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LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

DISCLOSEABLE TRANSACTION

**FORMATION OF JOINT VENTURE
BY HONGKONG CHINESE LIMITED**

10th April, 2006

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DEFINITIONS

In this circular, the following terms and expressions shall have the following meanings unless the context otherwise requires:

“Agreement”	the conditional subscription agreement dated 17th March, 2006 entered into among Lifepower, Luck Healthy, Kingscott and the Joint Venture in relation to the subscription of new shares in the Joint Venture by Lifepower, Luck Healthy and Kingscott
“associate(s)”	has the meaning ascribed thereto it under the Listing Rules
“Beijing Tongren”	首都醫科大學附屬北京同仁醫院 (Beijing Tongren Hospital, an affiliated hospital of the Capital University of Medical Sciences) which will hold 13.75 per cent. equity interest in Tongren Healthcare after completion of the PRC Agreements
“Board”	the board of the Directors
“Capital Increase Agreement”	the conditional capital increase agreement dated 17th March, 2006 entered into by the Joint Venture, the Selling Investors, Beijing Tongren and Tongren Healthcare relating to the increase of the registered capital of Tongren Healthcare from RMB200 million to RMB400 million by the Joint Venture making capital contribution of RMB200 million
“Capital Transfer Agreement”	the conditional capital transfer agreement dated 17th March, 2006 entered into by the Joint Venture, the Selling Investors and Beijing Tongren relating to the acquisition of an aggregate of 72.5 per cent. equity interests in Tongren Healthcare (prior to and excluding the increase in the registered capital of Tongren Healthcare under the Capital Increase Agreement) by the Joint Venture from the Selling Investors
“Company”	Lippo China Resources Limited 力寶華潤有限公司, a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange and are owned as to approximately 71.13 per cent. by Lippo
“Completion”	completion of the Agreement in accordance with its terms and condition
“Completion Date”	27th March, 2006, being the date of Completion

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HCL”	Hongkong Chinese Limited (香港華人有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and are owned as to approximately 72.26 per cent. by the Company
“HCL Group”	HCL and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	Grosswin Limited, a company incorporated in the British Virgin Islands with limited liability which is owned as to 45 per cent., 49 per cent. and 6 per cent. respectively by Lifepower, Luck Healthy and Kingscott
“JV Shareholders’ Agreement”	the conditional shareholders’ agreement executed by Lifepower, Luck Healthy, Kingscott and the Joint Venture on the Completion Date
“Kingscott”	Kingscott Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Lippo ASM Asia Property LP, a limited partnership established in the Cayman Islands
“Latest Practicable Date”	6th April, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lifepower”	Lifepower Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of HCL
“Lippo”	Lippo Limited 力寶有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

* For identification purpose only

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling nine months after the date of the Agreement (or such other date as the parties to the Agreement shall mutually agree in writing)
“Luck Healthy”	Luck Healthy Group Limited, a company incorporated in the British Virgin Islands with limited liability
“Macau”	the Macao Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
“PRC”	the People’s Republic of China
“PRC Agreements”	the Capital Increase Agreement and the Capital Transfer Agreement
“Selling Investors”	five selling investors of Tongren Healthcare who agreed to sell an aggregate of 72.5 per cent. equity interests in Tongren Healthcare under the Capital Transfer Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongren Healthcare”	同仁醫療管理集團有限公司 (Tongren Healthcare Management Group Co., Ltd.), a company established under the laws of the PRC with limited liability
“Tongren Healthcare Group”	Tongren Healthcare and its subsidiaries
“Transactions”	the transactions being contemplated under the Agreement, the JV Shareholders’ Agreement and/or the PRC Agreements
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“MOP”	Macau pataca, the lawful currency of the Macau
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollar, the lawful currency of the Republic of Singapore
“US\$”	United States dollar, the lawful currency of the United States of America

Note: For use in this circular and for illustration purposes only, conversion of RMB into HK\$ and US\$ into HK\$ are based on the approximate exchange rates of RMB1 to HK\$0.9653 and US\$1.00 to HK\$7.759 respectively. No representation or assurance is made or given that any amount in HK\$, RMB or US\$ could be converted at such rates or any other rates.



LIPPO CHINA RESOURCES LIMITED

力寶華潤有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 156)

Non-executive Directors:

Dr. Mochtar Riady (*Honorary Chairman*)

Mr. Ning Gaoning

Mr. Leon Nim Leung Chan

Executive Directors:

Mr. James Riady (*Chairman*)

Mr. Stephen Riady

*(Deputy Chairman, Managing Director
and Chief Executive Officer)*

Mr. John Luen Wai Lee, J.P.

