

Corporate Information

Board of Directors

Executive Directors

Mr. Liu Lit Man, GBS, J.P., F.I.B.A. (*Chairman*)
 Mr. Liu Lit Mo, M.B.E., J.P. (*Managing Director*)
 Mr. Liu Lit Chi
 Mr. Liu Kam Fai, Winston
 Mr. Lee Wai Hung

Non-Executive Directors

Dr. Liu Lit Chung, MBBS (Lon), MRCP(UK), F.R.C.P. (Lon)
 Mr. Andrew Liu
 Mr. Liu Chun Ning, Wilfred
 Mr. Liu Kwun Shing, Christopher
 (*alternate director to Dr. Liu Lit Chung*)

Independent Non-Executive Directors

Dr. Lee Tung Hai, Leo, GBS, LL.D., J.P.
 Mr. Ng Ping Kin, Peter, MSc., J.P.
 Mr. Cheng Mo Chi, Moses, LLB (HK), J.P.
 Mr. Tong Tsin Ka, FCA (AUST.), FCPA, FCIS

Company Secretary

Mr. Lee Wai Hung

Audit Committee

Mr. Tong Tsin Ka (*Chairman*)
 Dr. Lee Tung Hai, Leo
 Mr. Ng Ping Kin, Peter
 Mr. Cheng Mo Chi, Moses
 Mr. Lee Wai Hung (*Secretary*)

Remuneration Committee

Dr. Lee Tung Hai, Leo (*Chairman*)
 Mr. Tong Tsin Ka
 Mr. Ng Ping Kin, Peter
 Mr. Cheng Mo Chi, Moses
 Ms. Cavior Liu (*Secretary*)

Qualified Accountant

Mr. Luk Chi Chung

Solicitors

Deacons
 Gallant Y.T. Ho & Co.
 P.C. Woo & Co.

Auditors

Deloitte Touche Tohmatsu
Certified Public Accountants

Bankers

Liu Chong Hing Bank Limited
ABN • AMRO Bank
Bank of China
Bank of Communications
Citic Ka Wah Bank
Dah Sing Bank
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
China Merchants Bank
Nanyang Commercial Bank, Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi, Limited
Wing Hang Bank, Limited
Wing Lung Bank Limited

Registered Office

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Guangzhou Office

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Tel: 8620-83781299
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Shanghai Office

288 Nanjing Road (W)
Shanghai, P.R.C.
Tel: 8621-63591000
Fax: 8621-63276299

Shareholders' Information

Financial Calendar

Annual General Meeting	: Held on 26 April 2005
Interim Results for six-month ended 30 June 2005	: Announced on 17 August 2005
Dividends	
Interim cash dividend	: HK\$0.08 per share
Paid on	: 22 September 2005
Ex-dividend date of interim dividend	: 8 September 2005
Latest time to lodge transfer forms	: 4 pm on 9 September 2005
Closure of Register of Members	: From 12 September 2005 to 16 September 2005 (both dates inclusive)
Share Registrars and transfer office	: Computershare Hong Kong Investor Services Limited 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Share listing	: The Company's shares are listed on The Stock Exchange of Hong Kong Limited
Stock Code	: 0194
Board lot	: 2,000 shares
No. of issued ordinary share	: 378,583,440 shares
Company's e-mail address	: info@lchi.com.hk
Company's Website	: http://www.lchi.com.hk
Investors and Shareholders contact	: Attention: Mr. Lee Wai Hung / Ms. Nelly Ng 7th Floor, New World Tower Two 18 Queen's Road Central Hong Kong Tel: (852) 2841 7255 Fax: (852) 2868 5294

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 2005. The interim financial report is prepared on a basis consistent with the accounting policies adopted in 2004 annual report, except for the accounting policy changes made thereafter in adopting a number of new Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

Condensed consolidated income statement

		Six months ended 30 June	
		2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
	Notes		
Continuing operations			
Revenue		284,321	152,688
Direct costs		(270,022)	(102,083)
Gross profit		14,299	50,605
Other income		1,364	1,976
Gain on disposal of a subsidiary	12	61,352	–
Unrealised holding gain on other investments		–	16,096
Fair value gain of investment properties		35,000	–
Deficit on revaluation of leasehold land and buildings		(30,000)	(20,000)
Administrative and other operating expenses		(73,483)	(51,391)
Finance costs		(25,956)	(6,471)
Share of profits of associates		87,334	79,263
Profit before taxation		69,910	70,078
Income tax expense	4	(8,602)	(22,047)
Profit for the period from continuing operations		61,308	48,031
Discontinued operation			
Profit for the period from discontinued operation		2,605	2,554
Profit for the period		63,913	50,585

Condensed consolidated income statement (continued)

