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, 2009

INTERIM RESULTS

The Directors of Hongkong Chinese Limited (the "Company") announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th June, 2009 together with the comparative figures for the corresponding period in 2008 as follows:

Condensed Consolidated Income Statement
For the six months ended 30th June, 2009

		Unaudited six months ended 30th June,	
		2009	2008
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**47,220**	71,270
Cost of sales		**(12,900)**	(17,254)
Gross profit		**34,320**	54,016
Administrative expenses		**(49,292)**	(54,596)
Other operating expenses		**(25,795)**	(17,605)
Net fair value gain/(loss) on financial assets at fair value through profit or loss		**20,656**	(6,263)
Write-back of provision for impairment loss on an associate		**5,000**	18,000
Fair value gains on investment properties		**—**	118,040
Gain on disposal of subsidiaries		**—**	7,417
Finance costs		**(8,241)**	(14,946)
Share of results of associates	*4*	**(119,451)**	16,198
Share of results of jointly controlled entities		**(40,139)**	(606)
Profit/(Loss) before tax	*5*	**(182,942)**	119,655
Tax	*6*	**2,860**	(17,237)
Profit/(Loss) for the period		**(180,082)**	102,418

	Note	Unaudited six months ended 30th June, 2009 HK$'000	2008 HK$'000
Attributable to:			
Equity holders of the Company		**(163,457)**	103,920
Minority interests		**(16,625)**	(1,502)
		(180,082)	102,418
		HK cents	*HK cents*
Earnings/(Loss) per share attributable to equity holders of the Company	*7*		
Basic		**(9.0)**	7.0
Diluted		**N/A**	N/A
Interim distribution per share		**—**	1.75

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30th June, 2009

	Unaudited six months ended 30th June, 2009 HK$'000	2008 HK$'000
Profit/(Loss) for the period	**(180,082)**	102,418
Other comprehensive income/(loss) for the period:		
Exchange difference on translation of foreign operations	**(7,282)**	39,130
Net fair value loss on available-for-sale financial assets	**(12,128)**	(6,702)
Deferred tax arising from fair value loss on available-for-sale financial assets	**2,178**	1,637
Derecognition of available-for-sale financial assets	**—**	(261)
Surplus on revaluation of leasehold land and buildings	**32,108**	—
Deferred tax arising from surplus on revaluation of leasehold land and buildings	**(3,853)**	—
Release of reserve in respect of deconsolidation of subsidiaries	**—**	(1,252)
Share of other comprehensive income/(loss) of associates and jointly control entities	**(28,169)**	186,672
Other comprehensive income/(loss) for the period, net of tax	**(17,146)**	219,224
Total comprehensive income/(loss) for the period	**(197,228)**	321,642
Attributable to:		
Equity holders of the Company	**(180,025)**	323,232
Minority interests	**(17,203)**	(1,590)
	(197,228)	321,642

Condensed Consolidated Statement of Financial Position

As at 30th June, 2009

	Note	**30th June, 2009 HK$'000 (Unaudited)**	31st December, 2008 HK$'000 (Audited)
Non-current assets			
Goodwill		**71,485**	71,485
Fixed assets		**124,818**	132,625
Investment properties		**558,328**	530,336
Properties under development		**281,101**	259,482
Interests in associates		**3,103,880**	3,261,481
Interests in jointly controlled entities		**211,966**	254,931
Available-for-sale financial assets		**82,388**	90,905
Held-to-maturity financial assets		**9,446**	9,467
Loans and advances		**38,712**	41,059
Deferred tax assets		**416**	184
		4,482,540	4,651,955
Current assets			
Properties held for sale		**9,300**	11,975
Financial assets at fair value through profit or loss		**56,007**	47,505
Loans and advances		**423,670**	161,390
Debtors, prepayments and deposits	*8*	**91,267**	99,619
Client trust bank balances		**559,250**	509,355
Cash and bank balances		**670,787**	743,112
		1,810,281	1,572,956
Current liabilities			
Bank and other borrowings		**354,809**	386,182
Creditors, accruals and deposits received	*9*	**632,916**	606,140
Current, fixed, savings and other deposits of customers		**162,337**	133,220
Tax payable		**3,528**	9,157
		1,153,590	1,134,699
Net current assets		**656,691**	438,257
Total assets less current liabilities		**5,139,231**	5,090,212

