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, 2011

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, 2011 together with the comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30th June, 2011

		Unaudited six months ended 30th June,	
		2011	2010
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**53,405**	59,191
Cost of sales		**(10,793)**	(9,803)
Gross profit		**42,612**	49,388
Administrative expenses		**(52,004)**	(43,807)
Other operating expenses		**(4,813)**	(18,624)
Gain on disposal of available-for-sale financial assets		**3,415**	—
Net fair value gain/(loss) on financial assets at fair value through profit or loss		**(225)**	3,230
Finance costs		**(3,931)**	(5,925)
Share of results of associates	*4*	**990,380**	271,916
Share of results of jointly controlled entities		**(76)**	196
Profit before tax	*5*	**975,358**	256,374
Income tax	*6*	**149**	(1,559)
Profit for the period		**975,507**	254,815

	Note	Unaudited six months ended 30th June, **2011** ***HK$'000***	2010 *HK$'000*
Attributable to:			
Equity holders of the Company		**976,777**	255,714
Non-controlling interests		**(1,270)**	(899)
		975,507	254,815
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company	*7*		
Basic		**52.1**	14.1
Diluted		**51.7**	N/A

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2011

	Unaudited six months ended 30th June, 2011 *HK$'000*	2010 *HK$'000*
Profit for the period	**975,507**	254,815
Other comprehensive income/(loss)		
Available-for-sale financial assets:		
Changes in fair value	**1,914**	(24,311)
Reclassification adjustments for disposal	**85**	—
Income tax effect	**(227)**	774
	1,772	(23,537)
Share of other comprehensive income/(loss) of associates:		
Share of changes in fair value of available-for-sale financial assets	**11,148**	—
Share of effective portion of changes in fair value of cash flow hedges of an associate	**(345)**	—
Share of exchange differences on translation of foreign operations *(Note)*	**310,760**	15,242
	321,563	15,242
Exchange differences on translation of foreign operations	**43,019**	12,286
Other comprehensive income for the period, net of tax	**366,354**	3,991
Total comprehensive income for the period	**1,341,861**	258,806
Attributable to:		
Equity holders of the Company	**1,339,350**	257,219
Non-controlling interests	**2,511**	1,587
	1,341,861	258,806

Note: The amount represented the share of resulting exchange differences on translating the results of foreign associates into Hong Kong dollars.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th June, 2011

	Note	**30th June, 2011** *HK$'000* **(Unaudited)**	31st December, 2010 *HK$'000* (Audited)
Non-current assets			
Goodwill		**71,485**	71,485
Fixed assets		**145,754**	139,397
Investment properties		**164,628**	162,055
Properties under development		**1,194,639**	906,477
Interests in associates	*4*	**7,748,268**	6,611,610
Interests in jointly controlled entities		**252,140**	303,600
Available-for-sale financial assets		**45,056**	90,513
Held-to-maturity financial assets		**27,573**	11,832
Loans and advances		**39,283**	34,197
		9,688,826	8,331,166
Current assets			
Properties held for sale		**8,561**	8,554
Financial assets at fair value through profit or loss		**58,219**	50,936
Loans and advances		**191,158**	183,528
Debtors, prepayments and deposits	*9*	**88,260**	102,287
Client trust bank balances		**534,537**	560,850
Pledged time deposits		**318**	308
Treasury bills		**—**	9,700
Cash and bank balances		**566,527**	493,134
		1,447,580	1,409,297
Current liabilities			
Bank and other borrowings		**290,906**	291,771
Creditors, accruals and deposits received	*10*	**832,518**	870,014
Current, fixed, savings and other deposits of customers		**123,528**	138,772
Tax payable		**2,279**	3,146
		1,249,231	1,303,703
Net current assets		**198,349**	105,594
Total assets less current liabilities		**9,887,175**	8,436,760

	30th June, 2011	31st December, 2010
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current liabilities		
Bank and other borrowings	**387,844**	240,927
Deferred tax liabilities	**34,744**	34,292
	422,588	275,219
Net assets	**9,464,587**	8,161,541
Equity		
Equity attributable to equity holders of the Company		
Issued capital	**1,973,587**	1,816,715
Reserves	**7,375,872**	6,232,234
	9,349,459	8,048,949
Non-controlling interests	**115,128**	112,592
	9,464,587	8,161,541

Note:

1. PRINCIPAL ACCOUNTING POLICIES

The interim result 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, 2010, 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, 2011, that are adopted for the first time for the current period's interim results:

HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*

Apart from the above, the Group also adopted *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

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.