Registered Office:

Room 2301, 23rd Floor

Tower One

Lippo Centre

89 Queensway

Hong Kong

Independent Non-executive Directors:

Mr. Edwin Neo

Mr. Victor Ha Kuk Yung

Mr. King Fai Tsui

10th April, 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

FORMATION OF JOINT VENTURE BY HONGKONG CHINESE LIMITED

INTRODUCTION

By a joint announcement dated 17th March, 2006, the respective boards of directors of Lippo, the Company and HCL announced that on 17th March, 2006, Lifepower, a wholly-owned subsidiary of HCL, entered into the Agreement with Luck Healthy, Kingscott and the Joint Venture in respect of the formation of the Joint Venture for the purpose of holding and operating the Tongren Healthcare Group.

LETTER FROM THE BOARD

Each of Lifepower, Luck Healthy and Kingscott has agreed to subscribe for 45 per cent., 49 per cent. and 6 per cent. interest respectively in the Joint Venture. Pursuant to the Agreement and the JV Shareholders' Agreement, the Joint Venture will acquire and hold an 86.25 per cent. equity interest in Tongren Healthcare following completion of the PRC Agreements. The Tongren Healthcare Group is principally engaged in investing in, operating, managing and providing consultation services relating to the medical and healthcare related business and organisations; research and development of drugs and health food; medical equipment leasing and repair; management of healthcare centres, rehabilitation centres and nursing homes; property management and investment; construction and operation of profit-making and non-profit making hospitals; real estate development and investment; and sales of drugs, health food and medical apparatus in the PRC.

The entering into of the Agreement and the JV Shareholders' Agreement constitutes a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further details of the Agreement and the JV Shareholders' Agreement.

THE AGREEMENT

Date : 17th March, 2006

Parties : (i) the Joint Venture;
(ii) Lifepower, a wholly-owned subsidiary of HCL;
(iii) Luck Healthy; and
(iv) Kingscott.

Luck Healthy is an investment holding company.

Kingscott is a wholly-owned subsidiary of Lippo ASM Asia Property LP which is a limited partnership established in the Cayman Islands. The investment objective of Lippo ASM Asia Property LP is to invest in real estate in the East Asia region, in particular in Malaysia, Singapore, Thailand, Indonesia, the PRC (including both Hong Kong and Macau) and Japan. Pacific Landmark Holdings Limited, a wholly-owned subsidiary of HCL, is a limited partner of Lippo ASM Asia Property LP. Lippo ASM Asia Property LP is not a subsidiary of the Company and its results are accounted for in the consolidated accounts of the Company by way of equity accounting method.

To the best of the knowledge, information and belief of the Directors and after making all reasonable enquiries, save for the interest of Pacific Landmark Holdings Limited in Lippo ASM Asia Property LP, Luck Healthy, Kingscott and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (all the aforesaid terms have the meanings ascribed to them under the Listing Rules).

LETTER FROM THE BOARD

Formation of the Joint Venture

Pursuant to the Agreement, Lifepower, Luck Healthy and Kingscott have subscribed for 45 per cent., 49 per cent. and 6 per cent. respectively of the issued share capital of the Joint Venture on the Completion Date. The respective subscription prices paid by Lifepower, Luck Healthy and Kingscott were US\$4,500 (equivalent to approximately HK\$35,000), US\$4,900 (equivalent to approximately HK\$38,000) and US\$600 (equivalent to approximately HK\$5,000).

Pursuant to the Agreement and the JV Shareholders' Agreement, the Joint Venture will acquire and hold an 86.25 per cent. equity interest in Tongren Healthcare following completion of the PRC Agreements. The funding for such acquisition will be met by shareholders' loans to be provided by Lifepower, Luck Healthy and Kingscott to the Joint Venture in the manner as described in the JV Shareholders' Agreement. Details of Tongren Healthcare and the terms of the JV Shareholders' Agreement are respectively set out in the paragraphs headed "Information on Tongren Healthcare" and "JV Shareholders' Agreement" below.

Condition precedent

Completion is subject to the satisfaction of the condition that all the provisions of the Listing Rules or requirements of the Stock Exchange necessary and required in relation to the subscription of the new shares pursuant to the Agreement, the Transactions and carrying on of the business of the Joint Venture have been complied with.

Completion

Completion took place on 27th March, 2006.