		Six months ended 30 June	
		2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
		<i>Notes</i>	
Attributable to:			
Equity holders of the parent		64,473	50,458
Minority shareholders		(560)	127
		63,913	50,585
Dividends	6	30,287	26,501
Basic earnings per share			
From continuing and discontinued operations	7	17.0 cents	13.3 cents
From continuing operations		16.3 cents	12.7 cents

Condensed Consolidated Balance Sheet

		30 June 2005 (unaudited)	31 December 2004 (audited and restated)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Investment properties		3,259,050	3,224,050
Property, plant and equipment		51,074	81,534
Properties under development		895,605	802,693
Interests in associates		2,816,325	2,801,217
Investments in securities		–	438,944
Available-for-sale investments		290,000	–
Held-to-maturity investments		66,281	–
Prepaid lease payments		34,434	34,881
Advances to investee companies		209,495	264,688
Loans receivable – due after one year		1,080	3,489
		7,623,344	7,651,496
Current assets			
Inventories		9,191	8,333
Properties held for sale		110,913	274,380
Trade and other receivables	8	150,031	135,384
Investments in securities		–	11,680
Investments at fair value through profit or loss		3,347	–
Held-to-maturity investments		7,800	–
Prepaid lease payments		894	894
Taxation recoverable		944	1,070
Bank accounts with Liu Chong Hing Bank Limited and its subsidiaries		105,366	70,646
Other bank balances and cash		405,389	183,242
		793,875	685,629
Current liabilities			
Borrowings – due within one year	9	688,226	1,045,000
Trade and other payables	10	86,488	116,722
		774,714	1,161,722
Net current assets (liabilities)		19,161	(476,093)
Total assets less current liabilities		7,642,505	7,175,403

Condensed Consolidated Balance Sheet (continued)

		30 June 2005 (unaudited)	31 December 2004 (audited and restated)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Borrowings – due after one year	9	(1,518,585)	(1,154,207)
Deferred taxation		(167,776)	(161,890)
		(1,686,361)	(1,316,097)
Net assets		5,956,144	5,859,306
Capital and reserves			
Share capital		378,583	378,583
Reserves		5,552,439	5,455,029
Equity attributable to equity holders of the parent		5,931,022	5,833,612
Minority interests		25,122	25,694
Total equity		5,956,144	5,859,306

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2005

	Attributable to equity holders of the parent													Minority interests	Total
	Share capital	Capital reserve	General reserve	Special reserve	Investment	Other	Capital redemption reserve	Exchange reserve	Dividend reserve	Accumulated profits	Total	Minority interests	Total		
					property revaluation reserve	property revaluation reserve									
HK\$'000	HK\$'000	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 1 January 2004	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	25,606	5,834,824	
Effect of changes in accounting policies	-	-	-	-	(23,946)	(104,843)	-	-	-	-	-	(128,789)	-	(128,789)	
As restated	378,583	430,600	783,495	-	267,193	1,867,619	33,596	2,952	(9,757)	37,858	1,888,290	5,680,429	25,606	5,706,035	
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	-	(663)	-	-	(663)	1,985	1,322	
Deficit on revaluation	-	-	-	-	(60,000)	(5,666)	-	-	-	-	-	(65,666)	-	(65,666)	
Reversal of deferred tax liabilities arising on revaluation of properties	-	-	-	-	15,342	1,867	-	-	-	-	-	17,209	-	17,209	
Share of capital reserve of associates	-	288	-	-	-	-	-	-	-	-	-	288	-	288	
Share of surplus on revaluation of investments of associates	-	-	-	-	-	-	13,407	-	-	-	-	13,407	-	13,407	
Special reserve arising on acquisition of additional interest in a subsidiary (Note 1)	-	-	-	75,747	-	-	-	-	-	-	-	75,747	-	75,747	
Share of exchange reserve of associates	-	-	-	-	-	-	-	-	(441)	-	-	(441)	-	(441)	
Net gains (losses) not recognised in the income statement	-	288	-	75,747	(44,658)	(3,799)	13,407	-	(1,104)	-	-	39,881	1,985	41,866	
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(1,962)	(1,962)	
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)	-	-	-	
Profit for the period	-	-	-	-	-	-	-	-	-	50,458	50,458	127	50,585		
Dividend declared	-	-	-	-	-	-	-	-	26,501	(26,501)	-	-	-		
Dividend paid	-	-	-	-	-	-	-	-	(37,858)	-	(37,858)	-	(37,858)		
At 30 June 2004	378,583	430,888	783,495	75,747	222,535	1,861,682	47,003	2,952	(10,861)	26,501	1,914,385	5,732,910	25,756	5,758,666	