	30th June, 2009 *HK$'000* (Unaudited)	31st December, 2008 *HK$'000* (Audited)
Non-current liabilities		
Bank and other borrowings	**448,436**	201,503
Deferred tax liabilities	**28,149**	27,792
	476,585	229,295
Net assets	**4,662,646**	4,860,917
Equity		
Equity attributable to equity holders of the Company		
Share capital	**1,816,652**	1,818,186
Reserves	**2,671,870**	2,851,404
	4,488,522	4,669,590
Minority interests	**174,124**	191,327
	4,662,646	4,860,917

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, 2008, except in relation to the following new/revised Hong Kong Financial Reporting Standards ("HKFRS"), 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, 2009, that are adopted for the first time for the current period's interim results:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment — Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instrument: Disclosures — Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) — Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC) - Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments, Recognitions and Measurement — Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvement to HKFRSs*

* Except for the amendments to HKFRS 5 which are effective for annual periods beginning on or after 1st July, 2009.

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, except for the followings:

HKFRS 8 Operating Segments

HKFRS 8, which replaces HKAS 14 "Segment Reporting", specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group adopted HKFRS 8 from 1st January, 2009. The adoption of the standard has no effect on the financial position or results of operations of the Group. It does, however, result in certain presentational changes in the presentation and disclosures of financial statements.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group adopted HKAS 1 (Revised) from 1st January, 2009. The adoption of the revised standard has no effect on the financial position or results of operations of the Group. It does, however, result in certain presentational changes in the presentation and disclosures of financial statements.

2. REVENUE

Revenue, which is also the Group's turnover, represents the aggregate of gross rental income, gross proceeds from sales of properties, gross income on treasury investment which includes interest income on bank deposits and debt securities, income from securities investment which includes gain/(loss) on sales of securities investment, dividend income and related interest income, gross income from underwriting and securities broking, gross interest income, commissions, dealing income and other revenues from a banking subsidiary, gross income from project management 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,	
	2009	2008
	HK$'000	*HK$'000*
Property investment and development	**5,884**	4,419
Treasury investment	**736**	2,896
Securities investment	**4,314**	(5,614)
Corporate finance and securities broking	**22,947**	41,235
Banking business	**6,677**	9,498
Project management	**1,761**	8,475
Other	**4,901**	10,361
	47,220	71,270

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,	
	2009	2008
	HK$'000	*HK$'000*
Interest income	**5,084**	6,040
Commission income	**1,588**	2,823
Other revenues	**5**	635
	6,677	9,498

3. **SEGMENT INFORMATION**

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the interim results.

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

The following tables present revenue and profit/(loss) information regarding the Group's reportable segments for the six months ended 30th June, 2009 and 2008, respectively.

	Six months ended 30th June, 2009								
	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	**5,884**	**736**	**4,314**	**22,947**	**6,677**	**1,761**	**4,901**	**—**	**47,220**
Inter-segment	**—**	**—**	**—**	**—**	**—**	**590**	**2,960**	**(3,550)**	**—**
Total	**5,884**	**736**	**4,314**	**22,947**	**6,677**	**2,351**	**7,861**	**(3,550)**	**47,220**
Segment results	**(4,981)**	**531**	**23,763**	**(2,421)**	**295**	**(1,665)**	**8,227**	**(3,202)**	**20,547**
Unallocated corporate expenses									**(35,658)**
Finance costs									**(8,241)**
Share of results of associates	**(121,958)**	**—**	**—**	**—**	**—**	**—**	**2,507**	**—**	**(119,451)**
Share of results of jointly controlled entities	**(40,139)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(40,139)**
Loss before tax									**(182,942)**
Tax									**2,860**
Loss for the period									**(180,082)**

	Six months ended 30th June, 2008								
	Property investment and development	Treasury investment	Securities investment	Corporate finance and securities broking	Banking business	Project management	Other	Inter-segment elimination	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
External	4,419	2,896	(5,614)	41,235	9,498	8,475	10,361	—	71,270
Inter-segment	—	—	—	11	—	7,282	871	(8,164)	—
Total	4,419	2,896	(5,614)	41,246	9,498	15,757	11,232	(8,164)	71,270
Segment results	121,929	2,662	(19,646)	10,714	1,584	7,931	23,546	(7,721)	140,999
	(Note)								
Unallocated corporate expenses									(24,122)
Finance costs									(12,814)
Share of results of associates	13,160	—	—	—	—	—	3,038	—	16,198
Share of results of jointly controlled entities	(78)	—	—	—	—	—	(528)	—	(606)
Profit before tax									119,655
Tax									(17,237)
Profit for the period									102,418

Note: The amount included fair value gains on investment properties of HK$118,040,000.

