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, 2010

INTERIM RESULTS

The Directors of Hongkong Chinese Limited (the "Company") are pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30th June, 2010 together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30th June, 2010

		Unaudited six months ended 30th June,	
		2010	2009
	Note	***HK$'000***	*HK$'000*
Revenue	2	**59,191**	47,220
Cost of sales		**(9,803)**	(12,900)
Gross profit		**49,388**	34,320
Administrative expenses		**(43,807)**	(49,292)
Other operating expenses		**(18,624)**	(25,795)
Net fair value gain on financial assets at fair value through profit or loss		**3,230**	20,656
Write-back of provision for impairment loss on an associate		—	5,000
Finance costs		**(5,925)**	(8,241)
Share of results of associates	4	**271,916**	(119,451)
Share of results of jointly controlled entities		**196**	(40,139)
Profit/(Loss) before tax	5	**256,374**	(182,942)
Income tax	6	**(1,559)**	2,860
Profit/(Loss) for the period		**254,815**	(180,082)

	Note	Unaudited six months ended 30th June, 2010 HK$'000	2009 HK$'000
Attributable to:			
Equity holders of the Company		**255,714**	(163,457)
Non-controlling interests		**(899)**	(16,625)
		254,815	(180,082)
		HK cents	*HK cents*
Earnings/(Loss) per share attributable to equity holders of the Company	*7*		
Basic		**14.1**	(9.0)
Diluted		**N/A**	N/A

Details of the interim distribution is disclosed in Note 8 to the interim results.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2010

	Unaudited six months ended 30th June, 2010 HK$'000	2009 HK$'000
Profit/(Loss) for the period	**254,815**	(180,082)
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	**(24,311)**	(12,128)
Income tax effect	**774**	2,178
	(23,537)	(9,950)
Surplus on revaluation of leasehold land and buildings	—	32,108
Income tax effect	—	(3,853)
	—	28,255
Share of other comprehensive income/(loss) of associates	**15,242**	(28,169)
Exchange differences on translation of foreign operations	**12,286**	(7,282)
Other comprehensive income/(loss) for the period, net of tax	**3,991**	(17,146)
Total comprehensive income/(loss) for the period	**258,806**	(197,228)
Attributable to:		
Equity holders of the Company	**257,219**	(180,025)
Non-controlling interests	**1,587**	(17,203)
	258,806	(197,228)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2010

	Note	**30th June, 2010** **HK$'000** **(Unaudited)**	31st December, 2009 *HK$'000* (Audited)
Non-current assets			
Goodwill		**71,485**	71,485
Fixed assets		**17,689**	19,235
Investment properties		**157,640**	156,874
Properties under development		**793,123**	726,970
Interests in associates		**3,972,381**	3,016,950
Interests in jointly controlled entities		**285,402**	284,912
Available-for-sale financial assets		**78,833**	106,337
Held-to-maturity financial assets		**9,446**	9,431
Loans and advances		**38,277**	34,029
		5,424,276	4,426,223
Current assets			
Properties held for sale		**8,531**	8,531
Financial assets at fair value through profit or loss		**50,806**	61,708
Loans and advances		**194,178**	160,878
Debtors, prepayments and deposits	*9*	**120,969**	82,715
Client trust bank balances		**528,880**	630,560
Pledged time deposits		**298**	292
Treasury bills		**4,850**	19,400
Cash and bank balances		**561,455**	648,221
		1,469,967	1,612,305
Current liabilities			
Bank and other borrowings		**224,728**	49,550
Creditors, accruals and deposits received	*10*	**688,829**	687,496
Current, fixed, savings and other deposits of customers		**135,599**	165,131
Tax payable		**4,461**	3,272
		1,053,617	905,449
Net current assets		**416,350**	706,856
Total assets less current liabilities		**5,840,626**	5,133,079