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2005

	Attributable to equity holders of the parent													
	Share capital	Capital reserve	General reserve	Special reserve	Investment property revaluation reserve	Other property revaluation reserve	Investment reserve	Capital redemption reserve	Exchange reserve	Dividend reserve	Accumulated profits	Total	Minority interests	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	HK\$'000	HK\$'000
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	-	3,820	-	-	3,820	27	3,847
Reversal of share of capital reserve of associates	-	(288)	-	-	-	-	-	-	-	-	-	(288)	-	(288)
Surplus on revaluation	-	-	-	-	25,900	8	-	-	-	-	-	25,908	-	25,908
Deferred tax liabilities arising on revaluation of properties	-	-	-	-	(4,533)	-	-	-	-	-	-	(4,533)	-	(4,533)
Share of surplus on revaluation of properties of associates	-	-	-	-	2,271	42,088	-	-	-	-	-	44,359	-	44,359
Share of deferred tax liabilities of associates arising on revaluation of properties	-	-	-	-	-	(7,259)	-	-	-	-	-	(7,259)	-	(7,259)
Share of surplus on revaluation of investments of associates	-	-	-	-	-	-	10,409	-	-	-	-	10,409	-	10,409
Share of exchange reserve of associates	-	-	-	-	-	-	-	-	878	-	-	878	-	878
Net (losses) gains not recognised in the income statement	-	(288)	-	-	23,638	34,837	10,409	-	4,698	-	-	73,294	27	73,321
Share of realisation of reserves of associates	-	-	-	-	-	-	1,637	-	(1,621)	-	-	16	-	16
Profit for the period	-	-	-	-	-	-	-	-	-	-	53,893	53,893	(89)	53,804
Dividend declared	-	-	-	-	-	-	-	-	-	37,858	(37,858)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(26,501)	-	(26,501)	-	(26,501)
At 31 December 2004	378,583	430,600	783,495	75,747	246,173	1,896,519	59,049	2,952	(7,784)	37,858	1,930,420	5,833,612	25,694	5,859,306

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2005

	Attributable to equity holders of the parent													Minority interests	Total
	Share capital	Capital reserve	General reserve	Special reserve	Regulatory reserve	Investment property revaluation reserve	Other property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange reserve	Dividend reserve	Accumulated 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	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005 – restated	378,583	430,600	783,495	75,747	-	246,173	1,896,519	59,049	2,952	(7,784)	37,858	1,930,420	5,833,612	25,694	5,859,306
Effects of changes in accounting policies	-	(430,600)	-	-	-	(246,173)	(176)	-	-	-	-	735,711	58,762	-	58,762
Transfer of reserves of an associate (Note 2)	-	-	-	-	51,232	-	-	-	-	-	-	(51,232)	-	-	-
As restated	378,583	-	783,495	75,747	51,232	-	1,896,343	59,049	2,952	(7,784)	37,858	2,614,899	5,892,374	25,694	5,918,068
Exchange differences arising on translation of overseas operators	-	-	-	-	-	-	-	-	-	(449)	-	-	(449)	(12)	(461)
Surplus on revaluation	-	-	-	-	-	-	-	16,415	-	-	-	-	16,415	-	16,415
Share of regulatory reserve of an associate	-	-	-	-	(913)	-	-	-	-	-	-	-	(913)	-	(913)
Share of surplus on revaluation of investments of associates	-	-	-	-	-	-	-	22	-	-	-	-	22	-	22
Share of exchange reserve of associates	-	-	-	-	-	-	-	-	-	(207)	-	-	(207)	-	(207)
Net (losses) gains not recognised in the income statement	-	-	-	-	(913)	-	-	16,437	-	(656)	-	-	14,868	(12)	14,856
Release of reserve upon disposal of a subsidiary	-	-	(45,000)	-	-	-	-	-	-	-	-	45,000	-	-	-
Release of revaluation surplus of associates upon disposal of properties	-	-	-	-	-	-	(852)	-	-	-	-	852	-	-	-
Release of deferred tax liabilities upon disposal of properties of associates	-	-	-	-	-	-	148	-	-	-	-	-	148	-	148
Share of realisation of reserve of associates	-	-	-	-	-	-	-	(2,983)	-	-	-	-	(2,983)	-	(2,983)
Profit for the period	-	-	-	-	-	-	-	-	-	-	64,473	64,473	(560)	63,913	
Dividend declared	-	-	-	-	-	-	-	-	-	30,287	(30,287)	-	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	-	(37,858)	-	-	(37,858)	-	(37,858)
At 30 June 2005	378,583	-	738,495	75,747	50,319	-	1,896,639	72,503	2,952	(8,440)	30,287	2,694,937	5,931,022	25,122	5,956,144

Notes:

- 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 six months ended 30 June 2004.
- In compliance with Hong Kong Monetary Authority's requirements, the Group's share of accumulated profits of an associate of HK\$51,232,000 has been transferred to regulatory reserve at 1 January 2005. The regulatory reserve is distributable to equity holders of the associate subject to consultation with the Hong Kong Monetary Authority.

