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, 2008

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, 2008 together with the comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

		Unaudited six months ended 30th June,	
		2008	2007
	Note	***HK$'000***	*HK$'000* (restated)
Continuing Operations			
Revenue	2	**181,081**	216,788
Cost of sales		**(94,426)**	(35,160)
Gross profit		**86,655**	181,628
Administrative expenses		**(53,092)**	(62,452)
Other operating expenses		**(44,587)**	(47,086)
Fair value gains on investment properties		**313,719**	78,592
Gain on disposal of subsidiaries		**–**	100,434
Gain on disposal of associates		**–**	57,620
Gain on disposal of available-for-sale financial assets		**–**	724
Net fair value gain on financial assets at fair value through profit or loss		**604**	24,468
Finance costs		**(24,791)**	(41,946)
Share of results of associates	4	**7,767**	607,622
Share of results of jointly controlled entities		**–**	(826)
Profit before tax	5	**286,275**	898,778
Tax	6	**(40,322)**	43,934
Profit for the period from continuing operations		**245,953**	942,712
Discontinued Operation	7		
Profit for the period from discontinued operation		**–**	13,180
Profit for the period		**245,953**	955,892

	Note	2008	2007
		Unaudited six months ended 30th June,	
	Note	***HK$'000***	*HK$'000* (restated)
Attributable to:			
Equity holders of the Company		**235,858**	676,469
Minority interests		**10,095**	279,423
		245,953	955,892
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	*8*		
Basic			
– For profit for the period		**2.56**	7.35
– For profit from continuing operations		**2.56**	7.25
Diluted			
– For profit for the period		**N/A**	N/A
– For profit from continuing operations		**N/A**	N/A
Interim dividend per share		**0.2**	0.2
Special interim dividend per share		**–**	0.8
Special interim distribution per ten shares		**–**	235.9

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**30th June, 2008** *HK$'000* **(Unaudited)**	31st December, 2007 *HK$'000* (Audited)
Non-current assets			
Goodwill		**23,371**	23,371
Fixed assets		**357,822**	316,636
Investment properties		**3,815,694**	3,426,316
Properties under development		**49,029**	43,747
Interests in associates		**951,171**	915,338
Interest in a jointly controlled entity		**2,873**	2,713
Available-for-sale financial assets		**454,391**	411,057
Deposit paid for long term investments		**123,245**	–
		5,777,596	5,139,178
Current assets			
Properties held for sale		**5,653**	5,058
Properties under development		**514,241**	461,679
Inventories		**1,196**	1,092
Financial assets at fair value through profit or loss		**64,592**	63,997
Loans and advances		**5,799**	5,445
Debtors, prepayments and deposits	*9*	**208,235**	208,898
Cash and bank balances		**332,561**	345,418
		1,132,277	1,091,587
Current liabilities			
Bank loans		**288,784**	46,019
Amount due to a jointly controlled entity		**50,630**	46,968
Creditors, accruals and deposits received	*10*	**707,754**	670,529
Tax payable		**56,063**	72,022
		1,103,231	835,538
Net current assets		**29,046**	256,049
Total assets less current liabilities		**5,806,642**	5,395,227
Non-current liabilities			
Bank loans		**1,121,950**	1,100,590
Deferred tax liabilities		**578,345**	512,654
		1,700,295	1,613,244
Net assets		**4,106,347**	3,781,983
Equity			
Equity attributable to equity holders of the Company			
Share capital		**920,109**	920,109
Reserves		**2,998,671**	2,705,640
		3,918,780	3,625,749
Minority interests		**187,567**	156,234
		4,106,347	3,781,983

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 audit committee of the Company.

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, 2007, except that in the current period, the Group has changed the presentation of revenue and has adopted certain new/revised Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as the "new/revised HKFRSs") as detailed in Note (a) and (b) below:

(a) Change in the presentation of revenue

In prior years, revenue included the proceeds from sales of securities investment, while the related costs of sales of securities investment were presented as "cost of sales".