4. SHARE OF RESULTS OF ASSOCIATES

The amount included the Group's share of loss in Lippo ASM Asia Property LP ("LAAP"), a property fund which has participated in a joint venture to invest in Overseas Union Enterprise Limited ("OUE"), a listed company in the Republic of Singapore principally engaged in property investment and development and hotel operations, of approximately HK$121,675,000 (2008 — share of profit of HK$12,975,000). The loss in 2009 was mainly derived from the impairment losses made for the property development projects under OUE as a result of the continuing volatile financial and economic conditions.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Interest income:		
Listed financial assets at fair value through profit or loss	**—**	543
Unlisted financial assets at fair value through profit or loss	**465**	1,310
Listed available-for-sale financial assets	**689**	—
Listed held-to-maturity financial assets	**472**	427
Loans and advances	**297**	1,685
Banking operation	**5,084**	6,040
Other	**736**	2,896
Dividend income:		
Listed investments	**146**	381
Unlisted investments	**1,635**	1,128
Gain/(Loss) on disposal of:		
Listed financial assets at fair value through profit or loss	**147**	(9,274)
Unlisted financial assets at fair value through profit or loss	**760**	(255)
Unlisted available-for-sale financial assets	**—**	126
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	**11,784**	(11,524)
Unlisted	**8,872**	5,261
Interest expense attributable to banking business	**(309)**	(870)
Depreciation	**(3,121)**	(3,224)
Loss on disposal of properties	**(145)**	—
Loss on disposal of fixed assets	**(14)**	—
Cost of inventories sold	**(2,579)**	—

6. TAX

	Six months ended 30th June,	
	2009	2008
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**254**	—
Underprovision/(Overprovision) in prior periods	**(2,264)**	918
Deferred	**(1,554)**	70
	(3,564)	988
Overseas:		
Charge for the period	**704**	2,011
Underprovision in prior periods	**—**	258
Deferred	**—**	13,980
	704	16,249
Total charge/(credit) for the period	**(2,860)**	17,237

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2008 — 16.5 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. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated based on (i) the consolidated loss for the period attributable to equity holders of the Company of HK$163,457,000 (2008 — profit of HK$103,920,000); and (ii) the weighted average number of 1,816,874,000 ordinary shares (2008 — 1,479,964,000) in issue during the period.

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share is presented for the six months ended 30th June, 2009 and 2008 as the share options and warrants outstanding during these periods had no dilutive effect on the basic earnings/(loss) per share for these periods.

8. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**44,272**	44,010
Within 30 days	**13,948**	19,162
	58,220	63,172

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 approximate to their fair values.

9. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	30th June, 2009 *HK$'000*	31st December, 2008 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**607,909**	534,248
Within 30 days	**15,274**	19,319
	623,183	553,567

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, 2009, total client trust bank balances amounted to HK$559,250,000 (31st December, 2008 — HK$509,355,000).

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

The global financial crisis has been wide reaching, affecting economies across the globe. Although the global stock markets appeared to stabilise and recorded a rebound in the second quarter of 2009, the effects of the fiscal and monetary stimuli implemented by governments globally had yet to materially flow through to the real economy. The property markets in Singapore and other Asian countries remained sluggish in the first half of the year and the overall performance of the Group suffered as a result.

Results for the period

Turnover for the six months ended 30th June, 2009 totalled HK$47 million, which was 34 per cent. lower than the HK$71 million recorded in 2008 resulting from the adverse impact of the global volatile financial and economic market.

Facing the adversity, for the six months ended 30th June, 2009, the Group reported a loss attributable to shareholders of HK$163 million (2008 — profit of HK$104 million). The deterioration in results was mainly derived from impairment of the property-related projects in its associates and jointly controlled entities as a result of the current unstable financial and economic conditions.