Condensed Consolidated Cash Flow Statement*For the six months ended 30 June 2005*

		Six months ended 30 June	
	<i>Note</i>	2005 (unaudited) HK\$'000	2004 (unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES		40,564	53,308
NET CASH FROM INVESTING ACTIVITIES			
Net cash inflow arising from disposal of a subsidiary	12	121,590	–
Other investing cash flows		118,163	139,915
		239,753	139,915
NET CASH USED IN FINANCING ACTIVITIES		(22,989)	(298,734)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		257,328	(105,511)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		253,888	405,155
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(461)	1,322
CASH AND CASH EQUIVALENTS AT END OF PERIOD, representing bank balances and cash		510,755	300,966

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 Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. Principal Accounting Policies

The condensed financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2004 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests and share of taxation of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are presented:

Business Combinations

In the current period, the Group has applied HKFRS 3 "Business Combinations", which is effective for business combinations for which the agreement date is on or after 1 January 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

2. Principal Accounting Policies *(continued)*

Goodwill

In previous periods, goodwill arising on acquisitions prior to 1 January 2001 was held in reserves, and goodwill arising on acquisitions after 1 January 2001 was capitalised and amortised over its estimated useful life. The Group has applied the relevant transitional provisions in HKFRS 3. Goodwill previously recognised in capital reserve of HK\$9,833,000 has been transferred to the accumulated profits of the Group on 1 January 2005. Comparative figures for 2004 have not been restated.

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions prior to 1 January 2001 was held in reserves, and negative goodwill arising on acquisitions after 1 January 2001 was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. In accordance with the relevant transitional provisions in HKFRS 3, the Group has derecognised all negative goodwill at 1 January 2005 (of which negative goodwill of HK\$440,433,000 which was previously recorded in capital reserve, and of HK\$8,670,000, which was previously included in interests in associates), with a corresponding increase to accumulated profits.

Financial instruments

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

2. Principal Accounting Policies (*continued*)

Financial instruments (*continued*)

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Up to 31 December 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" issued by the HKICPA ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1 January 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity, respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1 January 2005, the Group classified and measured its debt and equity securities in accordance with the requirements of HKAS 39. Investments in securities at an aggregate amount of HK\$450,624,000 have been reclassified to available-for-sale investments, investments at fair value through profit or loss and held-to-maturity investments at an amount of HK\$380,463,000, HK\$3,880,000 and HK\$66,281,000, respectively, at 1 January 2005. In addition, an adjustment of HK\$53,285,000 has been made to increase the share of net assets of associates and to increase the Group's accumulated profits after the application of HKAS 32 and HKAS 39 by the associates.

2. Principal Accounting Policies (continued)

Financial instruments (continued)

Financial assets and financial liabilities other than debt and equity securities

From 1 January 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method. An adjustment of HK\$3,193,000 has been made to reduce the Group's accumulated profits and to reduce the balance of advances to investee companies by the same amount on 1 January 2005.

Owner-occupied leasehold interest in land

In previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment measured using the revaluation model and leasehold land and buildings under construction were included in properties under development measured using the cost model. In the current period, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively and an amount of HK\$35,775,000 had been reclassified from properties under development to prepaid lease payments as at 31 December 2004 (see Note 2A for the financial impact). Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment or properties under development.

2. Principal Accounting Policies (*continued*)

Investment properties

In the current period, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the profit or loss for the period in which they arise. In previous periods, investment properties under the predecessor Standard were measured at open market values, with revaluation surplus or deficits credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 January 2005 onwards. The amount held in investment property revaluation reserve at 1 January 2005 of HK\$246,173,000 has been transferred to the Group's accumulated profits (see Note 2A for the financial impact).

Deferred taxes related to investment properties

In previous periods, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current period, the Group has applied HKAS Interpretation 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HKAS Interpretation 21, this change in accounting policy has been applied retrospectively. The balances on the Group's investment property revaluation reserve and other property revaluation reserve at 1 January 2004 have been decreased by HK\$23,946,000 and HK\$104,843,000, respectively.

2A. Summary of the Effects of the Changes in Accounting Policies

The effects of the changes in the accounting policies described above on the results for the current and prior period are as follows:

	Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Losses arising from changes in fair value of financial assets and liabilities, measured at fair value through profit or loss	21,891	–
Gains arising from changes in fair value of investment properties	(35,000)	–
Increase in deferred taxation relating to investment properties	19,230	–
Decrease in profit for the period	6,121	–

Analysis of decrease in profit for the period by line items presented according to their function:

	Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Decrease in gains arising from changes in fair value of investments in securities (designated as available-for-sale investments on 1 January 2005)	16,415	–
Increase in fair value gain of investment properties	(35,000)	–
Decrease in share of profits of associates	15,724	14,083
Increase in finance costs	5,757	–
Increase (decrease) in income tax expense	3,225	(14,083)
Decrease in profit for the period	6,121	–

2A. Summary of the Effects of the Changes in Accounting Policies (continued)

The cumulative effects of the application of the new HKFRSs as at 31 December 2004 and 1 January 2005 are summarised below:

	As at 31 December 2004 (originally stated) HK\$'000	Adjustment HK\$'000	As at 31 December 2004 (restated) HK\$'000	Adjustment HK\$'000	As at 1 January 2005 (restated) HK\$'000
Balance sheet items					
Properties under development	838,468	(35,775)	802,693	-	802,693
Interests in associates	2,801,217	-	2,801,217	61,955	2,863,172
Investments in securities	450,624	-	450,624	(450,624)	-
Available-for-sale investments	-	-	-	380,463	380,463
Investments at fair value through profit or loss	-	-	-	3,880	3,880
Held-to-maturity investments	-	-	-	66,281	66,281
Prepaid lease payments	-	35,775	35,775	-	35,775
Advances to investee companies	264,688	-	264,688	(3,193)	261,495
Deferred taxation	(31,034)	(130,856)	(161,890)	-	(161,890)
Other assets and liabilities	1,666,199	-	1,666,199	-	1,666,199
	<u>5,990,162</u>	<u>(130,856)</u>	<u>5,859,306</u>	<u>58,762</u>	<u>5,918,068</u>
Share capital	378,583	-	378,583	-	378,583
Capital reserve	430,600	-	430,600	(430,600)	-
Regulatory reserve	-	-	-	51,232	51,232
Investment property revaluation reserve	272,186	(26,013)	246,173	(246,173)	-
Other property revaluation reserve	2,001,362	(104,843)	1,896,519	(176)	1,896,343
Accumulated profits	1,930,420	-	1,930,420	684,479	2,614,899
Minority interests	-	25,694	25,694	-	25,694
Other reserves	951,317	-	951,317	-	951,317
	<u>5,964,468</u>	<u>(105,162)</u>	<u>5,859,306</u>	<u>58,762</u>	<u>5,918,068</u>
Minority interests	25,694	(25,694)	-	-	-
	<u>5,990,162</u>	<u>(130,856)</u>	<u>5,859,306</u>	<u>58,762</u>	<u>5,918,068</u>

2A. Summary of the Effects of the Changes in Accounting Policies (continued)

The financial effects of the application of the new HKFRSs to the Group's equity attributable to the equity holders of parent at 1 January 2004 are summarised below:

	As originally stated	Adjustment	As restated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Investment property revaluation reserve	291,139	(23,946)	267,193
Other property revaluation reserve	1,972,462	(104,843)	1,867,619
Other reserves	3,545,617	–	3,545,617
	<u>5,809,218</u>	<u>(128,789)</u>	<u>5,680,429</u>

The Group has not early applied the following new Standards or Interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these Standards or Interpretations will have no material impact on the financial statements of the Group:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions The Fair Value Option
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

3. Segment Information

Business Segments

The Group is currently engaged in five business activities – property investment, property development, property management, treasury investment and banking and trading and manufacturing. The Group discontinued the insurance business during the period. 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 2005					Discontinued operation	Eliminations	Consolidated
	Continuing Operations							
	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment and banking HK\$'000	Trading and manufacturing HK\$'000	Insurance business HK'000	HK\$'000	HK\$'000
REVENUE								
External sales	47,317	126,976	7,184	88,216	14,628	16,531	-	300,852
Inter-segment sales	432	-	2,318	147,106	-	464	(150,320)	-
Total revenue	<u>47,749</u>	<u>126,976</u>	<u>9,502</u>	<u>235,322</u>	<u>14,628</u>	<u>16,995</u>	<u>(150,320)</u>	<u>300,852</u>
Inter-segment sales are charged at prevailing market rates.								
RESULT								
Segment result	<u>39,988</u>	<u>(61,673)</u>	<u>1,122</u>	<u>28,607</u>	<u>488</u>	<u>2,605</u>	-	11,137
Finance costs								(25,956)
Share of profits of associates	-	-	-	87,334	-	-	-	87,334
Profit before taxation								72,515
Income tax expense								(8,602)
Profit for the period								<u>63,913</u>

3. Segment Information (continued)

Business Segments (continued)

	Six months ended 30 June 2004					Discontinued operation	Eliminations	Consolidated
	Continuing Operations							
	Property investment	Property development	Property management	Treasury investment and banking	Trading and manufacturing			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
REVENUE								
External sales	52,137	62,855	6,663	16,955	14,078	14,801	-	167,489
Inter-segment sales	432	-	2,318	72,682	-	587	(76,019)	-
Total revenue	<u>52,569</u>	<u>62,855</u>	<u>8,981</u>	<u>89,637</u>	<u>14,078</u>	<u>15,388</u>	<u>(76,019)</u>	<u>167,489</u>
Inter-segment sales are charged at prevailing market rates.								
RESULT								
Segment result	<u>21,401</u>	<u>(26,705)</u>	<u>1,119</u>	<u>1,147</u>	<u>324</u>	<u>3,017</u>	<u>-</u>	303
Finance costs								(6,471)
Share of profits of associates	-	-	-	79,263	-	-	-	79,263
Profit before taxation								73,095
Income tax expense								<u>(22,510)</u>
Profit for the period								<u>50,585</u>

4. Income Tax Expense

	Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Income tax expense relating to continuing operations:		
Hong Kong Profits Tax:		
Current period	2,716	10,930
Deferred Taxation:		
Current period	5,886	11,117
	8,602	22,047
Income tax expense relating to discontinued operation:		
Hong Kong Profits Tax:		
Current period	–	463
Income tax expense relating to continuing and discontinued operations	8,602	22,510

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profit for the period.