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,	
	2011	2010
	HK$'000	*HK$'000*
Property investment	**5,523**	4,748
Treasury investment	**1,072**	1,333
Securities investment	**10,037**	7,988
Corporate finance and securities broking	**24,566**	22,308
Banking business	**6,433**	6,769
Project management	**3,408**	11,238
Other	**2,366**	4,807
	53,405	59,191

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,	
	2011	2010
	HK$'000	*HK$'000*
Interest income	**4,501**	4,934
Commission income	**1,418**	1,550
Other revenues	**514**	285
	6,433	6,769

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, 2011

	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	**5,523**	**—**	**1,072**	**10,037**	**24,566**	**6,433**	**3,408**	**2,366**	**—**	**53,405**
Inter-segment	**—**	**—**	**—**	**—**	**—**	**—**	**3,297**	**1,290**	**(4,587)**	**—**
Total	**5,523**	**—**	**1,072**	**10,037**	**24,566**	**6,433**	**6,705**	**3,656**	**(4,587)**	**53,405**
Segment results	**3,266**	**(3,054)**	**968**	**10,979**	**(1,879)**	**137**	**(3,913)**	**1,634**	**(4,587)**	**3,551**
Unallocated corporate expenses										**(14,566)**
Finance costs										**(3,931)**
Share of results of associates	**726,508**	**263,872**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**990,380**
Share of results of jointly controlled entities	**—**	**(76)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(76)**
Profit before tax										**975,358**

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

4. SHARE OF RESULTS OF ASSOCIATES/INTERESTS IN ASSOCIATES

Share of results of associates included the Group's share of profit in Lippo ASM Asia Property LP ("LAAP") of approximately HK$726,508,000 (2010 — HK$269,261,000) and share of profit from Lippo Marina Collection Pte. Ltd. ("Lippo Marina") of approximately HK$263,872,000 (2010 — share of loss of HK$148,000). LAAP, a property fund which carries the objective of investing in real estate in Asia, invested in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore which is principally engaged in property investment and development and hospitality business. The profit in 2011 was mainly attributable to the fair value gain on an investment property of OUE. Lippo Marina was set up for the purpose of a property development project in Singapore, namely Marina Collection. Marina Collection was completed in April 2011 and share of profits arising from the sold units were recognised for the period.

Interests in associates mainly included the Group's interest in LAAP of approximately HK$7,170,845,000 (31st December, 2010 — HK$6,318,378,000). The increase in interest in LAAP during the period was mainly attributable to the share of profits and the increase in share of exchange reserves from the appreciation of Singapore dollars during the period.

5. PROFIT BEFORE TAX

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

	Six months ended 30th June,	
	2011	2010
	HK$'000	*HK$'000*
Interest income:		
Unlisted financial assets at fair value through profit or loss	**204**	270
Listed available-for-sale financial assets	**743**	690
Listed held-to-maturity financial assets	**748**	475
Loans and advances	**488**	343
Banking business	**4,501**	4,934
Other	**1,072**	1,333
Dividend income:		
Listed investments	**520**	295
Unlisted investments	**80**	770
Gain on disposal of:		
Listed financial assets at fair value through profit or loss	**5,268**	1,753
Unlisted financial assets at fair value through profit or loss	**2,474**	3,735
Unlisted available-for-sale financial assets	**3,415**	—
Net fair value gain/(loss) on financial assets at fair value through profit or loss:		
Listed	**(3,029)**	(220)
Unlisted	**2,804**	3,450
Interest expense attributable to banking business	**(288)**	(263)
Gain on disposal of a subsidiary	**—**	790
Depreciation	**(4,661)**	(2,475)
Foreign exchange gains/(losses) — net	**11,376**	(1,882)

6. INCOME TAX

	Six months ended 30th June, 2011 *HK$'000*	2010 *HK$'000*
Hong Kong:		
Charge for the period	**—**	108
Overprovision in prior periods	**—**	(9)
	—	99
Overseas:		
Charge for the period	**104**	1,460
Overprovision in prior periods	**(253)**	—
	(149)	1,460
Total charge/(credit) for the period	**(149)**	1,559