INFORMATION ON TONGREN HEALTHCARE

The Tongren Healthcare Group was established in April 2003 and is principally engaged in investing in, operating, managing and providing consultation services relating to the medical and healthcare related business and organisations; research and development of drugs and health food; medical equipment leasing and repair; management of healthcare centres, rehabilitation centres and nursing homes; property management and investment; construction and operation of profit-making and non-profit making hospitals; real estate development and investment; and sales of drugs, health food and medical apparatus in the PRC. It currently operates a hospital in Kunming City, Yunnan Province, the PRC with around 300 beds for patients and approximately 400 professional qualified medical staff in service. Two new hospitals in Kunming City and Nanjing City, the PRC are now being developed.

Based on the 2004 and 2005 audited accounts of the Tongren Healthcare Group prepared based on generally accepted accounting principles in the PRC, the consolidated profit before taxation and minority interests of the Tongren Healthcare Group for the year ended 31st December, 2004 was approximately RMB3.7 million (equivalent to approximately

LETTER FROM THE BOARD

HK\$3.6 million) while the consolidated loss before taxation and minority interests for the year ended 31st December, 2005 was approximately RMB22.4 million (equivalent to approximately HK\$21.6 million). Based on the aforesaid audited accounts, the consolidated profit after taxation and minority interests of the Tongren Healthcare Group for the year ended 31st December, 2004 was approximately RMB3.9 million (equivalent to approximately HK\$3.8 million) while the consolidated loss after taxation and minority interests for the year ended 31st December, 2005 was approximately RMB19.6 million (equivalent to approximately HK\$18.9 million). The audited consolidated net assets of the Tongren Healthcare Group attributable to the shareholders of Tongren Healthcare as at 31st December, 2005 were approximately RMB180.7 million (equivalent to approximately HK\$174.4 million).

As at the Latest Practicable Date, Tongren Healthcare was owned as to 27.5 per cent. by Beijing Tongren and as to the remaining 72.5 per cent. by the Selling Investors who are third parties independent of the Company and its connected persons. Beijing Tongren is an established hospital with over 118 years of history. It is one of the large-scale hospitals in the PRC renowned for its comprehensive and quality medical services. On 17th March, 2006, the Joint Venture entered into the Capital Transfer Agreement with the Selling Investors and Beijing Tongren, pursuant to which the Joint Venture agreed to acquire an aggregate of 72.5 per cent. equity interests in Tongren Healthcare (prior to and excluding the increase in the registered capital of Tongren Healthcare under the Capital Increase Agreement) from the Selling Investors for a total consideration of RMB145 million (equivalent to approximately HK\$140.0 million). On the same day, the Joint Venture also entered into the Capital Increase Agreement with the Selling Investors, Beijing Tongren and Tongren Healthcare to increase the registered capital of Tongren Healthcare from RMB200 million (equivalent to approximately HK\$193.1 million) to RMB400 million (equivalent to approximately HK\$386.1 million) by the Joint Venture making further capital contribution of RMB200 million to Tongren Healthcare. Following completion of the Capital Transfer Agreement and the Capital Increase Agreement, the Joint Venture will hold an 86.25 per cent. equity interest in Tongren Healthcare with the balance of 13.75 per cent. held by Beijing Tongren.

The Capital Transfer Agreement and the Capital Increase Agreement are inter-conditional and are subject to, among other things, the approval of relevant authorities in the PRC.

JV SHAREHOLDERS' AGREEMENT

On Completion Date, Lifepower, Luck Healthy, Kingscott and the Joint Venture entered into the JV Shareholders' Agreement to regulate their respective shareholders' rights in the Joint Venture. The principal terms of the JV Shareholders' Agreement are as follows:

Board composition

The board of directors of the Joint Venture comprises seven directors. Each of Lifepower and Luck Healthy is entitled to appoint three directors while Kingscott is entitled to appoint one director.

LETTER FROM THE BOARD

Pre-emptive rights for issue of new shares

Any new issue of shares and securities of the Joint Venture shall first be offered on the same terms to Lifepower, Luck Healthy and Kingscott pro-rata to their respective interests in the Joint Venture.

Transfer of shares of the Joint Venture

Other than transfers between the Joint Venture shareholders, each shareholder proposing to sell its shares in the Joint Venture is subject to the right of first refusal of the other shareholders to purchase such shares.

In addition, in the event that any Joint Venture shareholder proposes to sell its shares in the Joint Venture to a third party, the other Joint Venture shareholders not having exercised their right of first refusal will have the co-sale right to participate in the proposed disposition on the same terms.

Every transfer of shares of the Joint Venture shall be accompanied by a transfer of the corresponding amount of the shareholders' loan held by the transferor.