	30th June, 2010 *HK$'000* (Unaudited)	31st December, 2009 *HK$'000* (Audited)
Non-current liabilities		
Bank and other borrowings	**226,044**	449,808
Deferred tax liabilities	**30,897**	31,587
	256,941	481,395
Net assets	**5,583,685**	4,651,684
Equity		
Equity attributable to equity holders of the Company		
Issued capital	**1,816,658**	1,816,656
Reserves	**3,573,223**	2,645,512
	5,389,881	4,462,168
Non-controlling interests	**193,804**	189,516
	5,583,685	4,651,684

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, 2009, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRS"), HKASs and Interpretations (hereinafter collectively referred to as the "new and revised HKFRSs"), which have become effective for accounting periods beginning on or after 1st January, 2010, that are adopted for the first time for the current period's interim results:

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment — Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
HK(IFRIC)–Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
Improvements to HKFRSs (May 2009)	Amendments to a number of HKFRSs*

* Improvements to HKFRSs (May 2009) contains amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)–Int 9 and HK(IFRIC)–Int 16.

The adoption of the above new and 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 3 (Revised) *Business Combinations*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognition, the reported results in the period that an acquisition occurs, and future reported results. As the Group has not undertaken such transactions during the six months ended 30th June, 2010, the revised standard has no financial impact on the Group.

HKAS 27 (Revised) ***Consolidated and Separate Financial Statements***

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will not have any impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates*, HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*. As a result, the Group has recognised the share of equity movement from the transactions between the Group's associates and their non-controlling interests of HK$670,492,000 in distributable reserves for the six months ended 30th June, 2010.

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,	
	2010	2009
	HK$'000	*HK$'000*
Property investment	**4,748**	2,663
Property development	**—**	3,221
Treasury investment	**1,333**	736
Securities investment	**7,988**	4,314
Corporate finance and securities broking	**22,308**	22,947
Banking business	**6,769**	6,677
Project management	**11,238**	1,761
Other	**4,807**	4,901
	59,191	47,220

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,	
	2010	2009
	HK$'000	*HK$'000*
Interest income	**4,934**	5,084
Commission income	**1,550**	1,588
Other revenues	**285**	5
	6,769	6,677

3. **SEGMENT INFORMATION**

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

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

(b) the property development segment includes development and sale of properties;

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

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

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

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

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

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

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

Six months ended 30th June, 2010

	Property investment *HK$'000*	Property development *HK$'000*	Treasury investment *HK$'000*	Securities investment *HK$'000*	Corporate finance and securities broking *HK$'000*	Banking business *HK$'000*	Project management *HK$'000*	Other *HK$'000*	Inter-segment elimination *HK$'000*	Consolidated *HK$'000*
Revenue										
External	**4,748**	**—**	**1,333**	**7,988**	**22,308**	**6,769**	**11,238**	**4,807**	**—**	**59,191**
Inter-segment	**—**	**—**	**—**	**—**	**—**	**—**	**9,009**	**4,531**	**(13,540)**	**—**
Total	**4,748**	**—**	**1,333**	**7,988**	**22,308**	**6,769**	**20,247**	**9,338**	**(13,540)**	**59,191**
Segment results	**2,113**	**(2,492)**	**1,056**	**10,815**	**(2,817)**	**15**	**8,371**	**4,568**	**(13,540)**	**8,089**
Unallocated corporate expenses										**(17,902)**
Finance costs										**(5,925)**
Share of results of associates	**269,261**	**(148)**	**—**	**—**	**—**	**—**	**—**	**2,803**	**—**	**271,916**
Share of results of jointly controlled entities	**—**	**196**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**196**
Profit before tax										**256,374**

	Six months ended 30th June, 2009									
	Property investment	Property 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$'000*	*HK$'000*
Revenue										
External	2,663	3,221	736	4,314	22,947	6,677	1,761	4,901	—	47,220
Inter-segment	—	—	—	—	—	—	590	2,960	(3,550)	—
Total	2,663	3,221	736	4,314	22,947	6,677	2,351	7,861	(3,550)	47,220
Segment results	(440)	(4,541)	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	(121,675)	(283)	—	—	—	—	—	2,507	—	(119,451)
Share of results of jointly controlled entities	—	(40,139)	—	—	—	—	—	—	—	(40,139)
Loss before tax										(182,942)

4. SHARE OF RESULTS OF ASSOCIATES

Share of results of associates 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 Asia, of approximately HK$269,261,000 (2009 — share of loss of HK$121,675,000). LAAP and its subsidiaries 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. The profit in 2010 was mainly derived from the fair value gains on investment properties and write-back of impairment loss made for the property development project under OUE.

5. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30th June,	
	2010	2009
	HK$'000	*HK$'000*
Interest income:		
Unlisted financial assets at fair value through profit or loss	**270**	465
Listed available-for-sale financial assets	**690**	689
Listed held-to-maturity financial assets	**475**	472
Loans and advances	**343**	297
Banking business	**4,934**	5,084
Other	**1,333**	736
Dividend income:		
Listed investments	**295**	146
Unlisted investments	**770**	1,635
Gain on disposal of financial assets at fair value through profit or loss:		
Listed	**1,753**	147
Unlisted	**3,735**	760
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	**(220)**	11,784
Unlisted	**3,450**	8,872
Interest expense attributable to banking business	**(263)**	(309)
Gain on disposal of a subsidiary	**790**	—
Depreciation	**(2,475)**	(3,121)
Loss on disposal of fixed assets	**—**	(14)
Loss on disposal of investment properties	**—**	(145)
Cost of inventories sold	**—**	(2,579)

6. INCOME TAX

	Six months ended 30th June,	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong:		
Charge for the period	**108**	254
Overprovision in prior periods	**(9)**	(2,264)
Deferred	**—**	(1,554)
	99	(3,564)
Overseas:		
Charge for the period	**1,460**	704
Total charge/(credit) for the period	**1,559**	(2,860)

Hong Kong profits tax has been provided at the rate of 16.5 per cent. (2009 — 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.

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 profit for the period attributable to equity holders of the Company of HK$255,714,000 (2009 — loss of HK$163,457,000); and (ii) the weighted average number of 1,816,657,000 ordinary shares (2009 — 1,816,874,000 ordinary shares) 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, 2010 and 2009 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. INTERIM DISTRIBUTION

	Six months ended 30th June,	
	2010	2009
	HK$'000	*HK$'000*
Interim distribution, declared — Nil (2009 — Nil)	**—**	—

9. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	30th June, 2010	31st December, 2009
	HK$'000	*HK$'000*
Outstanding balances with ages:		
Repayable on demand	**38,686**	38,437
Within 30 days	**31,255**	10,414
Between 31 and 60 days	**—**	171
Between 61 and 90 days	**26**	3
	69,967	49,025

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.

10. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	30th June, 2010 *HK$'000*	31st December, 2009 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**548,467**	650,888
Within 30 days	**7,485**	14,604
	555,952	665,492

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, 2010, total client trust bank balances amounted to HK$528,880,000 (31st December, 2009 — HK$630,560,000).

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 economy showed some signs of recovery in first half of 2010, but the pace of recovery varied across industry sectors and regions. Singapore and Asian regions show a strong growth, while the recovery in US and Europe remain at a slower pace. The Group has benefited from the improved economic outlook in the South East Asia region and recorded a profit for the six months ended 30th June, 2010.

Results for the period

Turnover for the six months ended 30th June, 2010 totalled HK$59 million, which was 25 per cent. higher than the HK$47 million recorded in 2009.

The Group reported a profit attributable to shareholders of HK$256 million for the six months ended 30th June, 2010, contrasted to the loss of HK$163 million for same period in 2009. The profit was mainly attributed to the fair value gains on investment properties and write-back of impairment loss made for a property project under the Group's associates as a result of the improved financial and economic conditions.

Property investment and property development

The revenue of the property investment business increased to HK$5 million (2009 — HK$3 million) in the first half of 2010, benefiting from the increasing occupancy rate for Lippo Tower in Chengdu, which was completed in late 2008. As a result, the segment registered a profit of HK$2 million, as compared to a loss of HK$0.4 million in 2009.