Hong Kong profits tax is calculated at the rate of 16.5 per cent. (2010 — 16.5 per cent.) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

7. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

Basic earnings per share is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company of HK$976,777,000 (2010 — HK$255,714,000); and (ii) the weighted average number of 1,875,987,000 ordinary shares (2010 — 1,816,657,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30th June, 2011 is calculated based on (i) the consolidated profit for the period attributable to equity holders of the Company of HK$976,777,000; and (ii) the weighted average number of 1,890,601,000 ordinary shares, calculated as follows:

	Number of shares 2011
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,875,987,000**
Effect of dilution — weighted average number of ordinary shares:	
Share options	**4,767,000**
Warrants	**9,847,000**
	1,890,601,000

No diluted earnings per share was presented for the six months ended 30th June, 2010 as the share options and warrants outstanding during the period had no dilutive effect on the basic earnings per share.

8. INTERIM DISTRIBUTION

	Six months ended 30th June, 2011 HK$'000	2010 HK$'000
Interim distribution, declared — Nil (2010 — Nil)	**—**	—

9. DEBTORS, PREPAYMENTS AND DEPOSITS

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

	30th June, 2011 ***HK$'000***	31st December, 2010 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**57,035**	42,224
Within 30 days	**5,477**	35,717
Between 61 and 90 days	**9**	4
	62,521	77,945

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.

10. CREDITORS, ACCRUALS AND DEPOSITS RECEIVED

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

	30th June, 2011 ***HK$'000***	31st December, 2010 *HK$'000*
Outstanding balances with ages:		
Repayable on demand	**581,922**	585,921
Within 30 days	**4,527**	33,269
	586,449	619,190

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, 2011, total client trust bank balances amounted to HK$534,537,000 (31st December, 2010 — HK$560,850,000).

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 Asia region sustained steady economic growth in the first half of 2011, while economic environment in US and Europe remained challenging and uncertain. Benefited from the positive growth of the property market in Singapore in which the Group has operations, the Group recorded impressive results for the six months ended 30th June, 2011.

The Group reported a profit attributable to shareholders of HK$977 million for the six months ended 30th June, 2011 (2010 — HK$256 million). Such profit was mainly attributable to the increase in recurrent income and the fair value gain on an investment property under the Group's associates and the share of profit from the sold units upon the completion of Marina Collection, a property development project in Singapore, during the period.

Results for the period

Turnover for the six months ended 30th June, 2011 totalled HK$53 million (2010 — HK$59 million).

Property investment

The revenue of the property investment business increased to HK$5.5 million (2010 — HK$4.7 million) in 2011, benefiting from the increasing rental rates for Lippo Tower in Chengdu. As a result, the segment registered a profit of HK$3 million (2010 — HK$2 million).

The Group has invested in a property fund, Lippo ASM Asia Property LP (together with its subsidiaries, the "LAAP Group"), which has indirect interests in Overseas Union Enterprise Limited ("OUE"), a listed company in Singapore principally engaged in property investment and development and hospitality business. The hotels managed by OUE, including Mandarin Orchard Singapore, are strategically located in various well known tourist destinations of Singapore, Malaysia and mainland China. With the recent acquisition of Crowne Plaza Changi Airport Hotel in Singapore, earning base of the hospitality business will be further expanded. OUE Bayfront, a prime office building near Marina Bay, obtained the temporary occupation permit in January 2011 and started to generate rental income. Together with DBS Building Towers One and Two acquired in September 2010 and Mandarin Gallery, a premier luxury retail mall at Orchard Road, Singapore, the investment property portfolio provided a higher and recurrent source of revenue to OUE. OUE also holds interests in One Raffles Place near Marina Bay, the central financial and business district of Singapore. Construction of One Raffles Place Tower Two, a 38-storey Grade A office building adjoining One Raffles Place Tower One, is expected to be completed by the end of 2011. OUE has participated in a residential property development project, named as Twin Peaks at 33 Leonie Hill Road in Singapore. The Group registered a share of profit of HK$727 million from the investment during the period (2010 — HK$269 million). The profit was mainly attributable to the fair value gain on OUE Bayfront and higher income from the hospitality division and property investment division. In January 2011, approximately 5.4 per cent. of OUE shares held under the LAAP Group were transferred to a financial institution with a right of return in connection with a financing transaction, and resulted in a loss of HK$196 million recorded in the reserves. In August 2011, this financing transaction was unwound.

