

Interim Report 2003

For the six months ended 30th June, 2003

The Directors of Liu Chong Hing Investment Limited (the "Company") announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2003. The interim financial report is prepared on a basis consistent with the accounting policies adopted in 2002 annual report except for the accounting policy changes made thereafter in adopting revised Statement of Standard Accounting Practice issued by the Hong Kong Society of Accountants.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2003 (unaudited) HK\$'000	2002 (Unaudited and restated) (note 2) HK\$'000
Turnover	3	125,270	141,896
Direct costs	4	(38,343)	(43,570)
Gross profit		86,927	98,326
Other operating income		1,264	823
Unrealised holding gain on other investments		27,685	12,099
Administrative and other operating expenses		(38,772)	(44,201)
Loss on disposal of investment properties		(61,423)	–
Profit from operations	3 & 5	15,681	67,047
Finance costs		(28,674)	(28,805)
Share of results of associates		76,130	82,266
Profit before taxation		63,137	120,508
Taxation	6	(23,089)	(22,673)
Profit after taxation		40,048	97,835
Minority interests		607	4,416
Profit for the period		40,655	102,251
Dividends	7	22,715	37,894
Basic earnings per share	8	10.7 cents	27.0 cents

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2003 (unaudited)	31 December 2002 (audited and restated) (note 2)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		2,714,353	2,873,849
Property, plant and equipment		30,996	28,871
Properties under development		2,049,000	2,005,758
Investments in associates		2,601,977	2,606,528
Investments in securities		380,130	328,418
Advances to investee companies		512,073	606,605
Loan receivable-due after one year		18,947	20,843
		8,307,476	8,470,872
Current assets			
Inventories		7,276	8,968
Properties held for sale		6,506	6,506
Trade and other receivables	9	161,188	115,307
Investments in securities		2,062	1,746
Bank accounts with Liu Chong Hing Bank Limited and its subsidiaries		28,967	66,150
Other bank balances and cash		482,435	269,362
		688,434	468,039
Current liabilities			
Borrowings – due within one year	10	1,350,000	1,144,617
Trade and other payables	11	259,001	259,998
Provision for taxation		10,763	6,052
		1,619,764	1,410,667
Net current liabilities		(931,330)	(942,628)
Total assets less current liabilities		7,376,146	7,528,244
Non-current liabilities			
Borrowings – due after one year		(1,661,918)	(1,873,415)
Deferred taxation		(17,854)	(14,555)
		(1,679,772)	(1,887,970)
Minority interests		(18,632)	(19,246)
Net assets		5,677,742	5,621,028
Capital and reserves			
Share capital		378,583	378,583
Reserves		5,299,159	5,242,445
Shareholders' funds		5,677,742	5,621,028

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2003

	Share capital	Capital reserve	General reserve	Inner reserve	Investment property revaluation reserve	Other property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange reserve	Dividend reserve	Acc- umulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 2002												
- as originally stated	378,943	430,600	704,047	79,448	596,433	2,030,612	11,550	2,592	(8,219)	37,894	1,826,807	6,090,707
- prior period adjustments (note 2)	-	-	-	-	-	(51,411)	-	-	-	-	2,573	(48,838)
- as restated	378,943	430,600	704,047	79,448	596,433	1,979,201	11,550	2,592	(8,219)	37,894	1,829,380	6,041,869
Share of surplus on revaluation of investments of associates	-	-	-	-	-	-	2,537	-	-	-	-	2,537
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	-	422	-	-	422
Share of exchange translation differences of associates	-	-	-	-	-	-	-	-	83	-	-	83
Net gains and losses not recognised in the income statement	-	-	-	-	-	-	2,537	-	505	-	-	3,042
Release of revaluation surplus to the income statement	-	-	-	-	(323,506)	-	-	-	-	-	-	(323,506)
Profit for the period	-	-	-	-	-	-	-	-	-	-	102,251	102,251
Dividend declared	-	-	-	-	-	-	-	-	-	37,894	(37,894)	-
Dividend paid	-	-	-	-	-	-	-	-	-	(37,894)	-	(37,894)
At 30th June 2002	378,943	430,600	704,047	79,448	272,927	1,979,201	14,087	2,592	(7,714)	37,894	1,893,737	5,785,762
Share of deficit on revaluation of investments of associates	-	-	-	-	-	-	(9,910)	-	-	-	-	(9,910)
Share of deficit on revaluation of properties of associates	-	-	-	-	-	(5,829)	-	-	-	-	-	(5,829)
Net (deficit) surplus on revaluation	-	-	-	-	(84,575)	7	-	-	-	-	-	(84,568)
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	-	(521)	-	-	(521)
Share of exchange translation differences of associates	-	-	-	-	-	-	-	-	(73)	-	-	(73)
Net gains and losses not recognised in the income statement	-	-	-	-	(84,575)	(5,822)	(9,910)	-	(594)	-	-	(100,901)