Shareholders' loans

Subject to the due execution of the PRC Agreements by all the parties thereto, Lifepower, Luck Healthy and Kingscott have agreed severally, and not jointly or jointly and severally, to provide an initial interest-free loan (the "Initial Loans") to the Joint Venture with an aggregate amount not exceeding HK\$220 million (unless otherwise agreed in writing by Lifepower, Luck Healthy and Kingscott) and such aggregate amount shall be borne and funded by Lifepower, Luck Healthy and Kingscott in proportion to their respective equity interests in the Joint Venture. On 29th March, 2006, the board of directors of the Joint Venture delivered a call notice to Lifepower, Luck Healthy and Kingscott for drawing the Initial Loans of which Lifepower has advanced approximately HK\$95.8 million as at the Latest Practicable Date.

Subject to the provision of the Initial Loans as mentioned above and the satisfaction of the conditions precedent detailed in the paragraph headed "Conditions precedent for the Further Shareholders' Loans" below, and after the completion of and payment for the acquisition of the registered capital of Tongren Healthcare under the Capital Transfer Agreement, then upon the Joint Venture's request in writing, each of Lifepower, Luck Healthy and Kingscott shall, pro-rata to their respective shareholdings in the Joint Venture, make available to the Joint Venture further interest-free shareholders' loan (the "Further Shareholders' Loans" and, together with the Initial Loans, shall be referred to as the "Shareholders' Loans"). The aggregate principal amount of the Shareholders' Loans to be provided by Lifepower, Luck Healthy and Kingscott shall not be more than HK\$180 million, HK\$196 million and HK\$24 million respectively.

The Shareholders' Loans will be used to fund the acquisition by the Joint Venture of the 86.25 per cent. equity interest in Tongren Healthcare and the increase of the registered

LETTER FROM THE BOARD

capital of Tongren Healthcare. The shareholders shall not be obligated to provide any additional financial or credit support to the Joint Venture.

Conditions precedent for the Further Shareholders' Loans

The provision of the Further Shareholders' Loans is subject to (a) all the conditions precedent as set out in the PRC Agreements having been fulfilled in all respects or waived by the relevant parties thereto and such PRC Agreements having become unconditional in all respects; and (b) the delivery of the budget of the Joint Venture and its subsidiaries for 2006 and 2007 (on terms to the reasonable satisfaction of Lifepower) by Luck Healthy to Lifepower, in each case, on or prior to the Long Stop Date.

In the event that the aforesaid conditions precedent shall not have been fulfilled (or waived by Lifepower, Luck Healthy and Kingscott) on or prior to the Long Stop Date, Lifepower, Luck Healthy and Kingscott shall not be bound to proceed with the provision of their respective Shareholders' Loans and the JV Shareholders' Agreement shall terminate and the full amount of the Initial Loans provided by each of Lifepower, Luck Healthy and Kingscott (after deducting all the reasonable legal fees and other expenses incurred by the Joint Venture) shall be repaid as soon as possible, which in any event shall not be later than three business days after the Long Stop Date, to Lifepower, Luck Healthy and Kingscott respectively in proportion as to their respective equity interests in the Joint Venture.

REASONS FOR AND EFFECTS OF THE AGREEMENT

As stated in the interim report of HCL for the six months ended 30th June, 2005, HCL will continue to refine its existing core businesses and capture new investment opportunities with long-term growth potential. The Tongren Healthcare Group, established in April 2003, is currently in an early investment stage for its business. The directors of HCL are of the view that it is reasonable for the Tongren Healthcare Group to record losses in 2005. In view of the accelerating economic development in the PRC, the living standard in the PRC is expected to improve and the demand for hospital services and healthcare products in the PRC is anticipated to grow steadily. Accordingly, the directors of HCL consider that the long-term business prospects of the Tongren Healthcare Group is promising. The operation of hospital and provision of medical services is a tightly regulated industry in the PRC with high entry barrier for new entrants. The Agreement offers the HCL Group an opportunity to partner with an established hospital operator to tap into the hospital and healthcare business in the PRC. The investment in the Joint Venture also allows HCL to expand and diversify its existing business activities. The directors of HCL are of the view that the terms of the Agreement and the JV Shareholders' Agreement are fair and reasonable and the Transactions are in the interests of HCL and its shareholders as a whole.

On this basis, the Directors consider that the terms of the Agreement and the JV Shareholders' Agreement are fair and reasonable and the Transactions are in the interests the Shareholders as a whole.