Property development

The Group has participated in a number of well-located property development projects in mainland China, Macau, Singapore and Thailand. In Singapore, Marina Collection, a joint venture development in Sentosa Cove, in which the Group has a 50 per cent. interest, was completed in April 2011. As a result, profits arising from the sold units have been recognised and the Group recorded a share of profit of HK$264 million from this project during the period. Other projects in Singapore include the development at Kim Seng Road ("Centennia Suites") and Holland Road ("The Holland Collection"). Pre-sale of Centennia Suites and The Holland Collection were launched and all units have been sold out. Centennia Suites and The Holland Collection are scheduled to be completed in 2013 and end of 2011 respectively. Profit arising therefrom will be recognised upon completion of the development.

In mainland China, construction of an integrated residential, commercial and retail complex at the Beijing Economic-Technological Development Area is progressing well and is expected to be completed by 2013. Pre-sale permit has been obtained in July 2011 and pre-sale has been launched.

Treasury and securities investments

The global investment markets have become volatile due to the uncertainties caused by the outbreak of mega earthquake, tsunami and nuclear leaks in Japan and debt crisis in Europe. During the period, the Group cautiously looked for opportunities to realise its profit in the investment portfolio. For the six months ended 30th June, 2011, treasury and securities investments business recorded a revenue of HK$11 million (2010 — HK$9 million), with a profit of HK$12 million after taking into account the fair value gains (2010 — HK$12 million). The Group will be watchful on market developments and continue to be prudent in managing its investment portfolio with a continuing focus on improving the overall asset quality.

Corporate finance and securities broking

In the first half of 2011, markets are surrounded by uncertainties resulting from the disasters in Japan, Eurozone financial crisis and inflation pressures, investors have become cautious in highly volatile markets. The Group's corporate finance and securities broking business was also affected. It registered a turnover of HK$25 million in the first half of 2011 (2010 — HK$22 million) and a loss of HK$2 million was derived from this segment (2010 — HK$3 million).

Banking business

The Macau Chinese Bank Limited ("MCB"), a licensed bank in Macau, is a wholly-owned subsidiary of the Company. Although the Macau economy has rebounded since 2010, the operating environment is still tough because of the high operating costs and inflation pressure. 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 million (2010 — HK$7 million), and delivered a profit to the Group.

Other businesses

As most of the property development projects managed are either completed or near the completion stage, the revenue of the project management segment decreased to HK$3 million in the first half of 2011 (2010 — HK$11 million), and recorded a loss of HK$4 million (2010 — profit of HK$8 million).

Financial position

As at 30th June, 2011, the Group's total assets increased to HK$11.1 billion (31st December, 2010 — HK$9.7 billion). Property-related assets increased to HK$9.5 billion (31st December, 2010 — HK$8.3 billion), representing 85 per cent. (31st December, 2010 — 85 per cent.) of the total assets. Total liabilities slightly increased to HK$1.7 billion (31st December, 2010 — HK$1.6 billion). The Group's financial position remains healthy and current ratio (measured as current assets to current liabilities) increased to 1.2 to 1 (31st December, 2010 — 1.1 to 1).

As at 30th June, 2011, the bank and other borrowings of the Group (other than those attributable to banking business) increased to HK$679 million (31st December, 2010 — HK$533 million). The bank loans amounted to HK$621 million (31st December, 2010 — HK$348 million), which were denominated in 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 47 per cent. of the bank loans (31st December, 2010 — 84 per cent.) were repayable within one year. The Group's other borrowings as at 30th June, 2011 comprised of unsecured loans advanced from Lippo Limited of HK$58 million (31st December, 2010 — HK$185 million). Such advance would be repayable on or before 31st December, 2012. At the end of the period, gearing ratio (measured as total borrowings, net of non-controlling interests, to shareholders' funds) slightly increased to 7 per cent. (31st December, 2010 — 6 per cent.).