The Group has invested in a property fund, Lippo ASM Asia Property LP ("LAAP"), which has indirect interests in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investment and development and hotel operations. The hotels managed by OUE, including inter alia Mandarin Orchard 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 One Raffles Place in the central financial and business district of Singapore. OUE has participated in a number of property development and investment projects, which include the redevelopment project Twin Peaks at 25 Leonie Hill Road in Singapore. In August 2010, OUE entered into a conditional sale and purchase agreement to acquire DBS Towers One and Two, prime office buildings which are strategically located in the heart of Central Business District in Singapore. In the first half of 2010, the Group registered a share of profit of HK$269 million from the investment as compared to a loss of HK$122 million in 2009. The profit was mainly attributable to the fair value gains of the investment properties and write-back of impairment loss on properties under development. The increase was also contributed by improving performance of the hospitality division which benefited from the improved global economic outlook and rental income from Mandarin Gallery at Mandarin Orchard Singapore. OUE has renovated Mandarin Gallery to a premier luxury retail mall, which commenced operation in the fourth quarter of 2009. In March 2010, LAAP, through its subsidiary, acquired the direct and indirect interest in OUE held by a joint venture partner, which increased its controlling stake in OUE to approximately 88.52 per cent. In June 2010, a placement of shares of OUE to third parties has been completed under LAAP, which decreased its controlling stake in OUE to approximately 79.35 per cent.

Additionally, the Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore, Thailand and Japan. In Singapore, the Marina Collection, a joint venture development in Sentosa Cove, in which the Group has 50 per cent. interest, is scheduled for completion around the end of 2010. Pre-sale has been launched and revenue is expected to be recognised upon completion. Other projects include the development at Holland Road and Kim Seng Road ("Centennia Suites") in Singapore and the Beijing Economic-Technological Development Area in mainland China. Pre-sale of Centennia Suites has been launched at the beginning of this year and all units have been pre-sold.

Treasury and securities investments

Due to the uncertainty around the global economy, the financial market remains volatile. The Group cautiously looks for opportunities to realise its profit in the investment portfolio. For the six months ended 30th June, 2010, treasury and securities investments business recorded a revenue of HK$9 million (2009 — HK$5 million), with a profit of HK$12 million (2009 — HK$24 million). 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 global economy gradually recovering, participation from retail investors remained cautious in this highly volatile market. The Group's corporate finance and securities broking business was clearly affected. For the six months ended 30th June, 2010, it registered a slight decrease in turnover to HK$22 million (2009 — HK$23 million) and HK$2.8 million loss was derived from this segment (2009 — HK$2.4 million).

Banking business

The Macau Chinese Bank Limited ("MCB") is a wholly-owned subsidiary of the Company. Despite the Macau economy has rebounded during the period, the operating environment is still tough. 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. The banking business delivered a turnover of HK$6.8 million (2009 — HK$6.7 million), and maintained break-even for both periods.

Other businesses

With the well performance of Singapore property market, revenue generated from property project management in Singapore increased to HK$11 million in the first half of 2010 (2009 — HK$2 million), and profit contribution was HK$8.4 million (2009 — loss of HK$1.7 million).

Financial position

As at 30th June, 2010, the Group's total assets increased to HK$6.9 billion (31st December, 2009 — HK$6.0 billion). Property-related assets increased to HK$5.5 billion (31st December, 2009 — HK$4.4 billion), representing 80 per cent. (31st December, 2009 — 73 per cent.) of the total assets. Total liabilities slightly decreased to HK$1.3 billion (31st December, 2009 — HK$1.4 billion). The Group's financial position remained healthy and current ratio (measured as current assets to current liabilities) decreased to 1.4 to 1 (31st December, 2009 — 1.8 to 1).