Property investment and development

The property investment and development business recorded a revenue of HK$6 million in the first half of 2009 (2008 — HK$4 million). The increase was mainly due to the sale of the remaining unit of a residential development project in Singapore during the period. While there is an absence of revaluation gain on its investment properties (2008 — HK$118 million) during the period, the segment registered a loss of HK$5 million, as compared to profit of HK$122 million in 2008.

The Group has invested in a property fund, Lippo ASM Asia Property LP (the "LAAP"), which has indirect interests in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investments and development and hotel operations. The hotels managed by OUE, including inter alia the Meritus Mandarin Hotel in Singapore, are strategically located in various well known tourist destinations of Singapore, Malaysia and mainland China. OUE also holds interests in prime office buildings, such as 50 Collyer Quay near Marina Bay and the OUB Centre in the central financial and business district of Singapore. Over the last two to three years, OUE has participated in a number of property development and investment projects, which include the redevelopment projects at the 21 Angullia Park (formerly Parisian) and 25 Leonie Hill Road (formerly Grangeford) in Singapore. To enhance its recurrent rental income, OUE has renovated the Mandarin Gallery of the Meritus Mandarin Hotel. In first half of 2009, the Group registered a share of loss of HK$122 million from the investment as compared to the share of profit of HK$13 million in 2008. The drop was mainly attributable to a number of factors, which include provision for impairment loss on development properties, lower hotel revenue due to severe global economic downturn and human swine flu pandemic, and lost of rental income for the period from the Mandarin Gallery due to its renovation. The Mandarin Gallery will be upgraded to a premier luxury retail mall and is expected to commence operation in the fourth quarter of 2009, with committed leases of nearly all the retail space.

Additionally, the Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore, Thailand and Japan. These include the Holland Road, Sentosa Cove and Kim Seng development projects in Singapore, and the Beijing Economic-Technological Development Area Project in Beijing. These projects are expected to be completed in 2011 and beyond. Due to the severe global economic downturn, the luxury property market in Singapore is hard hit. As a result, provision for impairment of development properties was made by a jointly controlled entity.

Treasury and securities investments

After massive fund injections by various countries, the global stock markets were stabilised. Benefited from the liquidity flow into the market, the Group recorded fair value gain for its investment portfolio during the period. For the six months ended 30th June, 2009, treasury and securities investments business registered a profit of HK$24 million (2008 — loss of HK$17 million).

It appears that the sustainability of the liquidity flow and the degree of spillover to the broader economy are still unclear, the financial markets will remain volatile. The Group will be watchful on market developments and will continue to be prudent in managing its investment portfolio with a continuing focus on improving overall asset quality.

Corporate finance and securities broking

Despite Hong Kong capital market was gradually recovered from the financial turmoil in the first half of 2009, participation from retail investors remained inactive in this highly volatile market. As a result, the Group's corporate finance and securities broking business was adversely affected. For the six months ended 30th June, 2009, it registered a decrease in turnover to HK$23 million (2008 — HK$41 million) and HK$2 million loss was derived from this segment (2008 — profit of HK$11 million).

Banking business

The Macau Chinese Bank Limited ("MCB") is a wholly-owned subsidiary of the Company. In the first half of 2009, the Macau banking market has yet been recovered from the global credit crunch. Despite the tough operating environment, MCB managed to maintain the quality of its client and loan portfolio. Management continued to lend conservatively and seek growth in areas where appropriate in a selective manner. With a lower interest rate environment, the banking business delivered a turnover of HK$7 million (2008 — HK$9 million) in 2009, with a profit of HK$0.3 million (2008 — HK$1.6 million).

Other businesses

With the unstable property market, revenue generated from property project management in Singapore in the period fell to HK$2 million (2008 — HK$16 million), with a loss contribution of HK$2 million (2008 — profit of HK$8 million).

Financial position

As at 30th June, 2009, the Group's total assets slightly increased to HK$6.3 billion (31st December, 2008 — HK$6.2 billion). Property-related assets decreased to HK$4.2 billion (31st December, 2008 — HK$4.4 billion), representing 66 per cent. (31st December, 2008 — 71 per cent.) of the total assets. Investment portfolio of the Group amounted to HK$148 million, comprising debt and equity securities of HK$60 million (31st December, 2008 — HK$46 million) and investment funds of HK$88 million (31st December, 2008 — HK$102 million). The investment portfolio represented 2 per cent. (31st December, 2008 — 2 per cent.) of the Group's total assets. Total liabilities slightly increased to HK$1.6 billion (31st December, 2008 — HK$1.4 billion). The Group's financial position remained healthy and current ratio (measured as current assets to current liabilities) increased to 1.6 to 1 (31st December, 2008 — 1.4 to 1).