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	Share capital	Capital reserve	General reserve	Inner reserve	Investment property revaluation reserve	Other property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange reserve	Dividend reserve	Acc- umulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss for the period	-	-	-	-	-	-	-	-	-	-	(24,638)	(24,638)
Dividend declared	-	-	-	-	-	-	-	-	-	22,715	(22,715)	-
Dividend paid	-	-	-	-	-	-	-	-	-	(37,894)	-	(37,894)
Cancellation on repurchase of own shares	(360)	-	-	-	-	-	-	360	-	-	(1,301)	(1,301)
At 31st December 2002	378,583	430,600	704,047	79,448	188,352	1,973,379	4,177	2,952	(8,308)	22,715	1,845,083	5,621,028
Share of effect of change in tax rate on deferred tax of associates	-	-	-	-	-	(4,715)	-	-	-	-	-	(4,715)
Share of surplus on revaluation of investments of associate	-	-	-	-	-	-	2,238	-	-	-	-	2,238
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	-	(9)	-	-	(9)
Share of exchange translation differences of associates	-	-	-	-	-	-	-	-	(33)	-	-	(33)
Net gains and losses not recognised in the income statement	-	-	-	-	-	(4,715)	2,238	-	(42)	-	-	(2,519)
Revaluation reserve released on disposal	-	-	-	-	41,293	-	-	-	-	-	-	41,293
Profit for the period	-	-	-	-	-	-	-	-	-	-	40,655	40,655
Dividend declared	-	-	-	-	-	-	-	-	-	22,715	(22,715)	-
Dividend paid	-	-	-	-	-	-	-	-	-	(22,715)	-	(22,715)
At 30th June 2003	378,583	430,600	704,047	79,448	229,645	1,968,664	6,415	2,952	(8,350)	22,715	1,863,023	5,677,742

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2003

	Six months ended 30 June	
	2003	2002
	(unaudited) HK\$'000	(unaudited) HK\$'000
NET CASH FROM (USED IN) OPERATING ACTIVITIES	2,563	(153,170)
NET CASH FROM INVESTING ACTIVITIES	240,534	128,057
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(66,324)	133,567
NET INCREASE IN CASH AND CASH EQUIVALENTS	176,773	108,454
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	334,645	281,853
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(16)	701
CASH AND CASH EQUIVALENTS AT END OF PERIOD	511,402	391,008
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	511,402	392,628
Bank overdrafts	–	(1,620)
	511,402	391,008

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities. The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2002, except for the effect of the adoption of SSAP 12 (Revised) “Income Taxes” (“SSAP 12 (Revised)”) as described in the following paragraph.

Income Taxes

In the current period, the Group has adopted SSAP 12 (Revised). The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. Opening accumulated profits at 1 January 2002 have been increased by HK\$2.6 million, which is the cumulative effect of the change in policy on results for periods prior to 2002. The balance on the Group’s other property revaluation reserve at 1 January 2002 has been reduced by HK\$51.4 million, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group’s properties at that date. The effect of the changes in accounting policy on the results for the current and prior period and for the year ended 31 December 2002 is not significant.

3. TURNOVER AND SEGMENT INFORMATION

Business Segments

The Group is currently engaged in six business activities – property investment, property development, property management, treasury investment and banking, insurance business and trading and manufacturing. These activities are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

	Six months ended 30 June 2003						
	Property investment	Property management	Treasury investment and banking	Insurance business	Trading and manufacturing	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK'000	HK\$'000	HK\$'000
REVENUE							
External sales	56,345	7,318	33,493	14,536	13,578	-	125,270
Inter-segment sales	432	2,317	72,682	572	-	(76,003)	-
Total revenue	56,777	9,635	106,175	15,108	13,578	(76,003)	125,270
Inter-segment sales are charged at prevailing market rates							
RESULT							
Segment results	(13,335)	2,583	25,344	2,322	(1,233)	-	15,681
Finance costs							(28,674)
Share of results of associates	-	-	76,130	-	-	-	76,130
Profit before taxation							63,137
Taxation							(23,089)
Profit after taxation							40,048

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Six months ended 30 June 2002

	Property investment	Property management	Treasury investment and banking	Insurance business	Trading and manufacturing	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	63,336	7,929	43,914	12,855	13,862	-	141,896
Inter-segment sales	521	2,244	48,547	658	-	(51,970)	-
Total revenue	63,857	10,173	92,461	13,513	13,862	(51,970)	141,896
Inter-segment sales are charged at prevailing market rates							
RESULT							
Segment results	51,348	2,910	10,878	2,462	(551)	-	67,047
Finance costs							(28,805)
Share of results of associates	-	-	82,266	-	-	-	82,266
Profit before taxation							120,508
Taxation							(22,673)
Profit after taxation							97,835

Note: The revenue and result attributable to the property development activities were not significant for the current or prior period.