5. Consolidated Revenue/Expense for the Period

	Six months ended 30 June	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Consolidated profit for the period has been arrived at after charging (crediting) the following items:		
Revenue	(301,316)	(168,076)
Direct costs	284,412	114,454
Profit before taxation	(72,515)	(73,095)
Amortisation of prepaid lease payments and capitalised as cost of properties under development	447	447
Depreciation and amortisation of property, plant and equipment	4,401	3,836
Investment income	(6,598)	(22,424)
Loss on sale of investments	1,758	2,348
Share of taxation of associates (included in share of profits of associates)	16,005	14,083

6. Dividends

On 27 April 2005, a cash dividend of HK\$0.10 (2004: HK\$0.10) per share was paid to shareholders as the final dividend for 2004.

The Board of Directors has resolved that an interim cash dividend of HK\$0.08 (2004: HK\$0.07) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 16 September 2005.

7. Basic Earnings per Share

From continuing and discontinued operations

The calculation of the basic earnings per share attributable to the equity holders of the parent is based on the profit for the period attributable to equity holders of the parent of HK\$64,473,000 (2004: HK\$50,458,000) and on 378,583,440 (2004: 378,583,440) ordinary shares in issue during the period.

From continuing operations

The calculation of the basic earnings per share from continuing operations attributable to the equity holders of the parent is based on the following information:

	Six months ended 30 June	
	2005	2004
	HK\$'000	HK\$'000
Earnings for the period attributable to equity holders of the parent	64,473	50,458
Less: Earnings for the period from discontinued operation	(2,605)	(2,554)
Earnings for the purpose of basic earnings per share from continuing operations	61,868	47,904

The denominators used are the same as those detailed above for basic earnings per share.

From discontinued operation

Basic earnings per share for discontinued operation is HK0.7 cent (2004: HK0.7 cent) which is calculated based on the profit for the period from discontinued operation of HK\$2,605,000 (2004: HK\$2,554,000). The denominators used are the same as those detailed above for basic earnings per share.

8. 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, other than customers from sales of properties, who satisfy the credit evaluation. Proceeds receivable for sales of properties are receivable according to the terms of sale and purchase agreements. The aged analysis of trade receivables of HK\$92,528,000 (31 December 2004: HK\$70,117,000) which are included in trade and other receivables is as follows:

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Current	36,100	61,111
Between 31 days to 90 days	15,217	3,612
Over 90 days	41,211	5,394
	92,528	70,117

9. Borrowings

During the period, the Group obtained and renewed bank loans in the amount of HK\$289,500,000. 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.

10. Trade and Other Payables

Included in trade and other payables are trade payables of HK\$18,105,000 (31 December 2004: HK\$36,615,000) and the aged analysis is as follows:

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Current	3,259	19,375
Between 31 days to 90 days	199	2,620
Over 90 days	14,647	14,620
	18,105	36,615

11. Capital Commitments

	30 June 2005 HK\$'000	31 December 2004 HK\$'000
Capital expenditure in respect of property development contracted for but not provided in the condensed financial statements	523,629	582,566
Capital expenditure in respect of the contributions to the capital of an investee company contracted for but not provided in the condensed financial statements	19,810	20,147
	543,439	602,713

12. Disposal of a Subsidiary and Related Party Transaction

Discontinued Operation

On 3 March 2005, the Company and Liu Chong Hing Bank Limited ("LCH Bank"), an associate of the Company, entered into a conditional sale and purchase agreement pursuant to which LCH Bank agreed to acquire from the Company the entire issued share capital of Liu Chong Hing Insurance Company Limited ("LCH Insurance") for a total consideration of HK\$212 million. Details of this disposal are set out in the Company's announcement dated 14 March 2005. The disposal was completed on 29 June 2005.