The net asset value of the Group remained strong and increased to HK$9.3 billion (31st December, 2010 — HK$8.0 billion). This was equivalent to HK$4.7 per share (31st December, 2010 — HK$4.4 per share).

During the period, 156,872,326 units of warrants of the Company were exercised at HK$1.25 each, with an aggregate subscription value of approximately HK$196 million. The Company has issued 156,872,326 ordinary shares of HK$1.00 each upon exercise of such warrants. Up to the expiry of the warrants on 4th July, 2011, a further 29,627,847 units of the warrants, with an aggregate subscription value of approximately HK$37 million, have been exercised by the warrantholders.

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, 2010 — 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, 2010 — Nil).

As at 30th June, 2011, the Group's total capital commitment increased to HK$610 million (31st December, 2010 — HK$556 million), as a result of the property development project in Beijing. The investments or capital assets will be financed by the Group's internal resources and/or external bank financing, as appropriate.

Staff and remuneration

The Group had approximately 203 employees as at 30th June, 2011 (2010 — 210 employees). Total staff costs (including directors' emoluments) during the period amounted to HK$34 million (2010 — HK$29 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 latter half of 2011 will continue to be a challenging period. Unprecedented downgrade of United States credit rating and sovereign debt crisis in Europe added uncertainties to the global economy. Tightening stance on monetary policy and inflationary pressure in mainland China posed challenges to the business environment. However, the Group remains positive of the prospects of the Asia Pacific region over the medium term and will continue to focus on the business developments in the region. The Group will keep on refining its existing businesses and cautiously seeking new investment opportunities with long-term growth potential.

BUSINESS REVIEW

The world's major economies showed little signs of growth in the first half of 2011. Plagued by the widening sovereign debt crisis in certain European countries, continuing and stubbornly weak economic recovery in the US and the aftermath of the devastating earthquake, tsunami and nuclear leakage disaster in Japan, the major emerged economies showed little growth. With consumer confidence and job markets staying weak, the economic prospect in the major economies is for continuing sluggishness. In contrast, much of the Asia region (outside Japan) recorded strong steady growth in the first half of 2011.

China continues to be the Asia's economic driving force, helped by strong domestic demand and continuing strong exports. Its gross national product grew by 9.6 per cent. from a year ago. However, inflation rose well above target levels which brought renewed actions by the Central Government to restrict credit expansion in their effort to rein in inflation. The People's Bank of China increased the banking reserve requirement six times and Renminbi base rates twice during the period under review. These monetary actions appear to be having an effective impact. Apart from China, India and the South East Asian countries were the other main contributors to the continuing strong economic growth in Asia.

Benefiting from the continuing strong economic growth in the Asian regions in which the Group has operations, the Group recorded an unaudited consolidated profit attributable to shareholders of approximately HK$977 million for the six months ended 30th June, 2011, as compared to a profit of HK$256 million recorded in the corresponding period of 2010. The increase in profit was mainly attributable to the profit arising from the sale of certain developed properties and the fair value gains of investment properties owned by the Group's associates.

In Singapore, the opening of the two integrated resorts, strong tourist arrivals, and its continuing role as one of the major financial centres in Asia have contributed to the country's continued economic growth in the first half of 2011. The strong property markets, especially in the office and commercial segments, have greatly benefited the Group's performance in Singapore.

The certificate of statutory completion for the Marina Collection, in which the Group has a 50 per cent. interest, has been obtained. Marina Collection, with a total site area of approximately 22,222 square metres, is located at Sentosa Cove, Sentosa Island, Singapore. It provides 124 high-end luxury waterfront residential units with a total saleable area of approximately 29,808 square metres of which over 40 units have been sold. Profits arising from the sale of the units have been recognised in the 2011 interim results of the Group. With the opening of the integrated casino/recreational resort on the Sentosa Island, the Group is confident about the prospects of Marina Collection.

The Group has a 30 per cent. interest in a site located at 53 Holland Road, Singapore. The plan is to develop the site, which has an area of approximately 3,376 square metres, into a low-rise 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. All the 26 residential units in this project have been pre-sold.

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. Foundation works have been completed and it is expected that completion will take place in 2013. All the 97 residential units in this project have been pre-sold.