As at 30th June, 2009, the bank and other borrowings of the Group (other than those attributable to banking business) increased to HK$803 million (31st December, 2008 — HK$588 million). As at 30th June, 2009, total bank loans amounted to HK$471 million (31st December, 2008 — HK$241 million), comprising secured bank loans of HK$202 million (31st December, 2008 — HK$202 million) and unsecured bank loans of HK$269 million (31st December, 2008 — HK$39 million), which were denominated in Hong Kong dollars, United States dollars or Renminbi (31st December, 2008 — denominated in Hong Kong dollars, United States dollars and Renminbi). The bank loans were secured by first legal mortgages over certain investment properties of the Group. The bank loans carried interest at floating rates and 57 per cent. of the bank loans (31st December, 2008 — 16 per cent.) were repayable within one year. The Group's other borrowings as at 30th June, 2009 comprised of unsecured loans advanced from Lippo Limited ("Lippo") and a third party of HK$247 million (31st December, 2008 — HK$192 million) and HK$85 million (31st December, 2008 — HK$155 million) respectively. The advance from Lippo would be repayable on or before 30th June, 2011, while the third party's advance would be repayable on or before 26th June, 2010. At the end of the period, gearing ratio (measured as total borrowings to shareholders' funds) increased to 18 per cent. (31st December, 2008 — 13 per cent.).

The net asset value of the Group remained strong and amounted to HK$4.5 billion (31st December, 2008 — HK$4.7 billion). This was equivalent to HK$2.5 per share (31st December, 2008 — HK$2.6 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, 2008 — 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, 2008 — Nil).

As at 30th June, 2009, the Group's total capital commitment decreased to HK$114 million (31st December, 2008 — HK$120 million). 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 210 employees as at 30th June, 2009 (2008 — 207 employees). Total staff costs (including directors' emoluments) during the period amounted to HK$32 million (2008 — HK$41 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under the share option scheme of the Company.

Outlook

It appears that the latter half of 2009 will continue to be a difficult period. Business environment remains challenging to companies around the world. However the Group remains positive of the prospects of the Asia Pacific region over the medium term despite the fact that, similar to other regions, it was hard hit by the economic crisis. It is generally believed that mainland China will be among the first to rebound and recover at a faster pace than other countries. The Group will continue to focus on developments in the Asia Pacific region. At the same time, it will continue to remain prudent in managing its property and investment portfolios.

BUSINESS REVIEW

The financial crisis which struck the world in late 2008 continued to take its toll on the global economy in the first half of 2009. Economies around the world, including those in the Asia Pacific region, continued to be weighed down by the aftermath. Although the financial markets appeared to have stabilized over the last couple of months, it remains to be seen whether the broader real economy is on the path to sustained recovery. By and large, the property markets in mainland China, Singapore and other Asian countries where the Group has investments remained sluggish in the first half of this year.

Against this backdrop, the performance of the Group in the first six months of this year dipped. The Group recorded an unaudited consolidated loss attributable to shareholders of approximately HK$163 million for the six months ended 30th June, 2009, as compared to a profit of HK$104 million in the corresponding period of 2008. The loss was, among other things, mainly attributable to the impairment losses made for the property development projects by its associates/jointly controlled entities as a result of the continuing volatile financial and economic conditions.

In the past few years, the Group has participated in the development of various property projects in Singapore. These projects will likely be completed over the medium term in 2011 and beyond.

The Group has a 50 per cent. interest in a joint venture established to acquire and develop 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 239,200 square feet. A total of one hundred and twenty four high-end luxury residential units, with a total saleable area of approximately 320,860 square feet, will be developed on the Sentosa Cove Property. Construction works have commenced. Now named "Marina Collection", the pre-sale of the residential units was launched before the end of 2007. The response was satisfactory.

