

Interim Report 2004

For the six months ended 30 June 2004

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 2004. The interim financial report is prepared on a basis consistent with the accounting policies adopted in 2003 annual report.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2004 (unaudited) HK\$'000	2003 (unaudited) HK\$'000
Turnover		167,489	125,270
Direct costs		(113,867)	(38,343)
Gross profit		53,622	86,927
Other operating income		1,976	1,264
Unrealised holding gain on other investments		16,096	27,685
Administrative and other operating expenses	4	(71,391)	(38,772)
Loss on disposal of investment properties		–	(61,423)
Profit from operations	3 & 5	303	15,681
Finance costs		(6,471)	(28,674)
Share of results of associates		93,346	76,130
Profit before taxation		87,178	63,137
Taxation	6	(36,593)	(23,089)
Profit after taxation		50,585	40,048
Minority interests		(127)	607
Profit for the period		50,458	40,655
Dividends	7	26,501	22,715
Basic earnings per share	8	13.3 cents	10.7 cents

Interim Report 2004

For the six months ended 30 June 2004

CONDENSED CONSOLIDATED BALANCE SHEET

<i>Notes</i>	30 June 2004 (unaudited) HK\$'000	31 December 2003 (audited) HK\$'000
Non-current assets		
Investment properties	3,198,150	3,258,150
Property, plant and equipment	82,535	110,641
Properties under development	789,662	757,075
Investments in associates	2,696,496	2,672,556
Investments in securities	448,574	430,692
Advances to investee companies	308,737	454,558
Loan receivable-due after one year	43,970	26,208
	7,568,124	7,709,880
Current assets		
Inventories	7,089	5,668
Properties held for sale	380,416	454,404
Trade and other receivables	134,437	127,747
Investments in securities	3,810	3,438
Bank accounts with Liu Chong Hing Bank Limited and its subsidiaries	24,576	35,266
Other bank balances and cash	276,390	369,889
	826,718	996,412
Current liabilities		
Borrowings – due within one year	947,000	772,500
Trade and other payables	95,631	109,680
Provision for taxation	10,836	3,853
	1,053,467	886,033
Net current (liabilities) assets	(226,749)	110,379
Total assets less current liabilities	7,341,375	7,820,259
Non-current liabilities		
Borrowings – due after one year	(1,426,138)	(1,951,561)
Deferred taxation	(30,248)	(33,874)
	(1,456,386)	(1,985,435)
Minority interests	(25,756)	(25,606)
Net assets	5,859,233	5,809,218
Capital and reserves		
Share capital	378,583	378,583
Reserves	5,480,650	5,430,635
Shareholders' funds	5,859,233	5,809,218

Interim Report 2004

For the six months ended 30 June 2004

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

	Share capital HK\$'000	Capital reserve HK\$'000	General reserve HK\$'000	Special reserve HK\$'000	Inner reserve HK\$'000	Investment property revaluation reserve HK\$'000	Other property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital revaluation reserve HK\$'000	Exchange reserve HK\$'000	Dividend reserve HK\$'000	Acc- umulated profits HK\$'000	Total HK\$'000
	(Note)												
At 1 January 2003	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
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	-	-	(9)	-	-	(9)
Share of deferred taxation of associates arising from the change in tax rate	-	-	-	-	-	-	(4,715)	-	-	-	-	-	(4,715)
Share of surplus on revaluation of investments of associates	-	-	-	-	-	-	-	2,238	-	-	-	-	2,238
Share of exchange differences of associates	-	-	-	-	-	-	-	-	-	(33)	-	-	(33)
Net (losses) gains not recognised in the income statement	-	-	-	-	-	-	(4,715)	2,238	-	(42)	-	-	(2,519)
Release of revaluation deficit to the income statement	-	-	-	-	-	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 30 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
Reclassification	-	-	79,448	-	(79,448)	-	-	-	-	-	-	-	-
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	-	-	(283)	-	-	(283)
Surplus on revaluation	-	-	-	-	-	39,017	5,666	-	-	-	-	-	44,683
Deferred tax liabilities arising on revaluation of properties	-	-	-	-	-	(12,876)	(1,867)	-	-	-	-	-	(14,743)
Share of deferred taxation of associates arising from the change in tax rate	-	-	-	-	-	-	(1)	-	-	-	-	-	(1)
Share of surplus on revaluation of investments of associates	-	-	-	-	-	-	-	27,181	-	-	-	-	27,181
Share of exchange differences of associates	-	-	-	-	-	-	-	-	-	(1,124)	-	-	(1,124)
Net gains (losses) not recognised in the income statement	-	-	79,448	-	(79,448)	26,141	3,798	27,181	-	(1,407)	-	-	55,713