In the current period, the Group has revised the presentation of revenue in order to provide more relevant information in respect of the Group's operations and to conform with market practices. The proceeds from sales of securities investment are offset against the cost of sales of securities investment and are presented as gain/(loss) on sales of securities investment in the consolidated profit and loss account within revenue.

The effects of the change in the presentation of revenue have been accounted for retrospectively with comparative figures restated. The change does not have any impact on the results of the Group in respect of current period and prior year.

(b) New/revised HKFRSs

The following new/revised HKFRSs are adopted for the first time for the current period's interim results, which have become effective for accounting periods beginning on or after 1st January, 2008:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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, income from securities investment which includes gain/(loss) on sales of securities investments, dividend income and related interest income, gross income from underwriting and securities broking, gross income from restaurants and 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,	
	2008	2007
	HK$'000	*HK$'000*
		(restated)
Treasury investment	**3,454**	8,735
Property investment and development	**95,192**	103,739
Securities investment	**31**	9,055
Retail business	**54,186**	13,710
Banking business	**–**	15,388
Other	**28,218**	66,161
Attributable to continuing operations	**181,081**	216,788
Corporate finance and securities broking attributable to discontinued operation	**–**	67,424
	181,081	284,212

Revenue attributable to banking business represents revenue generated from The Macau Chinese Bank Limited ("MCB"), a licensed credit institution under the Financial System Act of the Macao Special Administrative Region of the People's Republic of China. MCB ceased to be a subsidiary of the Company in July 2007. Revenue attributable to banking business is analysed as follows:

	Six months ended 30th June,	
	2008	2007
	HK$'000	*HK$'000*
Interest income	**–**	12,428
Commission income	**–**	2,132
Other revenues	**–**	828
	–	15,388

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 retail business segment engages in operating of department stores;

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

(f) the "other" segment comprises principally restaurants and catering business, food manufacturing, wholesale distribution of food and allied fast-moving consumer goods, the development of computer hardware and software, money lending and the provision of property, project and fund management and investment advisory services; and

(g) the corporate finance and securities broking segment provides securities and futures brokerage, investment banking, underwriting and other related advisory services. As at the balance sheet date, the corporate finance and securities broking segment was classified as discontinued operation of the Group.

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

	Six months ended 30th June, 2008										
	Continuing operations								Discontinued operation		
	Treasury investment *HK$'000*	Property investment and development *HK$'000*	Securities investment *HK$'000*	Retail business *HK$'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	3,454	95,192	31	54,186	–	28,218	–	181,081	–	–	181,081
Inter-segment	–	1,954	–	–	–	–	(1,954)	–	–	–	–
Total	3,454	97,146	31	54,186	–	28,218	(1,954)	181,081	–	–	181,081
Segment results	3,303	392,462 *(Note)*	(493)	(67,652)	–	14,757	–	342,377	–	–	342,377
Unallocated corporate expenses								(39,078)			(39,078)
Finance costs								(24,791)			(24,791)
Share of results of associates	–	422	–	–	–	7,345	–	7,767	–	–	7,767
Profit before tax								286,275			286,275
Tax								(40,322)			(40,322)
Profit for the period								245,953			245,953

	Six months ended 30th June, 2007 (restated)										
	Continuing operations								Discontinued operation		
	Treasury investment *HK$'000*	Property investment and development *HK$'000*	Securities investment *HK$'000*	Retail business *HK$'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	9,055	13,710	15,388	66,161	–	216,788	67,424	–	284,212
Inter-segment	13,938	2,495	–	–	–	882	(17,315)	–	164	(164)	–
Total	22,673	106,234	9,055	13,710	15,388	67,043	(17,315)	216,788	67,588	(164)	284,212
Segment results	22,454	260,445	33,562	(5,943)	4,157	106,987	(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

Note: The amount included fair value gains on investment properties of HK$313,719,000.

4. Share of results of associates

The amount in 2007 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. LAAP ceased to be an associate of the Group in July 2007 following the Distribution as mentioned in Note 7 below.