The Group has a 30 per cent. interest in a joint venture which acquired and will develop the site located at 53 Holland Road, Singapore (the "Holland Road Property") which has a site area of approximately 36,339 square feet. The plan is to develop the Holland Road Property, now named as "The Holland Collection", into a luxury residential development with completion expected to be in 2012.

The Group also has a 50 per cent. interest in a joint venture which acquired and will develop the property located at No. 100, Kim Seng Road, Singapore (the "Kim Seng Property"). The Kim Seng Property which has a site area of approximately 60,393 square feet will be re-developed into a residential development (to be named as "Centennia Suites") with a saleable area of approximately 177,555 square feet.

Lippo ASM Asia Property LP ("LAAP") of which a wholly-owned subsidiary of the Company is the limited partner, is a property fund set up in 2005 with the investment objective of investing in real estate in the Asia Region. LAAP has an indirect ownership interest in the majority shareholder of a joint venture which in turn is a majority shareholder of Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investments and development 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 the Meritus Mandarin Hotel in Singapore. Renovation of Mandarin Gallery at the Meritus Mandarin Hotel is in progress. Mandarin Gallery, which will be upgraded to a premier luxury retail mall, is expected to commence operation and contribute revenue in the fourth quarter of 2009, with committed leases of nearly all the retail space of 126,000 square feet. Despite the current uncertain market conditions, these high quality properties are able to generate substantial, stable and recurring income for OUE.

The Group also participated in property projects in 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") in which the Group has about 85.7 per cent. interest. With a total site area of approximately 51,209 square metres, the current development plan for the BDA Project comprises office buildings, apartments and shopping mall totaling a gross floor area of about 270,000 square metres, including the basement. The BDA Project is currently in the planning approval stage.

The Macau Chinese Bank Limited ("MCB") is a wholly-owned subsidiary of the Company, The Macau economy continued to be affected by the global financial crisis in the first half of 2009. While recognizing that MCB's future performance will be dependent on Macau's economy, the Group will nevertheless continue to seek business opportunities for MCB to enhance its competitiveness in the Macau banking sector.

The weak stock market in Hong Kong in the first quarter of 2009 has resulted in reduced market turnover and public offering activities during that period. This has affected 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. The global and local stock markets began to rebound and pick up in the second quarter of 2009 which benefited the performance of the securities brokerage business of the Group. The outlook for the local stock market will be dependent on developments in the market environment in China and globally.

The Group will continue to be watchful on market developments and will manage its portfolio with a continuing focus on improving overall asset quality.

PROSPECTS

The expansive fiscal and monetary stimulus programs implemented by governments around the world appeared to have stabilized the markets over the last few months. While this has clearly encouraged economies to bounce back, it is still early to say whether the worst of the financial crisis is over and the global economy is back on sustained recovery path. It seems likely that the markets in the near future would see more volatility. China, supported by its extensive stimulus and investment programs, seems well placed to be one of the first economies to recover from the current global economic crisis, which in turn will have a positive impact on Hong Kong and other neighboring Asian countries.

The Company, being the principal property arm of the Lippo Group, will continue to focus on property investment and development businesses. Despite the current challenges, management remains positive about the prospects of the region over the medium term. Management will continue to adopt a cautious and prudent approach in managing the Group's property portfolio and other businesses and in assessing new investment opportunities.

INTERIM DISTRIBUTION

The Directors have resolved not to declare payment of any interim distribution for the six months ended 30th June, 2009 (2008 — HK1.75 cents per share).

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

During the six months ended 30th June, 2009, the Company had repurchased a total of 1,534,000 shares of HK$1.00 each in the Company on The Stock Exchange of Hong Kong Limited, all of which were subsequently cancelled. Particulars of the aforesaid repurchases are as follows:

Month	**Number of shares of HK$1.00 each repurchased**	**Price per share or highest price paid per share**	**Lowest price paid per share**	**Aggregate price paid**
2009		*HK$*	*HK$*	*HK$*
January	1,192,000	0.70	0.67	822,280
February	96,000	0.69	0.67	65,060
March	236,000	0.63	0.59	142,980
April	10,000	0.52	N/A	5,200
Total	1,534,000			1,035,520
			Expenses incurred for shares repurchased	7,504
			Aggregate consideration paid	1,043,024

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

Save as disclosed herein, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30th June, 2009.

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, 2009.

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 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, 2009.

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

Hong Kong, 14th September, 2009

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 Tjondro 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*