Interim Report 2004

For the six months ended 30 June 2004

	Share capital	Capital reserve	General reserve	Special reserve	Investment property Inner 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	
	(Note)												
Release of revaluation deficit to income statement	-	-	-	-	-	35,353	-	-	-	-	-	35,353	
Profit for the period	-	-	-	-	-	-	-	-	-	-	63,125	63,125	
Dividend declared	-	-	-	-	-	-	-	-	-	37,858	(37,858)	-	
Dividend paid	-	-	-	-	-	-	-	-	-	(22,715)	-	(22,715)	
At 31 December 2003	378,583	430,600	783,495	-	-	291,139	1,972,462	33,596	2,952	(9,757)	37,858	1,888,290	5,809,218
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	-	(663)	-	-	(663)	
Deficit on revaluation	-	-	-	-	-	(60,000)	(5,666)	-	-	-	-	(65,666)	
Reversal of deferred tax liabilities arising on revaluation of properties	-	-	-	-	-	12,876	1,867	-	-	-	-	14,743	
Share of capital reserve of associates	-	288	-	-	-	-	-	-	-	-	-	288	
Release of revaluation surplus of associates upon disposal of properties	-	-	-	-	-	-	(2,592)	-	-	-	2,592	-	
Release of deferred tax liabilities upon disposal of properties of associates	-	-	-	-	-	-	454	-	-	-	(454)	-	
Share of surplus on revaluation of investments of associates	-	-	-	-	-	-	-	13,407	-	-	-	13,407	
Special reserve arising on acquisition of additional interest in a subsidiary	-	-	-	75,747	-	-	-	-	-	-	-	75,747	
Share of exchange differences of associates	-	-	-	-	-	-	-	-	(441)	-	-	(441)	
Net gains (losses) not recognised in the income statement	-	288	-	75,747	-	(47,124)	(5,937)	13,407	-	(1,104)	-	2,138	37,415
Profit for the period	-	-	-	-	-	-	-	-	-	-	50,458	50,458	
Dividend declared	-	-	-	-	-	-	-	-	-	26,501	(26,501)	-	
Dividend paid	-	-	-	-	-	-	-	-	-	(37,858)	-	(37,858)	
At 30 June 2004	378,583	430,888	783,495	75,747	-	244,015	1,966,525	47,003	2,952	(10,861)	26,501	1,914,385	5,859,233

Note: The special reserve represents the difference between the consideration paid and the carrying values of the underlying assets and liabilities attributable to the additional interest in a subsidiary acquired during the current period.

Interim Report 2004

For the six months ended 30 June 2004

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2004

	Six months ended 30 June	
	2004 (unaudited) HK\$'000	2003 (unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES	53,308	2,563
NET CASH FROM INVESTING ACTIVITIES	139,915	240,534
NET CASH USED IN FINANCING ACTIVITIES	(298,734)	(66,324)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(105,511)	176,773
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	405,155	334,645
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,322	(16)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, representing bank balances and cash	300,966	511,402

For the six months ended 30 June 2004

1. BASIS OF PREPARATION

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

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 2003.

3. 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.

Interim Report 2004

For the six months ended 30 June 2004

Segment information about these businesses is presented below:

	Six months ended 30 June 2004							Consolidated HK\$'000
	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment and banking HK\$'000	Insurance business HK\$'000	Trading and manufacturing HK'000	Eliminations HK\$'000	
REVENUE								
External sales	52,137	62,855	6,663	16,955	14,801	14,078	-	167,489
Inter-segment sales	432	-	2,318	72,682	587	-	(76,019)	-
Total revenue	52,569	62,855	8,981	89,637	15,388	14,078	(76,019)	167,489
Inter-segment sales are charged at prevailing market rates								
RESULT								
Segment result	21,401	(26,705)	1,119	1,147	3,017	324	-	303
Finance costs								(6,471)
Share of results of associates	-	-	-	93,346	-	-	-	93,346
Profit before taxation								87,178
Taxation								(36,593)
Profit after taxation								50,585

Interim Report 2004

For the six months ended 30 June 2004

	Six months ended 30 June 2003						Consolidated HK\$'000
	Property investment HK\$'000	Property management HK\$'000	Treasury investment and banking HK\$'000	Insurance business HK\$'000	Trading and manufacturing HK'000	Eliminations 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 result	(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

Note: The revenue and result attributable to the property development activities were not significant for the six months ended 30 June 2003.

4. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

During the period under review, the directors had revalued the Group's leasehold land and buildings included in the property, plant and equipment based on their existing uses to their open market values of approximately HK\$56,995,000. The resulting revaluation deficit amounting to approximately HK\$5,666,000 has been charged to the other property revaluation reserve and approximately HK\$20,000,000 has been charged to the income statement.

5. PROFIT FROM OPERATIONS

	Six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Depreciation and amortisation	3,836	2,574
Investment income	(22,424)	(47,116)
Realised loss (gain) on disposal of investments	2,348	(4,316)

Interim Report 2004

For the six months ended 30 June 2004

6. TAXATION

	Six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current period	11,393	9,891
Deferred Taxation:		
Current period	11,117	1,934
Attributable to increase in tax rate	–	1,365
	11,117	3,299
Taxation attributable to the Company and its subsidiaries	22,510	13,190
Share of taxation attributable to associates	14,083	9,899
	36,593	23,089

Hong Kong Profits Tax is calculated at 17.5% (2003: 17.5%) of the estimated assessable profit for the period.

7. DIVIDENDS

On 29 April 2004, a cash dividend of HK\$0.1 per share (2003: HK\$0.06 per share) was paid to shareholders as the final dividend for 2003.

The Board of Directors has resolved that an interim cash dividend of HK\$0.07 per share (2003: HK\$0.06 per share) will be paid to the shareholders of the Company whose names appear in the Register of Members on 17 September 2004.

Interim Report 2004

For the six months ended 30 June 2004

8. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period of HK\$50,458,000 (2003: HK\$40,655,000) and on the 378,583,440 (2003: 378,583,440) 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\$63,784,000 (31 December 2003: HK\$56,962,000) which are included in trade and other receivables is as follows:

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Current	54,782	44,139
Over 30 days	2,019	4,460
Over 90 days	6,983	8,363
	63,784	56,962

10. BORROWINGS

During the period, the Group obtained and renewed bank loans in the amount of HK\$886,500,000. 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\$32,155,000 (31 December 2003: HK\$49,167,000) and the aged analysis is as follows:

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Current	29,246	34,755
Over 30 days	1,346	2,741
Over 90 days	1,563	11,671
	32,155	49,167

Interim Report 2004

For the six months ended 30 June 2004

12. CAPITAL COMMITMENTS

	30 June 2004 HK\$'000	31 December 2003 HK\$'000
Capital expenditure in respect of property development project contracted for but not provided in the condensed financial statements	584,227	592,605
Capital expenditure in respect of the contributions to the capital of an investee company contracted for but not provided in the condensed financial statements	47,856	47,982
	632,083	640,587

13. RELATED PARTY TRANSACTIONS

Pursuant to a sale and purchase agreement entered into between the Company and Liu Chong Hing Bank Limited ("LCH Bank") on 16 March 2004, the Company acquired from LCH Bank approximately 47.37% of the issued share capital of Alain Limited ("Alain"), which was held as to approximately 52.63% by the Company and 47.37% by LCH Bank and a shareholder's loan of approximately HK\$130 million advanced by LCH Bank to Alain together with interest accrued thereon, at a consideration of HK\$132 million. Details of this acquisition are set out in the Company's announcement dated 16 March 2004.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2004 of HK\$0.07 per share (2003: HK\$0.06), payable on 21 September 2004 to the shareholders registered on 17 September 2004.

The Register of Members will be closed from 13 September 2004 to 17 September 2004, 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 10 September 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

As the global economy continues to improve, Hong Kong should also follow to revive over the course of this year. Higher consumption and better performance in the property sector all contribute to a better economic picture. While higher interest rates are an eventuality, we do not foresee any major impact on the local economy. Coupled with China's stable growth, we believe the prospects ahead are good for everyone.

Interim Report 2004

For the six months ended 30 June 2004

BANKING OPERATION

For the first half of the year 2004, the Bank's unaudited net profit is HK\$175.86 million, an increase of HK\$28.24 million representing 19% increment over the previous year.