As at 30th June, 2010, the bank and other borrowings of the Group (other than those attributable to banking business) decreased to HK$451 million (31st December, 2009 — HK$499 million). The bank loans amounted to HK$226 million (31st December, 2009 — HK$215 million), comprising secured bank loans of HK$226 million (31st December, 2009 — HK$205 million) and unsecured bank loans of nil (31st December, 2009 — HK$10 million), which were denominated in United States dollars and Renminbi (31st December, 2009 — denominated in Hong Kong dollars, United States dollars and Renminbi). The bank loans were secured by first legal mortgages over certain properties and certain fixed deposits of the Group. The bank loans carried interest at floating rates and no bank loans (31st December, 2009 — 5 per cent.) were repayable within one year. The Group's other borrowings as at 30th June, 2010 comprised of unsecured loans advanced from Lippo Limited ("Lippo") of HK$225 million (31st December, 2009 — HK$244 million). Such advance would be repayable on or before 30th June, 2011. The balance as at 31st December, 2009 also included an unsecured loan from a third party of HK$40 million which was fully repaid during the period. At the end of the period, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) decreased to 8 per cent. (31st December, 2009 — 11 per cent.).

The net asset value of the Group remained strong and increased to HK$5.4 billion (31st December, 2009 — HK$4.5 billion). The increase was mainly attributable to the share of equity movement arising from the acquisition of direct and indirect interest in OUE under LAAP at a discount and the improved performance during the period. This was equivalent to HK$3.0 per share (31st December, 2009 — HK$2.5 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, 2009 — 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, 2009 — Nil).

As at 30th June, 2010, the Group's total capital commitment increased to HK$316 million (31st December, 2009 — HK$165 million), as a result of the commencement of the development project in Beijing. 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, 2010 (2009 — 210 employees). Total staff costs (including directors' emoluments) during the period amounted to HK$29 million (2009 — HK$32 million). The Group ensures that its employees are offered competitive remuneration packages. Certain employees of the Group were granted options under the share option scheme of the Company.

Outlook

The outlook for the latter half of 2010 will continue to be a challenging period. Affected by the fears of sovereign debt crisis in Euro zone, business environment remains unstable and uncertain to companies around the world. The Group remains positive of the prospects of the

Asia Pacific region over the medium term and will continue to focus on developments in the region. At the same time, it will continue to remain prudent in managing its property and investment portfolios.

BUSINESS REVIEW

The first half of 2010 has seen a recovering global economy, leaving little doubt that the massive fiscal and monetary stimulus programs adopted around the world have helped to push off the global economic and financial crisis. However, while the worst may be over, it is still too early to suggest that the world is firmly on the road to sustained recovery. Economic revival has been uneven across the board. Economies in the Asia Pacific region, particularly mainland China and India, have done well. But in comparison, economic recovery in US, Europe and Japan is lagging and uncertain.

Overall, property markets in Asia in which the Group has investments have mostly stabilized and enjoyed significant growth over the last six months. As a result, the Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK$256 million for the six months ended 30th June, 2010, as compared to a loss of HK$163 million for the same period in 2009. The profit was mainly attributable to fair value gains of the investment properties and write back of impairment loss on properties under development of the Group's associates.

In the past few years, the Group has participated in the development of several medium term property projects in Singapore. Driven by strong economic recovery, the property market in Singapore has rebounded in the first half of 2010. The opening of two integrated resorts has also benefited the tourism sector. These factors have contributed favorably to the Group's investments in Singapore.

Construction works at the Marina Collection, in which the Group has a 50 per cent. interest, are progressing with completion scheduled by year end. Marina Collection, with a total site area of approximately 22,221 square metres, is located at Sentosa Cove, Sentosa Island, Singapore. It will provide one hundred and twenty four high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres. Pre-sale of the residential units has been launched. With the recent opening of the casino and recreational and resort complex on the Sentosa Island, the Group is confident about the prospects of the Marina Collection project.

The Group has a 30 per cent. interest in a site located at 53 Holland Road, Singapore. It has been planned to develop the site, with an area of approximately 3,376 square metres, into a luxury residential development, now named as The Holland Collection, with a total saleable area of approximately 5,497 square metres. Completion is expected to be around the end of 2011.

The Group also has a 50 per cent. interest in the Centennia Suites at 100 Kim Seng Road, Singapore. Centennia Suites, with a site area of approximately 5,611 square metres, will be re-developed into a residential development with a saleable area of approximately 16,182 square metres and completion is expected to be in 2014. Pre-sale was launched earlier this year and all the residential units have been sold out.