5. Profit before tax

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

	Six months ended 30th June, 2008 HK$'000	2007 HK$'000
Interest income:		
Listed financial assets at fair value through profit or loss	–	393
Unlisted financial assets at fair value through profit or loss	–	324
Listed held-to-maturity financial assets	–	428
Loan and receivables	–	575
Banking operation	–	12,428
Other	**3,454**	8,735
Dividend income:		
Listed investments	**31**	175
Unlisted investments	–	5,648
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	–	(130)
Unlisted financial assets at fair value through profit or loss	–	2,217
Unlisted available-for-sale financial assets	–	724
Net fair value gain on financial assets at fair value through profit or loss:		
Listed	**27**	11,398
Unlisted	**577**	13,070
Depreciation	**(9,950)**	(7,155)
Loss on disposal of properties	**(510)**	–
Loss on disposal of fixed assets	**(2)**	(9)
Cost of inventories sold	**(5,447)**	(2,284)

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

6. **Tax**

	Six months ended 30th June, **2008** *HK$'000*	2007 *HK$'000*
Hong Kong:		
Charge for the period	**1,560**	–
Overprovisions in prior periods	**(436)**	–
Deferred	**22,580**	8,988
	23,704	8,988
Overseas:		
Charge for the period	**5,595**	12,674
Underprovisions in prior periods	**568**	111
Deferred	**10,455**	(65,707)
	16,618	(52,922)
Total charge/(credit) for the period	**40,322**	(43,934)

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2007 – 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.

7. **Discontinued operation**

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 then 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 based on the market price of HKC at HK$2.23 per share. 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 became discontinued operation. Results of the HKC Group ceased to be accounted for in the interim results of the Group.

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

	Six months ended 30th June, 2007 *HK$'000*
Revenue	67,424
Cost of sales	(23,234)
Gross profit	44,190
Administrative expenses	(15,760)
Other operating expenses	(5,573)
Finance costs	(9,677)
Profit for the period	13,180
	HK cents
Earnings per share	
Basic, from the discontinued operation	0.10
Diluted, from the discontinued operation	N/A

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; and (ii) the weighted average number of 9,201,089,000 ordinary shares (2007 – 9,201,089,000 ordinary shares) in issue during the period.

	Six months ended 30th June,	
	2008	2007
	HK$'000	*HK$'000*
Consolidated profit for the period attributable to equity holders of the Company:		
From continuing operations	**235,858**	666,945
From discontinued operation	**–**	9,524
	235,858	676,469

(b) Diluted earnings per share

No diluted earnings per share is presented for the periods ended 30th June, 2008 and 2007 as the share options outstanding during these periods had no dilutive effect on the basic earnings per share for these periods.

9. Debtors, prepayments and deposits

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

	30th June, 2008 *HK$'000*	31st December, 2007 *HK$'000*
Outstanding balances with ages:		
Within 30 days	**7,085**	27,133
Between 31 and 60 days	**2,987**	139
Between 61 and 90 days	**561**	1
Between 91 and 180 days	**810**	132
Over 180 days	**140**	–
	11,583	27,405

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

As at balance sheet date, receivables are neither overdue nor impaired and are related to a range of customers for whom there are no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

The balances of trade debtors are non-interest-bearing. 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, 2008 *HK$'000*	31st December, 2007 *HK$'000*
Outstanding balances with ages:		
Within 30 days	**23,124**	38,585
Between 31 and 60 days	**3,338**	7,361
Between 61 and 90 days	**1,051**	–
Between 91 and 180 days	**1,930**	–
Over 180 days	**316**	–
	29,759	45,946

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

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong's economy became challenging in 2008. Against a background of continuing concerns about the global economy, the Group still recorded a profit attributable to shareholders of HK$236 million (2007 – HK$676 million, included profit attributable to shareholders of HK$496 million contributed by Hongkong Chinese Limited ("HKC") and its subsidiaries (collectively as "HKC Group"), which ceased to be subsidiaries of the Group since July 2007).

