

Corporate Information

Board of Directors

Executive Directors

Mr. Liu Lit Man, GBS, J.P., F.I.B.A. (*Chairman*)

Dr. Liu Lit Mo, LL.D, MBE, 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. The Hon Lee Tung Hai, Leo, GBM, 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. The Hon Lee Tung Hai, Leo

Mr. Ng Ping Kin, Peter

Mr. Cheng Mo Chi, Moses

Mr. Lee Wai Hung (*Secretary*)

Remuneration Committee

Dr. The Hon 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 Limited, Hong Kong Branch
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 UFJ, Limited
Wing Hang Bank, Limited
Wing Lung Bank Limited

Registered Office

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Tel: 8620-83758287
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Shanghai Office

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Shanghai, P.R.C.
Tel: 8621-63591000
Fax: 8621-63276299

Shareholders' Information

Financial Calendar

Annual General Meeting	: Held on 26 April 2006
Interim Results for six-month ended 30 June 2006	: Announced on 16 August 2006
Dividends	
Interim cash dividend	: HK\$0.10 per share
Paid on	: 21 September 2006
Ex-dividend date of interim dividend	: 11 September 2006
Latest time to lodge transfer forms	: 4 pm on 12 September 2006
Closure of Register of Members	: From 13 September 2006 to 15 September 2006 (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
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 Website: http://www.lchi.com.hk

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 2006. The interim financial report is prepared on a basis consistent with the accounting policies adopted in 2005 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	
		2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
	Notes		
Continuing operations			
Revenue		146,304	284,321
Direct costs		(82,156)	(270,022)
Gross profit		64,148	14,299
Other income		1,595	1,364
Gain on disposal of interest in a subsidiary	14	–	61,352
Unrealised holding gain on investments held for trading		1,655	–
Fair value gain of investment properties		2,600	35,000
Deficit on revaluation of leasehold land and buildings		–	(30,000)
Administrative and other expenses		(62,920)	(73,483)
Finance costs		(31,787)	(25,956)
Share of results of associates		113,970	87,334
Profit before taxation		89,261	69,910
Income tax expense	5	(3,080)	(8,602)
Profit for the period from continuing operations		86,181	61,308
Discontinued operation			
Profit for the period from discontinued operation		–	2,605
Profit for the period		86,181	63,913

Condensed Consolidated Income Statement (continued)

		Six months ended 30 June	
		2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
		<i>Notes</i>	
Attributable to:			
Equity holders of the parent		87,181	64,473
Minority shareholders		(1,000)	(560)
		86,181	63,913
Dividends	7	45,430	37,858
Basic earnings per share	8		
From continuing and discontinued operations		23.0 cents	17.0 cents
From continuing operations		23.0 cents	16.3 cents

Condensed Consolidated Balance Sheet

		30 June 2006 (unaudited) HK\$'000	31 December 2005 (audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment properties	9	3,084,268	3,092,762
Property, plant and equipment		50,293	52,584
Properties under development		1,102,933	1,012,918
Interests in associates		2,655,487	2,613,153
Available-for-sale investments		281,098	269,212
Prepaid lease payments		33,542	33,988
Advances to investee companies		146,286	167,641
Loans receivable – due after one year		68,259	68,259
		7,422,166	7,310,517
Current assets			
Inventories		8,353	9,541
Properties held for sale		193,954	252,870
Trade and other receivables	10	71,645	84,984
Investments held for trading		7,431	2,794
Prepaid lease payments		894	894
Taxation recoverable		–	905
Loans receivable – due within one year		20,208	21,080
Bank accounts with Liu Chong Hing Bank Limited and its subsidiaries		72,227	275,417
Fixed bank deposits with more than three months to maturity		126,214	124,964
Other bank balances and cash		542,610	277,927
		1,043,536	1,051,376
Current liabilities			
Trade and other payables	11	203,125	129,491
Taxation payable		69	–
Borrowings – due within one year	12	738,112	703,863
		941,306	833,354
Net current assets		102,230	218,022
Total assets less current liabilities		7,524,396	7,528,539

Condensed Consolidated Balance Sheet (continued)

		30 June 2006 (unaudited) HK\$'000	31 December 2005 (audited) HK\$'000
	<i>Note</i>		
Non-current liabilities			
Borrowings – due after one year	12	1,510,577	1,566,262
Deferred taxation		386,321	385,976
		1,896,898	1,952,238
Net assets		5,627,498	5,576,301
Capital and reserves			
Share capital		378,583	378,583
Reserves		5,226,758	5,174,826
Equity attributable to equity holders of the parent		5,605,341	5,553,409
Minority interests		22,157	22,892
Total equity		5,627,498	5,576,301