Lippo ASM Asia Property LP ("LAAP", together with its subsidiaries, the "LAAP Group"), of which a wholly-owned subsidiary of the Company is the limited partner, is a property fund set up in 2005 with the objective of investing in real estates in the Asia region. LAAP, previously through its ownership interest in a joint venture, held a majority stake in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore, principally engaged in property investment and development and hotel operations. OUE has interests in prime office buildings in the Central Business District in Singapore like One Raffles Place and 50 Collyer Quay as well as hotels in the Asia region, including the Mandarin Orchard Singapore. The Mandarin Gallery at the Mandarin Orchard Singapore has recently been renovated and upgraded into a premier luxury retail mall with retail space of around 11,639 square metres. It currently enjoys full occupancy. Such portfolio of high quality properties helps to generate substantial, stable and recurring income for OUE.

In March 2010, the LAAP Group acquired the direct and indirect interest in OUE held by the joint venture partner, which resulted in increasing its controlling stake in OUE to approximately 88.52 per cent. In June 2010, with the aim to increasing the public float of OUE shares in the market, the LAAP Group successfully placed out 18 million OUE shares to third parties, reducing its controlling stake in OUE to approximately 79.35 per cent.

In August 2010, OUE announced that it had entered into a conditional sales and purchase agreement to acquire DBS Towers One and Two ("DBS Towers") for a purchase consideration of S$870.5 million. DBS Towers, prime office buildings located at Shenton Way, Singapore with total gross floor area of approximately 115,163 square metres, are now fully leased.

The Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the development project (the "BDA Project") at a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) in which the Group has an 85.7 per cent. interest. With a total site area of approximately 51,209 square metres, it is planned to develop the BDA Project into a premier integrated residential, commercial and retail complex with a total construction floor area of about 275,000 square metres, including basements. Foundation work was completed and construction works are in progress. The BDA Project, which is expected to be completed by end of 2012, has attracted strong interests from commercial entities operating in mainland China. Subject to the approval of the PRC government authority, the Group's interest in the BDA Project will be slightly reduced to 80 per cent. with the outlay payable to the PRC joint venture partner to be reduced correspondingly.

The Macau Chinese Bank Limited ("MCB") is a wholly-owned subsidiary of the Company. Benefiting from the global economic recovery, the Macau economy has rebounded in the first half of 2010. Recognising that MCB's future performance will be largely dependent on the growth of the Macau economy, the Group will continue to seek business opportunities for MCB and enhance its competitiveness in the Macau banking sector.

Despite the gradual recovery of the global economy, participation from retail investors remained cautious in this highly volatile market, resulting in a relatively quiet and inactive stock market in Hong Kong in the first half of 2010. 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 outlook for the local stock market will be dependent on the market conditions in the markets in China and globally.

The Group will continue to be watchful of market developments and will manage its portfolio with a view to further improve overall asset quality.

PROSPECTS

Growth momentum in the economies in the Asia Pacific region in which the Group has investments appear to be holding although views are starting to become different, which includes the recent Singaporean Government forecast that the strong growth momentum in the first half of 2010 may not continue into the second half of 2010. These views reflect concerns about the sluggish recovery and continuing uncertainties in the developed economies like US, Europe and Japan and the subsequent economic drag that may slow down the growth momentum in the Asia Pacific region.

Management is therefore moving forward with cautious optimism about the prospects in the Asia Pacific region and is watchful about the challenges ahead. The Company, being the principal property arm of the Lippo Group, will continue to focus on property investment and property development businesses in Asia Pacific region for long term growth. Management will continue to take a cautious and prudent approach in managing the Group's property portfolio and 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, 2010 (2009 — Nil).

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

During the six months ended 30th June, 2010, 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. Tsui King Fai (Chairman), Mr. Victor Yung Ha Kuk and Mr. Albert Saychuan Cheok 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, 2010.

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, 2010.

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

Hong Kong, 30th August, 2010

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*