Results for the period

Turnover for the six months ended 30th June, 2008 totalled HK$181 million, which was 16 per cent. lower than the HK$217 million (restated) recorded in the corresponding period of 2007. Property and retailing became the principal source of revenue of the Group, contributing 53 per cent. (2007 – 48 per cent.) and 30 per cent. (2007 – 6 per cent.) of the total turnover.

The Group reported a profit for the period from continuing operations of HK$246 million (2007 – HK$267 million, which excluded profit for HKC Group). Property investment and development sector was the main contributor.

Property investment and development

The leasing market for Grade A offices stayed active, with rental increases in core districts driven by strong demand. Turnover generated from this segment increased to HK$95 million (2007 – HK$84 million when the rental income of HK$20 million contributed by HKC Group was excluded) as a result of the increase in rental income from the leasing of the existing high quality and well-located investment properties.

Lippo Centre in Hong Kong and Lippo Plaza in Shanghai, being the landmark of the Group in Hong Kong and in Mainland China, continued to achieve high occupancy and increased renewal rental rates. The rental income of these properties registered an increase of 17 per cent. and 14 per cent. respectively. Property letting business continued to provide stable and recurrent revenue to the Group. With a positive outlook in the Hong Kong property market, the Group recorded a total revaluation gain on investment properties of HK$314 million (2007 – HK$79 million) during the period.

The Group has also participated in other well-located property development projects in Mainland China and Singapore. It is expected that all these projects will provide strong and positive cashflow to the Group in the coming years.

Retail business

Although the challenges of macro economic control in Mainland China, weakness in the economies of United States, and a significant rise in price of raw materials affected the economic growth of China and also domestic sales in Mainland China, China still registered a GDP growth of over 10 per cent.

In late 2007, the Group opened two department stores carried trade name “Robbinz”, with total gross floor area of approximately 126,000 square metres, in Tianjin and Chengdu. Robbinz positions itself at the mid-to-upper-end of the retail market. With full operation of the two stores during the period, turnover generated from this segment increased significantly to HK$54 million (2007 – HK$14 million). Turnover comprised of net proceeds received from concessionaire sales and gross rental income. The Group will continue to explore opportunities which can consolidate its position in the market.

Other businesses

Following the distribution of the interest in HKC in July 2007, treasury and securities investments sector was no longer the core business of the Group. Profit attributable to treasury and securities investments for the period amounted to HK$3 million (2007 – HK$56 million). During the period, the Group registered a share of profit of HK$7 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.

Financial position

As at 30th June, 2008, the Group’s total assets amounted to HK$6.9 billion (31st December, 2007 – HK$6.2 billion). Property-related assets increased to HK$4.5 billion (31st December, 2007 – HK$4.1 billion), representing 65 per cent. (31st December, 2007 – 66 per cent.) of the total assets. On the other hand, investment portfolio of the Group stood at HK$0.5 billion (31st December, 2007 – HK$0.5 billion), representing 8 per cent. (31st December, 2007 – 8 per cent.) of the Group’s total assets.

The cash and cash equivalents of the Group remained stable at HK$0.3 billion (31st December, 2007 – HK$0.3 billion). The Group’s financial position remained strong. Current ratio of the Group (measured as current assets to current liabilities) stood at 1.03 to 1 (31st December, 2007 – 1.31 to 1).

As at 30th June, 2008, the bank loans of the Group increased to HK$1,411 million (31st December, 2007 – HK$1,147 million). All the bank loans were secured by certain properties of the Group. 54 per cent. and 31 per cent. (31st December, 2007 – 54 per cent. and 27 per cent.) of the loans were denominated in Hong Kong dollars and Renminbi respectively. All bank loans carried interest at floating rates and 20 per cent. (31st December, 2007 – 4 per cent.) of the bank loans were repayable within one year. At the end of the period, gearing ratio (measured as bank loans, net of minority interests, to shareholders’ funds) was 35.5 per cent. (31st December, 2007 – 31.2 per cent.).