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2006

	Attributable to equity holders of the parent											
	Share capital	General reserve	Special reserve	Regulatory reserve	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange 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
At 1 January 2005	378,583	783,495	75,747	47,558	1,449,573	59,049	2,952	(7,784)	2,613,025	5,402,198	25,694	5,427,892
Gains on fair value changes of available-for-sale investments	-	-	-	-	-	16,415	-	-	-	16,415	-	16,415
Share of gains on fair value changes of available-for-sale investments held by associates	-	-	-	-	-	22	-	-	-	22	-	22
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	(449)	-	(449)	(12)	(461)
Share of exchange reserve of associates	-	-	-	-	-	-	-	(207)	-	(207)	-	(207)
Net income and expenses recognised directly in equity	-	-	-	-	-	16,437	-	(656)	-	15,781	(12)	15,769
Release of reserve upon disposal of a subsidiary	-	(45,000)	-	-	-	-	-	-	45,000	-	-	-
Share of release of reserve of associates upon disposal of available-for-sale investments	-	-	-	-	-	(2,983)	-	-	-	(2,983)	-	(2,983)
Profit for the period	-	-	-	-	-	-	-	-	64,473	64,473	(560)	63,913
Total recognised income and expenses for the period	-	(45,000)	-	-	-	13,454	-	(656)	109,473	77,271	(572)	76,699
Dividend paid	-	-	-	-	-	-	-	-	(37,858)	(37,858)	-	(37,858)
At 30 June 2005	378,583	738,495	75,747	47,558	1,449,573	72,503	2,952	(8,440)	2,684,640	5,441,611	25,122	5,466,733
Surplus on revaluation of properties	-	-	-	-	8	-	-	-	-	8	-	8
Losses on fair value changes of available-for-sale investments	-	-	-	-	-	(6,075)	-	-	-	(6,075)	-	(6,075)
Share of gains on fair value changes of available-for-sale investments held by associates	-	-	-	-	-	25,613	-	-	-	25,613	-	25,613
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	51,918	-	51,918	1,099	53,017
Share of exchange reserve of associates	-	-	-	-	-	-	-	(555)	-	(555)	-	(555)
Net income recognised directly in equity	-	-	-	-	8	19,538	-	51,363	-	70,909	1,099	72,008
Share of release of reserve of associates upon disposal of available-for-sale investments	-	-	-	-	-	(7,802)	-	-	-	(7,802)	-	(7,802)
Profit for the period	-	-	-	-	-	-	-	-	78,978	78,978	(3,329)	75,649
Total recognised income and expenses for the period	-	-	-	-	8	11,736	-	51,363	78,978	142,085	(2,230)	139,855
Share of earmark of accumulated profit as regulatory reserve of an associate	-	-	-	8,677	-	-	-	-	(8,677)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(30,287)	(30,287)	-	(30,287)
At 31 December 2005	378,583	738,495	75,747	56,235	1,449,581	84,239	2,952	42,923	2,724,654	5,553,409	22,892	5,576,301

Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2006

	Attributable to equity holders of the parent										Minority interests	Total
	Share capital	General reserve	Special reserve	Regulatory reserve	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange 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
Losses on fair value changes of available-for-sale investments	-	-	-	-	-	(12,164)	-	-	-	(12,164)	-	(12,164)
Share of gains on fair value changes of available-for-sale investments held by associates	-	-	-	-	-	18,726	-	-	-	18,726	-	18,726
Exchange differences arising on translation of overseas operations	-	-	-	-	-	-	-	10,341	-	10,341	265	10,606
Share of exchange reserve of associates	-	-	-	-	-	-	-	1,318	-	1,318	-	1,318
Net income recognised directly in equity	-	-	-	-	-	6,562	-	11,659	-	18,221	265	18,486
Share of release of reserve of associates upon disposal of available-for-sale investments	-	-	-	-	-	(8,040)	-	-	-	(8,040)	-	(8,040)
Profit for the period	-	-	-	-	-	-	-	-	87,181	87,181	(1,000)	86,181
Total recognised income and expenses for the period	-	-	-	-	-	(1,478)	-	11,659	87,181	97,362	(735)	96,627
Share of earmark of accumulated profit as regulatory reserve of an associate	-	-	-	10,530	-	-	-	-	(10,530)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(45,430)	(45,430)	-	(45,430)
At 30 June 2006	<u>378,583</u>	<u>738,495</u>	<u>75,747</u>	<u>66,765</u>	<u>1,449,581</u>	<u>82,761</u>	<u>2,952</u>	<u>54,582</u>	<u>2,755,875</u>	<u>5,605,341</u>	<u>22,157</u>	<u>5,627,498</u>