LETTER FROM THE BOARD

It is the current intention of HCL that the amount of capital and Shareholders' Loan to be injected into the Joint Venture by the HCL Group will be financed by its internal resources and/or bank borrowings. Immediately upon completion of the Agreement, the Joint Venture becomes an associated company of the Group and the consolidated results of the Joint Venture will be accounted for in the consolidated accounts of the Company by way of equity accounting method. Immediately following the injection of capital into the Joint Venture and the provision of the Shareholders' Loans, the amount of the non-current assets of the Group would increase by the amount of the capital injected and the Shareholders' Loans provided, being the recognition of the interests of the Joint Venture held by the Group, while the amount of the current assets of the Group would drop by the amount of internal resources utilised to finance the payment of the capital injection and the provision of the Shareholders' Loans. Should bank borrowings be raised to finance the payment of the capital injection and the provision of the Shareholders' Loans, the liabilities of the Group would increase by such amount of loans borrowed.

INFORMATION ON THE COMPANY

The principal business activity of the Company is investment holding. The principal activities of the subsidiaries of the Company include investment holding, property investment and development, fund management, underwriting, corporate finance, securities broking, securities investment, treasury investment, money lending, banking and other related financial services.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board
LIPPO CHINA RESOURCES LIMITED
Stephen Riady
*Deputy Chairman, Managing Director and
Chief Executive Officer*

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Directors' and chief executive's interests and short positions in shares and underlying shares of the Company and associated corporations

(a) Interests in shares of the Company and associated corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued share capital
Number of ordinary Shares in the Company					
Mochtar Riady	-	-	6,544,696,389 <i>Notes (i) and (ii)</i>	6,544,696,389	71.13
James Riady	-	-	6,544,696,389 <i>Notes (i) and (ii)</i>	6,544,696,389	71.13
Stephen Riady	-	-	6,544,696,389 <i>Notes (i) and (ii)</i>	6,544,696,389	71.13

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Other interests	Total interests	Approximate percentage of total interests in the issued share capital
Number of ordinary shares of HK\$0.10 each in Lippo					
Mochtar Riady	–	–	248,697,776 <i>Note (i)</i>	248,697,776	57.34
James Riady	–	–	248,697,776 <i>Note (i)</i>	248,697,776	57.34
Stephen Riady	–	–	248,697,776 <i>Note (i)</i>	248,697,776	57.34
John Luen Wai Lee	825,000	–	–	825,000	0.19
Number of ordinary shares of HK\$1.00 each in HCL					
Mochtar Riady	–	–	973,240,440 <i>Notes (i), (ii) and (iii)</i>	973,240,440	72.26
James Riady	–	–	973,240,440 <i>Notes (i), (ii) and (iii)</i>	973,240,440	72.26
Stephen Riady	–	–	973,240,440 <i>Notes (i), (ii) and (iii)</i>	973,240,440	72.26
John Luen Wai Lee	200	200	–	400	0.00
King Fai Tsui	–	50,000	–	50,000	0.00

Note:

- (i) As at the Latest Practicable Date, Lippo Cayman Limited (“Lippo Cayman”), an associated corporation (within the meaning of Part XV of the SFO) of the Company, and through its wholly-owned subsidiaries, Lippo Capital Limited, J & S Company Limited and Huge Returns Limited, was directly and indirectly interested in an aggregate of 248,697,776 ordinary shares of HK\$0.10 each in, representing approximately 57.34 per cent. of, the issued share capital of Lippo. Lanius Limited (“Lanius”), an associated corporation (within the meaning of Part XV of the SFO) of the Company, was the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of, the issued share capital of Lippo Cayman. Lanius was the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius was accustomed to act. Dr. Mochtar Riady did not have any interests in the share capital of Lanius. The beneficiaries of the trust included Dr. Mochtar Riady, Mr. James Riady,

Mr. Stephen Riady and their respective family members including, inter alia, the minor children of each of Messrs. James Riady and Stephen Riady. Dr. Mochtar Riady, as the founder and beneficiary of the trust, and Messrs. James Riady and Stephen Riady (together with their minor children), as beneficiaries of the trust, were taken to be interested in Lippo Cayman under the SFO.

- (ii) As at the Latest Practicable Date, Lippo was indirectly interested in 6,544,696,389 ordinary Shares in, representing approximately 71.13 per cent. of, the issued share capital of the Company.
- (iii) As at the Latest Practicable Date, the Company was directly and indirectly interested in an aggregate of 973,240,440 ordinary shares of HK\$1.00 each in, representing approximately 72.26 per cent. of, the issued share capital of HCL.