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, 2007 – Nil). On 25th July, 2007, a jointly controlled entity of the Group entered into an agreement to sell all of the rights, title and interest in the receivables in respect of its residential project to Vesta Investment Corporation Limited ("Vesta") and Vesta issued floating rate notes in an aggregate principal amount of US$346 million to institutional investors upon the purchase of the receivables (the "Securitisation Exercise"). On the same date, the Company entered into a cost overruns undertaking and a deed of understanding in relation to the Securitisation Exercise. As at 30th June, 2008, the net maximum exposure to the Group is approximately HK$19 million (31st December, 2007 – HK$86 million). Save as aforesaid, the Group had no material contingent liabilities outstanding (31st December, 2007 – Nil).

As at 30th June, 2008, the Group had total capital commitment of HK$0.3 billion (31st December, 2007 – HK$0.4 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 923 employees as at 30th June, 2008 (2007 – 601 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$41 million (2007 – HK$62 million, included staff costs from discontinued operation). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under share option scheme of the Company.

Outlook

The global credit market conditions continued to deteriorate in the first six months of 2008. The business environment was affected by the adverse impact of the sub-prime crisis. Global inflation posed a particular challenge. Global economic growth is slowing. Nevertheless, the Mainland China is expected to maintain its strong growth trend. Amid the tentative and fragile operating environment, the Group will continue to improve internal operational efficiencies and seek new investment opportunities with long-term growth potential. Given its own strong financial position, the Group is well positioned to take advantage of any good business opportunities to enhance its shareholders value.

BUSINESS REVIEW

Overview

During the period under review, the global economic environment deteriorated steadily. Following the slowdown in the US economy triggered by its sub-prime mortgage crisis and the growing inflationary pressures arising from the surge in food, energy and commodity prices, world major economies are experiencing a general slowdown in economic activity which has begun to affect the regional Asian economy. The various natural disasters in China in the first half of the year and the weak stock markets in Hong Kong and China further affected the economic environment and dampened market confidence.

Results

Despite this increasingly challenging and volatile market environment, the Group remained profitable for the first half of the year though overall performance was not as remarkable as that achieved in 2007. The Group recorded a profit attributable to shareholders of HK$236 million for the six months ended 30th June, 2008, compared with a profit of HK$676 million for the last corresponding period. It should be noted that higher interim profit in 2007 was mainly attributable to the profit of a former associate which benefited from the revaluation gain of various investment properties held.

Property investment and development

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

In August 2008, the Group completed the disposal of the entire 23rd Floor of Tower One, Lippo Centre, Hong Kong for a consideration of HK$250 million. It contributed a satisfactory profit to the Group.

Retail business

The Group's department store chain "Robbinz" was established in China in 2007. Robbinz now operates a department store in Tianjin and Chengdu respectively with a total gross floor area of approximately 126,000 square metres.

The Tianjin and Chengdu stores were in full operation during the first half of the year. The Tianjin store, located at a prime location in the city centre, provides a quality choice for sophisticated consumers. Sales and promotional campaigns have been launched from time to time to attract the shopper traffic and promote the brand "Robbinz".

The unfortunate earthquake at Sichuan Province in May 2008 has affected Robbinz's operation in Chengdu. The store was closed for two days as a result. Due to the earthquake, the overall consumer sentiment was adversely affected and the sales dropped in May and June. Since July, sales have picked up to the level before the earthquake.

Both the Tianjin store and the Chengdu store are in their fledgling stages. The management of Robbinz is committed to constantly reviewing and updating its customers' changing needs and continuing to improve the merchandise mix and brand selection.

Robbinz is optimistic about the long term prospects of the retail business in China. However, the economy in China and the operating environment of the retail sector may be subject to a certain degree of uncertainty in the near future. Robbinz will closely monitor the performance of the existing operations and maximize the operational efficiency of both stores.

Auric Pacific Group Limited ("APG", together with its subsidiaries, the "APG Group"), in which the Group is interested in approximately 49.3 per cent. of its issued share capital and the shares of which are listed on the Main Board of SGX-ST, recorded a profit attributable to shareholders of approximately S$2.4 million for the first half of the year, compared to a profit of S$45.1 million for the last corresponding period. Soaring energy and commodity prices have impinged on the profitability of the APG Group, especially in the second quarter of the year. The APG Group will place greater focus on cost-cutting and will continue to seek to achieve synergy among its existing businesses. It is expected that the impact of these efforts can only be realized in the medium and long term.