The results of LCH Insurance represent the Group's entire results of insurance business and a portion of results of treasury investment and banking business. The results of insurance business for the period were as follows:

	Six months ended 30 June	
	2005 HK\$'000	2004 HK\$'000
Revenue	16,995	15,388
Direct costs	(14,390)	(12,371)
Profit before taxation	2,605	3,017
Income tax expense	-	(463)
Profit for the period	2,605	2,554

12. Disposal of a Subsidiary and Related Party Transaction (continued)

Discontinued Operation (continued)

The net assets of LCH Insurance were as follows:

	29 June 2005 HK\$'000
Net assets disposed of	99,504
Unrealised gain on disposal of a subsidiary	51,144
Gain on disposal of interest in a subsidiary (Note)	61,352
	212,000
Satisfied by:	
Cash	212,000
Net cash inflow arising on disposal:	
Cash consideration	212,000
Bank balances and cash disposal of	(90,410)
	121,590

LCH Insurance contributed approximately HK\$2,605,000 to the Group's profit for the period and approximately HK\$4,071,000 to the Group's cash flows during the interim period.

Note: The gain on disposal of interest in a subsidiary represents the disposal of the Group's interests in its insurance business, which was discontinued during the six months ended 30 June 2005 and a portion of its treasury investment and banking business. The full amount has been disclosed under the continuing operations of the Group as, in the opinion of the directors, it is not practicable to quantify the relevant gain attributable to the respective business activities.



Independent Review Report

To the Board of Directors of Liu Chong Hing Investment Limited

(incorporated in Hong Kong with limited liability)

We have been instructed by Liu Chong Hing Investment Limited (the "Company") to review the interim financial report set out on pages 4 to 26.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2005.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17 August 2005

Interim Dividend

The Board of Directors has resolved to declare an interim cash dividend for 2005 of HK\$0.08 (2004: HK\$0.07) per share, payable on 22 September 2005 to the shareholders registered on 16 September 2005.

The Register of Members will be closed from 12 September 2005 to 16 September 2005, 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 9 September 2005.

Management Discussion and Analysis

Banking operation

For the first half of the year 2005, the Bank's unaudited net profit is HK\$192 million, an increase of HK\$16.1 million representing a 9.2% increment over the previous year.

Investment properties

The Group's investment properties maintain an occupancy rate of about 85% for the first half of 2005. Total rental income has decreased by 9.2% due to the implementation of some major renovation work during the period under review.

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 under renovation and has caused a decline of rental income of 17%.

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 has increased its occupancy to 99% coupled with a slight increase of rental income after the completion of some refurbishment work in early 2005.

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 97% 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.

Management Discussion and Analysis (continued)

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. For the first half of 2005, a total of 119 flat units were successfully sold generating total cash proceeds amounted to HK\$127 million. Besides, 96 flat units were leased out fetching monthly rental income of HK\$700,000.

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 2005, a total of 682 units of Phase I (out of 685 units) and 1,113 units of Phase II (out of 1,120 units) have been sold. The Group owns 10% of this development.

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

Insurance business

For the period under review, the Group's profit from insurance business was decreased by 13.7% compared to the same period last year.

Capital Structure

The Group's total equity as at 30 June 2005 amounted to HK\$5,956 million, representing an increase of HK\$97 million when compared with that of 31 December 2004. The increase in total equity was mainly due to the net profit of HK\$64 million for the period, the increase of various investment and revaluation reserves of HK\$70 million and less dividend of HK\$37 million paid during the period.

Finance and Treasury Operations

The management has continued to maintain a prudent policy on liquidity and financial risk management.

Banking borrowings

As at 30 June 2005, the group's consolidated bank borrowings after deducting cash and deposits were reduced by HK\$243.4 million to HK\$1,684.8 million. The improvement was mainly due to the net cash inflow from the sale of Le Palais, Guangzhou residential project and cash proceeds received from the disposal of a subsidiary.

Management Discussion and Analysis (continued)

Capital expenditure

During the period under review, the Group had incurred construction cost about HK\$83 million for Shanghai's project and expenditures on refurbishment and renovation of HK\$10 million for some major rental properties.

Banking facilities

The total outstanding bank borrowings as at 30 June 2005 was approximately 90% unsecured with almost 100% on committed basis. In managing the debt portfolio, the Group has endeavoured to maintain diversified sources to obtain the required funding.

Currently, the major source of financing is coming from the bilateral banking facilities with over 13 banks which had established a firm and long relationship with the Company.

The Group's undrawn committed banking facilities stood at HK\$1,000 million as at 30 June 2005.

Cost of funding

The Company's cost of funding had been reduced continuously following the renewal of several banking facilities with the bank in the first half of 2005.

Loan maturity and Liquidity risk

The Group's debt maturity portfolio is spread out over a medium term, with more than 47% and 27% of debts becoming due within two and over two years respectively. Such maturity structure allows the Group to ease the liquidity risk and to take more flexibility on refinancing measures.

Risk management

The Group's foreign exchange risk is minimal. As at 30 June 2005, almost 94% of the bank borrowings was denominated in Hong Kong dollars except RMB156 million construction payment was incurred for Shanghai project.

The Group's foreign exchange exposure relating to the property development in Guangzhou and Shanghai as at 30 June 2005 amounted to the equivalent of about HK\$2,154 million, or 25.6% of the Group's assets.