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2006

		Six months ended 30 June	
	<i>Note</i>	2006 (unaudited) HK\$'000	2005 (unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES		43,017	40,564
NET CASH FROM INVESTING ACTIVITIES			
Net cash inflow arising from disposal of a subsidiary	14	–	121,590
Other investing cash flows		89,537	118,163
		89,537	239,753
NET CASH USED IN FINANCING ACTIVITIES		(76,919)	(22,989)
NET INCREASE IN CASH AND CASH EQUIVALENTS		55,635	257,328
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		553,344	253,888
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		5,858	(461)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		614,837	510,755

1. Basis of Preparation

The condensed consolidated 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 (the "Listing Rules") 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 consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

In the current period, the Group has also applied, for the first time, a number of new standards, amendments and interpretations issued by the HKICPA (hereinafter collectively referred to as the "new HKFRSs") that are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

3. Summary of the Effects of the Changes in Accounting Policies

The Group has not early applied the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendments and interpretations will have no material impact on the financial position and the results of the Group.

HKAS 1 (Amendment)	Capital disclosures ¹
HKFRS 7	Financial instruments: Disclosures ¹
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) – INT 8	Scope of HKFRS 2 ³
HK(IFRIC) – INT 9	Reassessment of embedded derivatives ⁴

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

4. Segment Information

Business Segments

The Group is currently organised in five operating divisions – property investment, property development, property management, treasury investment and trading and manufacturing. These divisions are the basis on which the Group reports its primary segment information. The Group was also involved in the insurance business which was discontinued on 29 June 2005, details are set out in note 14.

Segment information about these businesses is presented below:

	Six months ended 30 June 2006					Discontinued operation	Eliminations	Consolidated
	Continuing operations							
	Property investment	Property development	Property management	Treasury investment	Trading and manufacturing			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE								
External sales	49,500	55,758	5,919	20,825	14,302	-	-	146,304
Inter-segment sales	-	-	2,134	394,107	-	-	(396,241)	-
Total revenue	<u>49,500</u>	<u>55,758</u>	<u>8,053</u>	<u>414,932</u>	<u>14,302</u>	<u>-</u>	<u>(396,241)</u>	<u>146,304</u>
Inter-segment sales are charged at prevailing market rates.								
RESULTS								
Segment results	<u>36,111</u>	<u>(25,957)</u>	<u>(1,304)</u>	<u>(1,698)</u>	<u>(74)</u>	<u>-</u>	<u>-</u>	<u>7,078</u>
Finance costs								(31,787)
Share of results of associates	49	-	-	113,921	-	-	-	113,970
Profit before taxation								89,261
Income tax expense								(3,080)
Profit for the period								<u>86,181</u>

4. Segment Information (continued)

Business Segments (continued)

	Six months ended 30 June 2005						Eliminations HK\$'000	Consolidated HK\$'000
	Continuing operations					Discontinued operation		
	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Insurance business 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.

RESULTS								
Segment results	<u>39,988</u>	<u>(61,673)</u>	<u>1,122</u>	<u>28,607</u>	<u>488</u>	<u>2,605</u>	<u>-</u>	11,137
Finance costs								(25,956)
Share of results of associates	-	-	-	87,334	-	-	-	87,334
Profit before taxation								72,515
Income tax expense								<u>(8,602)</u>
Profit for the period								<u>63,913</u>

5. Income Tax Expense

	Six months ended 30 June	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Income tax expense relating to continuing operations		
Hong Kong Profits Tax Current period	2,735	2,716
Deferred Taxation Current period	345	5,886
	3,080	8,602
Income tax expense relating to discontinued operation	-	-
Income tax expense relating to continuing and discontinued operations	3,080	8,602

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profit for the period.