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, was set up with the objective of investing in real estate in the Asia region. The LAAP Group is holding 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, OUE Bayfront and DBS Building Towers One and Two as well as hotels in the Asia region, including the famous Mandarin Orchard Singapore. Recently, OUE completed the acquisition of 100 per cent. stake of the Crowne Plaza Changi Airport Hotel (with 320 rooms) for a consideration of S$293 million. The Mandarin Gallery at the Mandarin Orchard Singapore, a premier luxury retail mall with retail space of around 11,639 square metres, is enjoying full occupancy. The office development at OUE Bayfront is now completed. This bespoke portfolio of well diversified and high quality properties will help to generate substantial and stable recurrent income for OUE.

The Group also participated in property projects in mainland China, including Lippo Tower in Chengdu and the development project at a prime site located in 北京經濟技術開發區 (Beijing Economic-Technological Development Area) in Beijing (the "BDA Project"). With a total site area of approximately 51,209 square metres, the BDA Project, in which the Group has an 80 per cent. interest, will be developed into an integrated residential, commercial and retail complex with a total gross floor area of about 275,000 square metres, including basements. Superstructure works are in progress and completion is expected to be in 2013. Pre-sale has been launched and has received satisfactory response. A substantial part of the retail area in the BDA Project has been successfully pre-sold.

The Group will develop the site situated at 83 Estrada de Cacilhas, Macau, with an area of approximately 3,398 square metres, into a residential development. Construction works will commence shortly. This project, in which the Group has 100 per cent. interest, will be developed into approximately 300 residential units with a total saleable area of approximately 25,000 square metres.

The Macau Chinese Bank Limited ("MCB"), a wholly-owned subsidiary of the Company, maintained a steady performance in the first half of 2011 amid the strong performance of the Macau economy. 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 strong local economy, the local stock market remained inactive in the first half of 2011 with low initial public offering activities. Participation from retail investors remained tepid and cautious given the continuing uncertain market conditions during the period under review. 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 China and economic developments globally, especially in Europe and the US.

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

In 2008, the Company issued 202,024,362 units of warrants (the "Warrants") entitling the holder of one unit to subscribe for one ordinary share of the Company at a subscription price of HK$1.25. In accordance with the terms and conditions of the instrument of the Warrants, the subscription rights under the Warrants expired on 4th July, 2011 and listing of the Warrants on The Stock Exchange of Hong Kong Limited was withdrawn on that same day. Up to the expiry of the Warrants, the subscription rights attaching to a total of 186,563,826 units of the Warrants, with an aggregate subscription value of approximately HK$233 million, have been exercised by the warrantholders.

PROSPECTS

Prospects for Asia remain positive but the continuing economic uncertainty in the US, Europe and Japan suggests that global economic recovery will be slow. The recent downgrade of US long-term sovereign debt rating by Standard & Poor's has provoked turbulences in the global stock and financial markets and its impact on the global economy is yet to be seen but could be far reaching. The continuing weak US economy and sovereign debt crisis in Europe will continue to dampen the global economic recovery. Inflation has emerged as a subject of concern. For much of Asia, the low interest rate environment, itself a result of markets flushed with liquidity, has stoked inflationary pressures. Escalating food and commodity prices and rising property prices have sparked community concerns about inflation. In response, countries like China and India have introduced credit tightening and austerity measures in their efforts to tackle the inflation problem.

The Group will continue to focus on property investment and property development businesses in Asia Pacific region for its long term growth. Management is however watchful of the economic challenges ahead. Management will accordingly continue to take a cautious and prudent approach in the management of the Group's property portfolio and businesses and in its assessment of new investment opportunities.

INTERIM DISTRIBUTION

The Directors do not recommend the payment of an interim distribution for the six months ended 30th June, 2011 (2010 — Nil).

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

During the six months ended 30th June, 2011, 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, 2011.

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, 2011.

By Order of the Board
Hongkong Chinese Limited
John Lee Luen Wai
Chief Executive Officer

Hong Kong, 30th August, 2011

As at the date of this announcement, the executive Directors of the Company are Messrs. Stephen Riady (Chairman), John Lee Luen Wai (Chief Executive Officer) and Kor Kee Yee; the non-executive Director of the Company is Mr. Leon Chan Nim Leung; 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*