In order to focus its resources on its existing and newly acquired core businesses, the APG Group disposed of its entire interest in One Phillip Street in Singapore for a cash consideration of approximately S$99 million. The disposal was completed in April 2008 and gave rise to a net gain of approximately S$14 million to the APG Group in the first half of the year. Fair valuation gain of approximately S$46 million has been taken up as profits in the past financial periods.

The operating environment of Robinson and Company, Limited ("Robinson"), in which the APG Group was interested approximately 29.99 per cent., changed significantly since the APG Group's acquisition in 2006. The general economic environment has affected consumer sentiment and spending in the markets where Robinson operates. Rising rental and staff costs also affect the profitability of Robinson. As the prospects for Robinson would be subject to greater uncertainty, the APG Group accepted the cash offer for Robinson (the "Robinson Offer") at a price of S$7.20 per share in April 2008 which was a timely opportunity for the APG Group to divest its investment in Robinson at an attractive price. The aggregate consideration received by the APG Group under the Robinson Offer amounted to approximately S$185.6 million.

In order to enhance its presence in food industries, the APG Group has recently acquired additional interest in Food Junction Holdings Limited ("Food Junction"), whose shares are listed on the Catalist (formerly known as SGX Sesdaq), by way of a partial offer for shares in Food Junction at a price of S$0.55 each (the "Partial Offer"). Food Junction is a regional food court operation and management specialist and its food courts spread over Singapore, Malaysia, Indonesia and China. Upon the completion of the Partial Offer, Food Junction has become a subsidiary of APG and the APG Group's interest in Food Junction has been increased from 29.9 per cent. to 54.4 per cent.

PROSPECTS

Looking ahead, the international operating environment will become very challenging. The recent upheaval in the US financial system has shocked the global stock markets. The global economy will be overshadowed by the US financial crisis and growing inflationary pressures arising from the surge in food, energy and commodity prices. This will dim the economic and business prospects for Hong Kong and the surrounding Asian countries. However, statistics suggest that China is still broadly on track in maintaining solid economic growth.

Management remains optimistic about the overall outlook of the Group. The Group is in a strong and stable financial position which makes it well placed to meet the challenges ahead. The Group will continue to adopt a cautious and prudent approach to identify and pursue suitable investment opportunities which will contribute to the growth momentum and maximise shareholders return.

INTERIM DIVIDEND

The Directors have resolved to declare the payment of an interim dividend of HK0.2 cent per share (2007 – excluding the special interim distribution declared on 17th July, 2007, HK0.2 cent per share and a special interim dividend of HK0.8 cent per share) amounting to approximately HK$18,402,000 for the six month ended 30th June, 2008 (2007 – excluding the special interim distribution declared on 17th July, 2007, HK$92,011,000), which will be paid on or about Wednesday, 22nd October, 2008 to shareholders whose names appear on the Register of Members on Friday, 10th October, 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 8th October, 2008 to Friday, 10th October, 2008 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend for the six months ended 30th June, 2008, 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 Monday, 6th October, 2008.

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

During the six months ended 30th June, 2008, 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, 2008.

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 (the "Code") 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, 2008 except for the deviation from code provision E.1.2 which stipulates that the chairman of the board of a listed issuer should attend the annual general meeting of that issuer. As Mr. James Riady, the Chairman of the Board (the "Chairman"), was in overseas for other business commitment, he was unable to attend the annual general meeting of the Company held on 5th June, 2008. To comply with the Code, the Chairman will use his best endeavours to attend future annual general meetings of the Company.

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

Hong Kong, 18th September, 2008

As at the date of this announcement, the Board of Directors of the Company comprises nine directors, of which Dr. Mochtar Riady (Honorary Chairman), 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) and John Luen Wai Lee as executive Directors and Messrs. Edwin Neo, King Fai Tsui and Victor Ha Kuk Yung as independent non-executive Directors.