6. PROFIT FOR THE PERIOD

	Continuing operations		Discontinued operation		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Profit for the period has been arrived at after charging (crediting) the following items:						
Revenue (included investment income of HK\$20,825,000 (2005: HK\$6,598,000) as set out below)	(146,304)	(284,321)	–	(16,995)	(146,304)	(301,316)
Direct costs	82,156	270,022	–	14,390	82,156	284,412
Profit before taxation	(89,261)	(69,910)	–	(2,605)	(89,261)	(72,515)
Amortisation of prepaid lease payments and capitalised as cost of properties under development	446	447	–	–	446	447
Depreciation and amortisation of property, plant and equipment	5,357	4,281	–	120	5,357	4,401
Investment income	(20,825)	(5,682)	–	(916)	(20,825)	(6,598)
Gain on disposal of an investment property	50	–	–	–	50	–
Loss on sale of investments	–	–	–	1,758	–	1,758
Share of taxation of associates (included in share of results of associates)	21,584	16,005	–	–	21,584	16,005

7. DIVIDENDS

	Six months ended 30 June	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Dividends paid or declared in respect of current period:		
Final dividend declared and paid for 2005 – HK\$0.12 (2005: declared and paid for 2004 HK\$0.10) per share	45,430	37,858
Interim dividend declared for 2006 – HK\$0.10 (2005: HK\$0.08) per share	37,858	30,287

On 27 April 2006, a cash dividend of HK\$0.12 (2005: HK\$0.10) per share was paid to shareholders as the final dividend for 2005.

The Board of Directors has resolved that an interim cash dividend of HK\$0.10 (2005: HK\$0.08) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 15 September 2006.

8. 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\$87,181,000 (2005: HK\$64,473,000) and on 378,583,440 (2005: 378,583,440) ordinary shares in issue during the period.

8. Basic Earnings per Share *(continued)*

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	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Earnings for the period attributable to equity holders of the parent	87,181	64,473
Less: Earnings for the period from discontinued operation	–	(2,605)
Earnings for the purpose of basic earnings per share from continuing operations	87,181	61,868

The denominators used are the same as those detailed above for basic earnings per share from continuing and discontinued and operations.

From discontinued operation

For the six months ended 30 June 2005, basic earnings per share for discontinued operation was HK0.7 cent which was calculated based on the profit for the period attributable to equity holders of the parent from discontinued operation of HK\$2,605,000. The denominators used are the same as those detailed above for basic earnings per share from continuing and discontinued operations.

9. INVESTMENT PROPERTIES

The Group's investment properties at 30 June 2006 were fair-valued by Vigers Appraisal & Consulting Ltd. ("Vigers"), an independent firm of professional valuers not connected with the Group. Vigers is member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

10. 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\$40,178,000 (31 December 2005: HK\$57,742,000) which are included in trade and other receivables is as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Current	31,245	42,877
Between 31 days to 90 days	7,582	12,114
Over 90 days	1,351	2,751
	40,178	57,742

11. Trade and Other Payables

Included in trade and other payables are trade payables of HK\$9,649,000 (31 December 2005: HK\$21,817,000) and the aged analysis is as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Current	8,391	14,616
Between 31 days to 90 days	2	1,278
Over 90 days	1,256	5,923
	9,649	21,817

12. Borrowings

During the period, the Group obtained and renewed bank loans in the amount of HK\$464,500,000. 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.

13. Capital Commitments

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Capital expenditure in respect of property development contracted for but not provided in the condensed consolidated financial statements	474,708	506,611
Capital expenditure in respect of the contributions to the capital of an investee company contracted for but not provided in the condensed consolidated financial statements	101,767	119,401
	576,475	626,012

14. 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 and the 2005 annual report. The disposal was completed on 29 June 2005.

The operation of LCH Insurance included insurance business and treasury investment business. The results of insurance business of LCH Insurance for the six months ended 30 June 2005 were as follows:

	<i>HK\$'000</i>
Revenue	16,995
Direct costs	(14,390)
Profit for the period	2,605

14. 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 (Note i)	51,144
Gain on disposal of interest in a subsidiary (Note ii)	61,352
	<hr/>
Total consideration	212,000
	<hr/> <hr/>
Satisfied by:	
Cash	212,000
	<hr/> <hr/>
Net cash inflow arising on disposal:	
Cash consideration	212,000
Bank balances and cash disposal of	(90,410)
	<hr/>
	121,590
	<hr/> <hr/>

Notes:

- (i) Unrealised gain on disposal represented the unrealised gain resulting from the disposal of interest in LCH Insurance to LCH Bank to the extent of the Group's interests in LCH Bank, which was included in interests in associates.
- (ii) The gain on disposal of interest in a subsidiary represented 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 business included in the Group's treasury investment segment. 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 operating divisions.



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 20.

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 2006.