As at the Latest Practicable Date, Dr. Mochtar Riady, as founder and beneficiary of the aforesaid discretionary trust, and Messrs. James Riady and Stephen Riady (together with their minor children), as beneficiaries of the aforesaid discretionary trust, through their interests in Lippo Cayman as mentioned in Note (i) above, were also taken to be interested in the share capital of the following associated corporations (within the meaning of Part XV of the SFO) of the Company:

Name of associated corporation	Class of shares	Approximate percentage of interest in the issued share capital	
		Number of shares interested	
Abital Trading Pte. Limited	Ordinary shares	2	100
AcrossAsia Multimedia Limited (now known as AcrossAsia Limited)	Ordinary shares	3,669,576,788 (Note a)	72.45
Actfield Limited	Ordinary shares	1	100
Boudry Limited	Ordinary shares	1,000	100
CRC China Limited	Ordinary shares	1	100
Congrad Holdings Limited	Ordinary shares	1	100
Cyport Limited	Ordinary shares	1	100
East Winds Food Pte Ltd.	Ordinary shares	400,000 (Note b)	88.88
First Bond Holdings Limited	Ordinary shares	1	100
First Tower Corporation	Ordinary shares	1 (Note c)	100
Glory Power Worldwide Limited	Ordinary shares	1	100
Grandhill Asia Limited	Ordinary shares	1	100
Grand Peak Investment Limited	Ordinary shares	2	100
Honix Holdings Limited	Ordinary shares	1	100
Huge Returns Limited	Ordinary shares	1	100

Name of associated corporation	Class of shares	Number of shares interested	Approximate percentage of interest in the issued share capital
J & S Company Limited	Ordinary shares	1	100
Lippo Assets (International) Limited	Ordinary shares	1,000,000	100
	Non-voting deferred shares	15,000,000	100
Lippo Capital Limited	Ordinary shares	705,690,000	100
Lippo Energy Company N.V.	Ordinary shares	6,000	100
Lippo Energy Holding Limited	Ordinary shares	1	100
Lippo Finance Limited	Ordinary shares	6,176,470	82.35
Lippo Global Assets Limited	Ordinary shares	1	100
Lippo Holding America Inc.	Ordinary shares	1	100
Lippo Holding Company Limited	Ordinary shares	2,500,000	100
	Non-voting deferred shares	7,500,000	100
Lippo Investments Limited	Ordinary shares	2	100
Lippo Leisure Holdings Limited	Ordinary shares	2	100
Lippo Realty Limited	Ordinary shares	2	100
Multi-World Builders & Development Corporation	Ordinary shares	4,080	51
Nelton Limited	Ordinary shares	10,000	100
Pointbest Limited	Ordinary shares	1	100
SCR Ltd.	Ordinary shares	1	100
Sinotrend Global Holdings Limited	Ordinary shares	1	100
Skyscraper Realty Limited	Ordinary shares	10 (Note d)	100
The HCB General Investment (Singapore) Pte Ltd. ("HCB General")	Ordinary shares	70,000	70
Valencia Development Limited	Ordinary shares	800,000	100
	Non-voting deferred shares	200,000	100
Welux Limited	Ordinary shares	1	100

Note:

- a. The interests included 219,600,000 ordinary shares held by Mideast Pacific Strategic Holdings Limited in which Lippo Cayman controlled a 30 per cent. interest.
- b. The interests were held by HCB General, a 70 per cent. owned subsidiary of Lippo Cayman.
- c. The interest was held by Lippo, a 57.34 per cent. owned subsidiary of Lippo Cayman.
- d. The interests were held through Lippo, a 57.34 per cent. owned subsidiary of Lippo Cayman.

As at the Latest Practicable Date, each of Messrs. James Riady and Stephen Riady, as beneficial owner, through their respective nominees, was interested in 5 ordinary shares of HK\$1.00 each in, representing 25 per cent. of, the issued share capital of Lanius which was the registered shareholder of 10,000,000 ordinary shares of US\$1.00 each in, representing 100 per cent. of, the issued share capital of Lippo Cayman. Lanius was the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and beneficiary. The beneficiaries of the trust also include, inter alia, Messrs. James Riady and Stephen Riady and their minor children. Dr. Mochtar Riady did not have any interests in the share capital of Lanius but the shareholders of Lanius were accustomed to act in accordance with his instructions.

As at the Latest Practicable Date, Mr. John Luen Wai Lee, as beneficial owner, was also interested in 230,000 ordinary shares of HK\$0.10 each in, representing approximately 0.0045 per cent. of, the issued share capital of AcrossAsia Multimedia Limited (now known as AcrossAsia Limited), an associated corporation (within the meaning of Part XV of the SFO) of the Company.