4. DIRECT COSTS

	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Included in direct costs are the following (charge) credit:		
Impairment loss recognised in respect of properties under development	-	(323,506)
Release of revaluation surplus attributable to the above properties	-	323,506

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5. PROFIT FROM OPERATIONS

	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Depreciation and amortisation	2,574	1,998
Investment income	(19,430)	(21,773)
Realised gain on disposal of investments	(4,316)	(4,762)

6. TAXATION

	Six months ended 30 June	
	2003	2002
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current period	9,891	7,845
Deferred Taxation:		
Current period	1,934	1,719
Attributable to increase in tax rate	1,365	–
	3,299	1,719
Taxation attributable to the Company and its subsidiaries	13,190	9,564
Share of taxation attributable to associates	9,899	13,109
	23,089	22,673

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the period. The Profits Tax rate has been increased with effect from the 2003/04 year of assessment.

7. DIVIDENDS

On 24 April 2003, a cash dividend of HK\$0.06 per share (2002: HK\$0.10 per share) was paid to shareholders as the final dividend for 2002.

The directors have determined that an interim cash dividend of HK\$0.06 per share (2002: HK\$0.10 per share) should be paid to the shareholders of the Company whose names appear in the Register of Members on 11 September 2003.

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8. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period of HK\$40,655,000 (2002: HK\$102,251,000) and on the 378,583,440 (2002: weighted average number of 378,943,440) ordinary shares in issue during the period.

9. TRADE AND OTHER RECEIVABLES

The Group operates a controlled credit policy and allows an average credit period of 30-90 days to its trade customers who satisfy the credit evaluation. The aged analysis of trade receivables of HK\$41,745,000 (31 December 2002: HK\$55,206,000) which are included in trade and other receivables is as follows:

	30 June 2003 <i>HK\$'000</i>	31 December 2002 <i>HK\$'000</i>
Current	26,002	42,255
Over 30 days	5,015	6,101
Over 60 days	10,728	6,850
	41,745	55,206

10. BORROWINGS

During the period, the Group obtained and renewed bank loans in the amount of HK\$528,000,000. The loans bear interest at market rates and are repayable in instalments over a period of 1 to 3 years. The proceeds were used for general working capital purposes.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$28,710,000 (31 December 2002: HK\$44,139,000) and the aged analysis is as follows:

	30 June 2003 <i>HK\$'000</i>	31 December 2002 <i>HK\$'000</i>
Current	21,335	33,460
Over 30 days	1,117	8,367
Over 60 days	6,258	2,312
	28,710	44,139

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12. CAPITAL COMMITMENTS

	30 June 2003 HK\$'000	31 December 2002 HK\$'000
Capital expenditure in respect of property development expenditure contracted for but not provided in the condensed financial statements	26,700	54,900
Capital expenditure in respect of the contributions to the capital of an investee company contracted for but not provided in the condensed financial statements	75,500	77,000
	102,200	131,900

INTERIM DIVIDEND

The Directors have resolved to declare an interim cash dividend for 2003 of HK\$0.06 per share (2002: HK\$0.10), payable on 18 September 2003 to the shareholders registered on 11 September 2003.

The Register of Members will be closed from 8 September 2003 to 11 September 2003, both dates inclusive. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 5 September 2003.

MANAGEMENT DISCUSSION AND ANALYSIS

Continuing from the previous year, 2003 is so far yet another difficult year for Hong Kong. Record unemployment, poor consumer sentiment, and SARS are only some of the major negative factors that plagued Hong Kong for the first half of the year. While we can only hope things will gradually improve over the remainder of the year, we cannot but bear in mind the structural challenges still facing Hong Kong. As a product of rampant inflation of prices and wages in the 1990's, Hong Kong remains one of the most expensive cities in the world today, despite 5 years of deflation. World class cities are deservedly expensive for all that they have to offer. Although Hong Kong likes to see itself as a world class city, the truth is that it is not but only aspires to become one. Unless other truly world class cities such as London and New York suddenly experiences huge rises in their standard of living and doing business, thus making Hong Kong seem cheap in comparison, Hong Kong's fixed exchange rate regime will mean the painful process of deflation will likely continue until Hong Kong becomes truly competitive again. Hong Kong undoubtedly is an economic miracle over the course of the last century. And the challenge ahead is to preserve this miracle.