Deloitte Touche Tohmatsu

Certified Public Accountants
Hong Kong
16 August 2006

Interim Dividend

The Board of Directors has resolved to declare an interim cash dividend for 2006 of HK\$0.10 (2005: HK\$0.08) per share, payable on 21 September 2006 to the shareholders registered on 15 September 2006.

The Register of Members will be closed from 13 September 2006 to 15 September 2006, 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 12 September 2006.

Management Discussion and Analysis

Banking operation

For the first half of the year 2006, the Bank's unaudited net profit is HK\$248.8 million, an increase of HK\$56.8 million representing a 29.6% increment over the previous year.

Investment properties

The Group's investment properties maintain an occupancy rate of about 87% for the first half of 2006, representing a slight increase over the same period of the previous year. Total rental income has increased by 4.6% to HK\$49.5 million.

Chong Hing Square, located in the heart of Mongkok, Kowloon, provides 183,000 sq.ft. of retail and recreational spaces. It is the district's landmark of food and entertainment. This building has completed extensive renovations and all current vacant space is to be leased out. Rental income for this property has increased by 10.9% compared to the same period last year.

The 45,000 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 fully let and rental income has increased by 24.1% compared to the same period last year.

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 fully let and rental income has increased mildly by 5.5% compared with the same period last year.

Management Discussion and Analysis (continued)

Investment properties (continued)

Fairview Court, 5 out of 5 units of our luxury low rise apartment complex in prestigious Repulse Bay are let and because the property were put up for sale on the market, some units were vacated temporarily for ease of sale. However, since the sale did not materialise, management has decided to re-let all units again until further plans. Due to the temporary vacancies, rental income for this property has decreased by 21.3% compared to the same period last year.

The re-development of Liu Chong Hing Bank Building is in progress and the building is expected to complete around December, 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. For the first half of 2006, a total of 52 flat units were successfully sold generating total cash proceeds amounted to HK\$55.8 million. Some remaining units are currently leased out and the rental income from such units for the period under review amounts to HK\$2 million.

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 2006, a total of 682 units of Phase I (out of 684 units) and 1,116 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 is under progress and completion is expected by June 2007. This property is prominently located in the golden-mile of Shanghai's prime commercial district.

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 2006, 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)	Total Interests	
Mr. Liu Lit Man, <i>Chairman</i>	4,991,200	–	171,600,000 <i>(Note 1)</i>	176,591,200	46.65%
Dr. 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, Dr. 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 Dr. 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 Dr. 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	–	239,145,628 (Note 1)	242,593,556	55.77%
Mr. Liu Lit Mo, <i>Vice Chairman</i>	1,009,650	–	239,145,628 (Note 1)	240,155,278	55.21%
Mr. Liu Lit Chi, <i>Managing Director & Chief Executive Officer</i>	313,248	–	241,408,839 (Notes 1 & 2)	241,722,087	55.57%
Dr. Liu Lit Chung	–	–	239,145,628 (Note 1)	239,145,628	54.98%
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 239,145,628 shares attributed as follows:

- (i) 199,145,628 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, Dr. 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 UFJ, Limited ("BTMU"). Pursuant to an agreement in 1994, BTMU 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 BTMU 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, Dr. 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 2006, 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 2006, 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 as follows:

Shareholders	Capacity	No. of ordinary shares held	% of the issued share capital
Liu's Holdings Limited	Beneficial owner	171,600,000 (Note 1)	45.33%
Alba Holdings Limited	Beneficial owner	45,123,064 (Note 2)	11.92%
Third Avenue Management LLC	Investment Manager	18,912,000 (Note 3)	5.00%

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

Note 1: Liu's Holdings Limited, a private company incorporated in Hong Kong, is wholly owned by Mr. Liu Lit Man, Dr. 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".

Note 2: Alba Holdings Limited, a private company incorporated in Hong Kong, is owned by Mr. Liu Lit Chi and his associates. Such corporate interests are also disclosed in the sub-section under "Directors' Interests in Share Capital of the Company and its Associated Corporations".

Note 3: Third Avenue Management LLC ("TAM"), a Registered Investment Adviser based in the United States of America, acts as an adviser to various mutual funds, private partnerships, institutions and individuals, etc. TAM has investment advisory authority over 18,912,000 shares in the Company.

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 of 5% or more as at 30 June 2006 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 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 2006, 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 2006 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), Dr. 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. The Hon Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter, Mr. Cheng Mo Chi, Moses and Mr. Tong Tsin Ka.

By Order of the Board
Dr. Liu Lit Mo
Managing Director

Hong Kong, 16 August 2006