(b) Interests in underlying shares of the Company

Name of Director	Capacity and nature of interest	Number of	Approximate percentage of the issued share capital
		underlying Shares in respect of which options have been granted*	
John Luen Wai Lee	Personal (held as beneficial owner)	9,000,000	0.09

- * The options were granted on 23rd June, 1997 at a consideration of HK\$1.00 per grantee under the Share Option Scheme for Employees adopted by the Company (the "Share Option Scheme"). Such options vested after two months from the date when the options were deemed to be granted and accepted and are exercisable from 23rd August, 1997 to 23rd June, 2007 in accordance with the rules of the Share Option Scheme to subscribe for ordinary Shares at an initial exercise price of HK\$5.30 per share (subject to adjustment). Pursuant to the bonus issue of new shares in the ratio of one for one in October 1997, the rights issue of new shares in July 1999 on the basis of one rights share for every one share held and the rights issue of new shares in November 2000 on the basis of one rights share for every two shares held, the holder of each option is entitled to subscribe for six ordinary Shares at an exercise price of HK\$0.883 per Share (subject to adjustment). None of the options were exercised by the above Director since they were granted.

The above interest in the underlying Shares was held pursuant to unlisted physically settled equity derivatives. As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of cash settled or other equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

All the interests stated above represent long positions. Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Company:

- (1) none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered in the register kept by the Company under Section 352 of the SFO; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; and
- (2) none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Dr. Mochtar Riady is also a director of Lippo Cayman. Mr. Stephen Riady is also a director of Lanius, Lippo Cayman and Lippo. Save as disclosed herein, none of the Directors holds any directorship or employment in a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

So far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group are as follows:

(i) The Company

Name	No. of ordinary Shares	Approximate percentage of the issued share capital
Lippo	6,544,696,389	71.13
Lippo Cayman Limited ("Lippo Cayman")	6,544,696,389	71.13
Lanius Limited ("Lanius")	6,544,696,389	71.13
Madam Lidya Suryawaty	6,544,696,389	71.13

Note (i):

- (a) 6,544,696,389 ordinary Shares were held by Skyscraper Realty Limited directly as beneficial owner which in turn was a wholly-owned subsidiary of First Tower Corporation ("First Tower"). First Tower was a wholly-owned subsidiary of Lippo. Lippo Cayman, and through its wholly-owned subsidiaries, Lippo Capital Limited (which owned approximately 50.47 per cent. interest of the issued share capital of Lippo), J & S Company Limited and Huge Returns Limited, was directly and indirectly interested in approximately 57.34 per cent. of the issued share capital of Lippo.
- (b) Lanius was the registered shareholder of the entire issued share capital of Lippo Cayman and was the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius was accustomed to act. The beneficiaries of the trust included Dr. Mochtar Riady and his family members. Madam Lidya Suryawaty is the spouse of Dr. Mochtar Riady. Dr. Mochtar Riady was not the registered holder of any shares in the issued share capital of Lanius.
- (c) Lippo's interests in the ordinary Shares were recorded as the interests of Lippo Cayman, Lanius and Madam Lidya Suryawaty. The above ordinary Shares related to the same block of shares that Dr. Mochtar Riady, Messrs. James Riady and Stephen Riady were interested, details of which were disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares and underlying shares of the Company and associated corporations".
- (d) All the interests stated above represent long positions.

(ii) Hassell Holdings Limited ("Hassell", in members' voluntary liquidation)

Name	No. of ordinary shares of US\$0.01 each	Percentage
Binsak Holdings Limited ("Binsak")	5,500	55
Hackney Investments Limited	2,500	25
Fullway Properties Limited	1,000	10
Portland Limited	1,000	10

Note (ii): Binsak is a wholly-owned subsidiary of the Company. See also (i) above in respect of the substantial shareholders of the Company.

(iii) Firstrate Development Limited (in members' voluntary liquidation)

Name	No. of ordinary shares of HK\$1.00 each	Percentage
Hassell	40,004,000	40
First Dragon Limited	35,003,500	35
Sinofix Limited ("Sinofix")	15,001,500	15

Note (iii): Hassell was a subsidiary of Binsak which in turn is a wholly-owned subsidiary of the Company and Sinofix is also a wholly-owned subsidiary of the Company. See also (i) above in respect of the substantial shareholders of the Company.

(iv) Tecwell Limited

Name	No. of ordinary shares of US\$1.00 each	Percentage
Reiley Inc. ("Reiley")	70	70
Itochu Corporation	30	30

Note (iv): Reiley is a wholly-owned subsidiary of the Company. See also (i) above in respect of the substantial shareholders of the Company.