INVESTMENT PROPERTIES

The Group's investment properties continue to maintain a high occupancy rate of about 90% for the first half of 2004. However, total rental income has fallen by 7.5% due to rental reductions during the period.

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 81% 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 81% 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 96% let.

Fairview Court, 4 out of 5 units of our luxury low rise apartment complex in prestigious Repulse Bay are let.

The re-development of Liu Chong Hing Bank Building is in progress and the building is expected to complete in 2006.

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. Up to the first half of 2004, 389 flat units were sold and 112 units were let as serviced apartments.

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 30 June 2004, a total of 676 units of Phase I (out of 685 units) and 1,062 units of Phase II (out of 1,120 units) have been sold. The Group owns 10% of this development.

The foundation work of the Group's development of a grade-A commercial office building in Nanjing Xilu, Shanghai has been carried out. This property is located in the golden-mile of Shanghai's prime commercial district and the development is scheduled to complete in 2006.

Interim Report 2004

For the six months ended 30 June 2004

INSURANCE BUSINESS

For the period under review, profit from the Group's insurance business increased by 30% compared to the same period last year. Turnover, however, has increased by 2%.

CAPITAL STRUCTURE

The Group's shareholders' funds as at 30 June 2004 amounted to HK\$5.86 billion, representing an increase of HK\$50 million compared with that of 31 December 2003.

FINANCE AND TREASURE OPERATIONS

As at 30 June 2004, the Group's consolidated net debts being bank borrowings less cash and bank deposits, amounted to HK\$2,061 million. The increase in bank borrowings was due to funds incurred for acquiring additional share interests in Alain Limited, which holds 95% of the Shanghai office building project. The Group has continued to maintain a low debt-to-equity ratio as of the balance sheet date.

During the period under review, the management continued in restructuring existing bank borrowings and achieved certain savings in interest expenses. The finance costs reduced by over 77% due to the low prevailing interest rate and the funding costs restructuring.

LOOKING AHEAD

The Group will continue to look for good investment opportunities in the year ahead, acting with prudence and diversity.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2004, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

Interim Report 2004

For the six months ended 30 June 2004

DIRECTORS' INTERESTS

As at 30 June 2004, 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 Director	Number of ordinary shares held				Total Interests as approximate % of the Total 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	46.65%
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	1,000,000	–	–	1,000,000	0.26%

Note 1: 171,600,000 shares in the Company are beneficially held by Liu's Holdings Limited, of which Mr. 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.

Interim Report 2004

For the six months ended 30 June 2004

(b) Associate –
Liu Chong Hing Bank Limited

Name of Director	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 (Note 1)	239,681,556	55.10%
Mr. Liu Lit Mo <i>Vice Chairman</i>	1,009,650	–	236,233,628 (Notes 1)	237,243,278	54.54%
Mr. Liu Lit Chi <i>Managing Director & Chief Executive Officer</i>	313,248	–	238,496,839 (Notes 1 & 2)	238,810,087	54.90%
Mr. Peter Alan Lee Vine	1,200	–	–	1,200	n/a
Mr. Liu Lit Chung	–	–	236,233,628 (Note 1)	236,233,628	54.31%
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 Mr. 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 Mr. 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.

Save as disclosed above, as at 30 June 2004, no Director or chief executive of the Company had any other interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Interim Report 2004

For the six months ended 30 June 2004

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2004, the following person (other than the directors or the chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company was as follows:

Name	No. of ordinary shares held	% of the issued share capital
Liu's Holdings Limited (Note)	171,600,000	45.33%

All interests disclosed above represent long positions in the shares of the Company.

Note Liu's Holdings Limited, a private company incorporated in Hong Kong, is wholly owned by Mr. Liu Lit Man, Liu Lit Mo, Liu Lit Chi and Liu Lit Chung. Such corporate interests are also disclosed in the sub-section under "Directors' interests".

Save as disclosed above, the Company had not been notified by any person (other than the directors of chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at 30 June 2004 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

CODE OF BEST PRACTICE

The Company has complied throughout the six months ended 30 June 2004 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.

REVIEW OF UNAUDITED INTERIM ACCOUNTS

The unaudited interim accounts for the six months ended 30 June 2004 have been reviewed by our auditors and audit committee of the Company.

By Order of the Board
Liu Lit Mo
Managing Director

Hong Kong, 17 August 2004