technological development area in Beijing, approximately seven kilometers away from the downtown area of Beijing. It is currently planned to comprise office buildings, apartments, hotel and shopping mall 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 HKC Group sees significant long term potential for the BDA Project.

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

In June 2007, the HKC Group disposed of its entire interest (approximately 80.02 per cent.) in a joint venture company which owned 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 HKC Group.

Distribution in specie

As previously announced, the Company, HKC and Lippo Limited ("Lippo"), the holding company of the Company, (collectively, the "Lippo Group") undertook a realignment to streamline the corporate structure of the Lippo Group. In August 2007, the Company completed the distribution in specie of its approximate 72.26 per cent. shareholding in HKC to its shareholders (the "Distribution"). As a result, the Company ceased to be the holding company of HKC, and Lippo has become the beneficial owner of approximately 51.4 per cent. of the issued share capital of HKC. The Distribution has resulted in a clearer and better defined operational model for the Lippo Group. Following the realignment, HKC will primarily focus on property investment and development while the Company will primarily focus on retail business, rather than property investment and development. The better defined and more focused separate operations of the Company, HKC and Lippo will enable investors to better appraise, assess and distinguish the values, potential and performance of each of the separate listed entities within the Lippo Group. Following the Distribution, the Company may, if opportunities arise, dispose of its property interest to fund its retail business.

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 Mainland China. There is also broad optimism about the economic and business prospects in the surrounding Asian countries, including China where the 2008 Olympic Games will take place. Nevertheless, there remains a number of uncertainties in the world economic environment, especially concern of a slowdown in the US economy arising from the US sub-prime mortgage syndrome with its possible flow on effect onto 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, particularly in China. The Group will continue to explore suitable investment opportunities in the Asia region. However, Management will continue to adopt a cautious and prudent approach when assessing new investment opportunities.

With proven experience and successful track record of the Management team in the Group's retail sector and the growth momentum in the retail industry in Mainland China, the Group is optimistic about the prospects of its retail business. Once the retail business in China takes off, it is expected the retail business will become a major driving force for the growth of the Group in the future.

SPECIAL INTERIM DISTRIBUTION

On 17th July, 2007, the Directors declared a special interim distribution which was satisfied by way of a distribution in specie of shares of HK$1.00 each in Hongkong Chinese Limited ("HKC Shares") held by the Company in proportion of 1.057745 HKC Share (the "Distribution Shares") for every 10 shares of the Company held by the shareholders whose names appear on the Register of Members of the Company on 3rd August, 2007 (the "Distribution"). The Distribution amounted to approximately HK$2,170 million and was subsequently completed in August 2007. The relevant share certificates of the Distribution Shares were posted to the shareholders by the end of August 2007.

INTERIM DIVIDENDS

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (2006 – HK0.2 cent per share) and a special interim dividend of HK0.8 cent per share (2006 – Nil) for the six months ended 30th June, 2007. Excluding the special interim distribution declared on 17th July, 2007, the total dividends for the six months ended 30th June, 2007 will be HK1 cent per share (2006 – HK0.2 cent per share) amounting to approximately HK$92,011,000 (2006 – HK$18,402,000), which will be paid on Monday, 22nd October, 2007 to shareholders whose names appear on the 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 transfer of shares will be registered. In order to qualify for the interim dividend and special interim dividend 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 the Company's Registrars, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 4th 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 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, 2007.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

By Order of the Board
Lippo China Resources Limited
John Luen Wai Lee
Director

Hong Kong, 19th September, 2007

As at the date of this announcement, the Board of Directors of the Company comprises nine directors, of which Dr. Mochtar Riady (Honorary Chairman), and Messrs. Ning Gaoning and Leon Nim Leung Chan as non-executive Directors, Messrs. James Riady (Chairman), Stephen Riady (Deputy Chairman, Managing Director and Chief Executive Officer), John Luen Wai Lee as executive Directors and Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung as independent non-executive Directors.