(v) Zhuhai Chung Po House Property Development Company Limited

Name	Amount of paid up registered capital	Approximate percentage of development right
Chung Po Investment and Development Company Limited ("CPID")	RMB150,000,000	77.15
廣東省拱北中旅集團有限公司 (Guangdong Gongbei CTS Group Co., Ltd.)	Nil	22.85

Note (v): CPID is a wholly-owned subsidiary of Reiley which in turn is a wholly-owned subsidiary of the Company. See also (i) above in respect of the substantial shareholders of the Company.

(vi) Jeremiah Holdings Limited ("Jeremiah")

Name	No. of ordinary shares of S\$1.00 each	Percentage
Dragon Board Holdings Limited ("Dragon Board")	779,187	60
Mrs. Endang Utari Mokodompit	519,458	40

Note (vi): Dragon Board is a wholly-owned subsidiary of the Company. See also (i) above in respect of the substantial shareholders of the Company.

(vii) Nine Heritage Pte Ltd

Name	No. of ordinary shares of S\$1.00 each	Percentage
Jeremiah	800,000	80
SouthQuay Capital Asia Limited	200,000	20

Note (vii): See also (vi) above in respect of the substantial shareholders of Jeremiah.

(viii) HCL

Name	No. of ordinary shares of HK\$1.00 each	Approximate percentage
HKCL Holdings Limited ("HKCL Holdings")	806,656,440	59.89
The Company	166,584,000	12.37

Note (viii): HKCL Holdings is a wholly-owned subsidiary of the Company. See also (i) above in respect of the substantial shareholders of the Company.

(ix) Four Prosperity Holdings Limited

Name	No. of ordinary shares of US\$1.00 each	Percentage
Tiger Square Ltd. ("Tiger Square")	10,408 "A" shares 10,408 "B" shares	51 51

Note (ix): Tiger Square is a wholly-owned subsidiary of HCL. See also (viii) above in respect of the substantial shareholders of HCL.

(x) Goldfix Pacific Ltd.

Name	No. of ordinary shares of US\$0.01 each	Approximate percentage
Sinopro Limited ("Sinopro")	600,000	80.89

Note (x): Sinopro is a wholly-owned subsidiary of HCL. See also (viii) above in respect of the substantial shareholders of HCL.

(xi) Grandbury Holdings Limited

Name	No. of ordinary shares of US\$1.00 each	Percentage
UPM Ltd. ("UPM")	905	90.5

Note (xi): UPM is a wholly-owned subsidiary of HCL. See also (viii) above in respect of the substantial shareholders of HCL.

(xii) Rossinis Restaurant Pte. Ltd.

Name	No. of ordinary shares of S\$1.00 each	Approximate percentage
Brilliant Leader Limited ("Brilliant Leader")	349,999	87.5
Mr. Lim Siew Fei	50,000	12.5

Note (xii): Brilliant Leader is a wholly-owned subsidiary of HCL. See also (viii) above in respect of the substantial shareholders of HCL.

(xiii) TechnoSolve Limited

Name	No. of ordinary shares of HK\$1.00 each	Approximate percentage
HKCL Investments Limited ("HKCL Investments")	18,053,500	68.65

Note (xiii): HKCL Investments is a wholly-owned subsidiary of HCL. See also (viii) above in respect of the substantial shareholders of HCL.

(xiv) The Macau Chinese Bank Limited

Name	No. of ordinary shares of MOP100 each	Percentage
Winwise Holdings Limited ("Winwise")	1,530,000	85
Mr. Wong Kon Kei	270,000	15

Note (xiv): Winwise is a wholly-owned subsidiary of HCL. See also (viii) above in respect of the substantial shareholders of HCL.

All the interests stated above represent long positions. Save as disclosed herein, as at the Latest Practicable Date, none of the substantial shareholders (as defined under the Listing Rules) or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no person, other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors and their respective associates were considered to have interests in any business which competes or may compete, either directly or indirectly, with the businesses of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

6. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, there were no litigation or claims of material importance pending or threatened against any member of the Group.

7. MISCELLANEOUS

- (a) The Secretary of the Company is Ms. Millie Yuen Fun Luk, a fellow member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.
- (b) The qualified accountant of the Company is Mr. David Tai Chiu Ng, a fellow member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators.

- (c) The registered office of the Company is situated at Room 2301, 23rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.
- (d) The transfer office of the Company is situated at the office of its registrars, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

8. LANGUAGE

In the event of inconsistency, the English text of this circular will prevail over the Chinese text.

Note: Certain English translations of Chinese names or words used in this Appendix are included for information purpose only and should not be relied upon as the official translation of such Chinese names or words.