Banking Operation

For the first half of the year 2003, the Bank's unaudited net profit is HK\$147.62 million, a decrease of HK\$15.77 million representing a 9% decline over the previous year.

Investment Properties

The Group's investment properties continue to maintain a high occupancy rate of 84.7% over the course of the first half of 2003. However, the poor economic situation coupled with the impact of SARS makes rental reductions inevitable. Total rental income has fallen by 11%.

Chong Hing Square, located in the heart of Mongkok, Kowloon, provides 184,000 sq.ft. of retail and recreational spaces. It is the district's landmark of food and entertainment. This building is currently 78% let.

The 41,000 sq.ft. Chong Yip Shopping Centre, situated in the heart of the Western District, Hong Kong, is a key shopping center of the area. This property is currently 85% let.

Western Harbour Centre, a 28-storey grade-A office tower conveniently situated near the entrance of the Western Harbour Tunnel, provides unobstructed sea views and 140,000 sq.ft. of office space. The property is currently 92% let.

Fairview Court, a 6 unit luxury low rise apartment complex in prestigious Repulse Bay is fully let.

The re-development of Liu Chong Hing Bank Building has commenced and the process is expected to take up to several years.

Development Properties

Le Palais, the Group's luxury residential development on Donghu Road, Dongshan District, Guangzhou, offers 844 luxury apartments and 300 car parks with a total gross floor area of 1,500,000 sq.ft. So far over 250 units have been sold up to the end of the first half of 2003.

The Belcher's, the Group's joint venture with Shun Tak Holdings Limited, Sun Hung Kai Properties Limited, and New World Development Company Limited continues to be sold. Up to 31st July 2003, a total of 644 units of Phase I (out of 685 units) and 869 units of Phase II (out of 1,120 units) have been sold. The Group owns 10% of this development.

Double Haven, the Group's luxury residential re-development in prestigious Kau To Shan, Shatin, continues to sell well despite the downturn in residential sales market. During the period under review, 9 more houses have been sold.

The Group's development of a grade-A commercial office building in Nanjing Xilu, Shanghai has completed foundation work. Located in the golden-mile of Shanghai's prime commercial district, this development will eventually provide around 600,000 sq.ft. of prime commercial and office space.

During the period under review, the Group also disposed of an investment property at Kwong Wah Street, Kowloon.

Property Management

Besides managing its own properties, the Group also actively engages in the management of other properties. The Group is presently involved in over a dozen buildings located all over Hong Kong, Kowloon and New Territories.

Insurance Business

Due to poor economic conditions, profit from the Group's insurance business dropped by 5.7% compared to the same period last year. Turnover, however, has increased by 13%.

Capital Structure

The Group's shareholders' funds as at 30 June 2003 amounted to HK\$5.68 billion, representing an increase of HK\$56.70 million compared with that of 31 December 2002.

Finance and Treasure Operations

As at 30 June 2003, the Group's consolidated net debts being bank borrowings less cash and bank deposits, amounted to HK\$2,049.40 million. The reduction of bank borrowings was due to the cash receipts from various development projects. The Group has continued to maintain a low debt-to-equity ratio as of the balance sheet date.

In light of the current gloomy market condition with vague investment climate, the Group shall not make any new investment projects within the near future until completion of most projects in hand. We expect that the total bank loans will be reduced significantly upon completion and sale of The Belcher's and Le Palais, Guangzhou.

During the period under review, the management continued in restructuring existing bank borrowings and achieved certain savings in interest expenses.

LOOKING AHEAD

Right now, a sustained recovery of the U.S. economy is still uncertain. In absence of any constructive news, turnaround in economy in Hong Kong is unlikely to happen at least in the short term. Whilst China is still in a period of high economic growth, ample peripheral business opportunities shall arise from time to time. If we can make good use of these opportunities, prosperity should be not far away. The Group shall adopt a prudent yet enterprising management approach and continue to seize the best benefit for our shareholders.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2003, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

DIRECTORS' INTERESTS

As at 30 June 2003, the register maintained under Section 352 of the Securities and Futures Ordinance ("SFO") showed that Directors held the following interests in the shares of the Company and its associated corporations (within the meaning of Part XV of the SFO).