The management will be closely monitoring the currency movement of renminbi since the mainland projects denominated in renminbi placed a significant portion to the Group's total assets.

Management Discussion and Analysis (*continued*)

Risk management (*continued*)

Nevertheless, the cash sale proceeds received from Le Palais could eliminate part of the foreign currency exposure against the payment of construction cost for Shanghai project.

The management of interest rate risk was becoming more important under the current rising interest rate cycle in particular almost all of the Group's borrowings are setting on floating interest rate basis.

The management will consider to hedge part of the interest risk by taking certain derivative instruments such as interest rate swap, cross currency swap and forward rate agreement as long as the speeds and magnitudes of the changes of interest rate in the coming future is beyond our risk assessment anticipation.

Debt to equity ratio

As at 30 June 2005, the Group's debt-to-equity ratio was declined from 33.1% to 28.4% following the improvement of cash positions.

Looking Ahead

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

Directors' Interests in Share Capital of the Company and its Associated Corporations

As at 30 June 2005, the interests/short positions of each of the directors and chief executives and their associates in the shares and underlying shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of Part XV of the SFO, are set out below:

(i) Long Position in the Shares and Underlying Shares of the Company and its Associated Corporations

(a) The Company – Liu Chong Hing Investment 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)		
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>	4,580,000	–	177,600,000 <i>(Notes 1 & 2)</i>	182,180,000	48.12%
Mr. Liu Lit Chi	141,668	–	216,723,064 <i>(Notes 1 & 3)</i>	216,864,732	57.28%
Dr. Liu Lit Chung	–	–	171,600,000 <i>(Note 1)</i>	171,600,000	45.33%
Mr. Andrew Liu	600,000	–	–	600,000	0.16%

Directors' Interests in Share Capital of the Company and its Associated Corporations (continued)

(i) Long Position in the Shares and Underlying Shares of the Company and its Associated Corporations (continued)

(a) The Company – Liu Chong Hing Investment Limited (continued)

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

Note 2: Eternal Wealth Limited, of which Mr. Liu Lit Mo and his associates are shareholders, beneficially holds 6,000,000 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 45,123,064 shares in the Company, and thus is included in the corporate interests of Mr. Liu Lit Chi.

(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	–	237,764,628 (Note 1)	241,212,556	55.45%
Mr. Liu Lit Mo, <i>Vice Chairman</i>	1,009,650	–	237,764,628 (Note 1)	238,774,278	54.89%
Mr. Liu Lit Chi, <i>Managing Director & Chief Executive Officer</i>	313,248	–	240,027,839 (Notes 1 & 2)	240,341,087	55.25%
Dr. Liu Lit Chung	–	–	237,764,628 (Note 1)	237,764,628	54.66%
Mr. Andrew Liu	60,000	–	–	60,000	0.01%

Directors' Interests in Share Capital of the Company and its Associated Corporations *(continued)*

(i) Long Position in the Shares and Underlying Shares of the Company and its Associated Corporations *(continued)*

(b) Associate –

Liu Chong Hing Bank Limited *(continued)*

Note 1: The corporate interests in 237,764,628 shares attributed as follows:

- (i) 197,764,628 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, Mr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. 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, Mr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. 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.

(ii) Short Position in the Shares and Underlying Shares of the Company and its Associated Corporations

Other than as stated above, as at 30 June 2005, no director, chief executive nor their associates 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 2005, 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 <i>(Note)</i>	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, Mr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung. Such corporate interests are also disclosed in the sub-section under "Directors' interests in Share Capital of the Company and its Associated Corporations".

Save as disclosed above, the Company had not been notified by any person (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company as at 30 June 2005 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.

Compliance with the Code on Corporate Governance Practices

During the period under review, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Compliance of the Model Code for Directors' Share Dealing

All directors have confirmed that they complied with the required standards set out in the Model Code for Directors' Share Dealing as set out in Appendix 10 to the Listing Rules throughout the review period.

Purchase, Sale or Redemption of Shares

During the six months ended 30 June 2005, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

Review of Unaudited Interim Accounts

The unaudited interim accounts for the six months ended 30 June 2005 have been reviewed by our auditors, Deloitte Touche Tohmatsu, and audit committee of the Company.

Board of Directors

As the date hereof, the Board of Directors of the Company comprises Executive Directors: Mr. Liu Lit Man (Chairman), Mr. Liu Lit Mo, Mr. Liu Lit Chi, Mr. Liu Kam Fai, Winston and Mr. Lee Wai Hung; Non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu, Mr. Liu Chun Ning, Wilfred and Mr. Liu Kwun Shing, Christopher (alternate director to Dr. Liu Lit Chung); and Independent Non-executive Directors: Dr. Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter, Mr. Cheng Mo Chi, Moses and Mr. Tong Tsin Ka.

By Order of the Board

Liu Lit Mo

Managing Director

Hong Kong, 17 August 2005