(a) The Company – Liu Chong Hing Investment Limited

Name of Directors	Number of ordinary shares held				Total Interests as approximate % of the relevant issued share capital
	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)	Total Interests	
Mr. Liu Lit Man <i>Chairman</i>	4,991,200	–	171,600,000 <i>(Note 1)</i>	176,591,200	46.64%
Mr. Liu Lit Mo <i>Managing Director</i>	7,580,000	–	174,600,000 <i>(Notes 1 & 2)</i>	182,180,000	48.12%
Mr. Liu Lit Chi	141,668	–	216,864,222 <i>(Notes 1 & 3)</i>	217,005,890	57.32%
Mr. Peter Alan Lee Vine	24,000	–	–	24,000	0.01%
Mr. Peter Ng Ping Kin	36,000	–	–	36,000	0.01%
Mr. Liu Lit Chung	–	–	171,600,000 <i>(Note 1)</i>	171,600,000	45.33%
Mr. Andrew Liu	600,000	–	–	600,000	0.16%
Mr. Winston Liu Kam Fai	2,299,460	–	–	2,299,460	0.61%

Note 1: 171,600,000 shares in the Company are beneficially held by Liu's Holdings Limited, of which Messrs. Liu Lit Man, Liu Lit Mo, Liu Lit Chi and Liu Lit Chung are amongst its shareholders. The above numbers of shares are duplicated for each of these directors.

Note 2: Eternal Wealth Limited, of which Mr. Liu Lit Mo and his associates are shareholders, beneficially holds 3,000,000 shares in the Company, and thus is included in the corporate interests of Mr. Liu Lit Mo.

Note 3: Alba Holdings Limited, of which Mr. Liu Lit Chi and his associates are shareholders, beneficially holds 45,264,222 shares in the Company, and thus is included in the corporate interests of Mr. Liu Lit Chi.

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(b) Associate –
Liu Chong Hing Bank Limited

Name of Directors	Number of ordinary shares held				Total Interests as approximate % of the relevant issued share capital
	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)	Total Interests	
Mr. Liu Lit Man <i>Executive Chairman</i>	3,447,928	–	236,233,628 <i>(Note 1)</i>	239,681,556	55.10%
Mr. Liu Lit Mo <i>Vice Chairman</i>	1,009,650	–	236,233,628 <i>(Notes 1)</i>	237,243,278	54.54%
Mr. Liu Lit Chi <i>Managing Director & Chief Executive Officer</i>	313,248	–	238,496,839 <i>(Notes 1 & 2)</i>	238,810,087	54.90%
Mr. Peter Alan Lee Vine	1,200	–	–	1,200	n/a
Mr. Liu Lit Chung	103,000	–	236,233,628 <i>(Note 1)</i>	236,336,628	54.33%
Mr. Andrew Liu	60,000	–	–	60,000	0.01%

Note 1: The corporate interests in 236,233,628 shares attributed as follows:

- (i) 196,233,628 shares held by the Company's wholly-owned subsidiary, Liu Chong Hing Estate Company, Limited ("Liu Chong Hing Estate"), in which each of Messrs. Liu Lit Man, Liu Lit Mo, Liu Lit Chi and Liu Lit Chung is deemed under the SFO to be interested through Liu's Holdings Limited, a private company holding approximately 45% of the Company's issued and fully-paid share capital; and
- (ii) 40,000,000 shares held by The Bank of Tokyo-Mitsubishi, Limited ("Bank of Tokyo-Mitsubishi"). Pursuant to an agreement in 1994, Bank of Tokyo-Mitsubishi has granted an option to Liu Chong Hing Estate exercisable at any time during the term of that agreement to purchase all such shares and Bank of Tokyo-Mitsubishi is required to offer to sell all such shares to Liu Chong Hing Estate in certain circumstances. By virtue of the interests of Messrs. Liu Lit Man, Liu Lit Mo, Liu Lit Chi and Liu Lit Chung in Liu Chong Hing Estate through Liu's Holdings Limited, each of them is deemed under the SFO to be interested in such shares.

Note 2: 2,263,211 shares are held by Alba Holdings Limited, shareholders of which include Mr. Liu Lit Chi and his associates. Accordingly, Mr. Liu Lit Chi is deemed under the SFO to be interested in such shares.

Other than as stated above, as at 30 June 2003 no Director or chief executive of the Company had any interest or short position whether beneficial or non-beneficial, in the shares or the underlying shares of equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2003, the Directors were not aware of any person (other than Directors or Chief Executive of the Company who had an interest or short position in the shares or underlying shares of equity derivatives of the Company as recorded in the registers required to be kept under Section 336 of the SFO.

CODE OF BEST PRACTICE

The Company has complied throughout the six months ended 30 June 2003 with those paragraphs of the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with which it is required to report compliance.

By Order of the Board

Liu Lit Mo

Managing Director

Hong Kong, 14 August 2003