



廖創興企業有限公司
LIU CHONG HING INVESTMENT LIMITED
Stock Code : 194

A fresh look to
reach new heights

2007 INTERIM REPORT

CORPORATE INFORMATION

Board of Directors

Executive Directors

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

Dr. Liu Lit Mo, LLD, 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, LLD, 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

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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Hong Kong
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Guangzhou Office

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Tel: (8621) 6359 1000
Fax: (8621) 6327 6299

SHAREHOLDERS' INFORMATION

Financial Calendar

- Annual General Meeting** : Held on 25 April 2007
- Interim Results for six-month ended 30 June 2007** : Announced on 9 August 2007

Dividends

Interim cash dividend : HK\$0.12 per share

Paid on : 20 September 2007

Ex-dividend date of interim dividend : 10 September 2007

Latest time to lodge transfer forms : 4:30 pm on 11 September 2007

Closure of Register of Members : From 12 September 2007
to 14 September 2007
(both days 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
25th Floor, Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong
Tel: (852) 3768 9038
Fax: (852) 3768 9008
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 2007. The interim financial report is prepared on a basis consistent with the accounting policies adopted in 2006 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

	NOTES	Six months ended 30 June	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Revenue		148,267	137,839
Direct costs		(62,901)	(103,398)
Gross profit		85,366	34,441
Other income		7,146	10,060
Fair value gain on investments held for trading		6,162	1,655
Fair value gain on investment properties		—	2,600
Surplus on revaluation of leasehold land and buildings		48	—
Administrative and other expenses		(48,792)	(41,678)
Finance costs		(41,024)	(31,787)
Share of results of associates		151,851	113,970
Profit before tax		160,757	89,261
Income tax expense	4	(9,871)	(3,080)
Profit for the period	5	150,886	86,181
Attributable to:			
Equity holders of the parent		152,459	87,181
Minority interests		(1,573)	(1,000)
		150,886	86,181
Dividends	6	56,788	45,430
Basic earnings per share	7	40.3 cents	23.0 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	NOTES	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
Non-current assets			
Investment properties	8	3,214,549	3,214,549
Property, plant and equipment		48,555	50,431
Properties under development		1,478,560	1,305,213
Interests in associates		2,807,783	2,722,235
Available-for-sale investments		339,102	267,603
Prepaid lease payments	8	195,683	33,095
Advances to investee companies		140,831	143,802
Loans receivable — due after one year		58,481	66,281
		8,283,544	7,803,209
Current assets			
Inventories		11,119	9,950
Properties held for sale		25,210	64,276
Trade and other receivables	9	235,588	70,097
Investments held for trading		9,010	4,368
Prepaid lease payments	8	3,504	894
Loans receivable — due within one year		13,486	5,686
Bank accounts with Chong Hing Bank Limited and its subsidiaries		36,868	91,281
Fixed bank deposits with more than three months to maturity		375,509	371,720
Other bank balances and cash		408,216	524,351
Assets classified as held for sale		4,855	76,307
		1,123,365	1,218,930

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

	NOTES	30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
Current liabilities			
Trade and other payables	10	134,661	190,408
Taxation payable		12,616	9,450
Borrowings — due within one year	11	882,290	722,932
		1,029,567	922,790
Net current assets			
		93,798	296,140
Total assets less current liabilities			
		8,377,342	8,099,349
Non-current liabilities			
Borrowings — due after one year	11	2,150,578	1,981,881
Deferred taxation		393,840	391,561
		2,544,418	2,373,442
Net assets			
		5,832,924	5,725,907
Capital and reserves			
Share capital		378,583	378,583
Reserves		5,424,250	5,318,589
Equity attributable to equity			
holders of the parent		5,802,833	5,697,172
Minority interests		30,091	28,735
Total equity			
		5,832,924	5,725,907

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	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 2006 (audited)	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
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 foreign 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 expense for the period	—	—	—	—	—	(1,478)	—	11,659	87,181	97,362	(735)	96,627
Share of earmark of accumulated profits as regulatory reserve of an associate	—	—	—	10,530	—	—	—	—	(10,530)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(45,430)	(45,430)	—	(45,430)
At 30 June 2006 (unaudited)	378,583	738,495	75,747	66,765	1,449,581	82,761	2,952	54,582	2,755,875	5,605,341	22,157	5,627,498
Surplus on revaluation of properties	—	—	—	—	8	—	—	—	—	8	—	8
Losses on fair value changes of available-for-sale investments	—	—	—	—	—	(24,486)	—	—	(24,486)	—	—	(24,486)
Share of gains on fair value changes of available-for-sale investments held by associates	—	—	—	—	—	27,804	—	—	27,804	—	—	27,804
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	26,582	—	26,582	933	27,515
Share of exchange reserve of associates	—	—	—	—	—	—	—	(613)	—	(613)	—	(613)
Net income recognised directly in equity	—	—	—	—	8	3,318	—	25,969	—	29,295	933	30,228
Share of release of reserve of associates upon disposal of available-for-sale investments	—	—	—	—	—	(35,566)	—	—	(35,566)	—	—	(35,566)
Profit for the period	—	—	—	—	—	—	—	—	135,960	135,960	(513)	135,447

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2007

	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
Total recognised income and expense for the period	—	—	—	—	8	(32,248)	—	25,969	135,960	129,689	420	130,109
Capital contribution by minority shareholders	—	—	—	—	—	—	—	—	—	—	6,158	6,158
Share of earmark of accumulated profits as regulatory reserve of an associate	—	—	—	8,773	—	—	—	—	(8,773)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(37,858)	(37,858)	—	(37,858)
At 31 December 2006 (audited)	378,583	738,495	75,747	75,538	1,449,589	50,513	2,952	80,551	2,845,204	5,697,172	28,735	5,725,907
Surplus on revaluation of properties	—	—	—	—	4	—	—	—	—	4	—	4
Gain on fair value changes of available-for-sale investments	—	—	—	—	—	1,947	—	—	—	1,947	—	1,947
Share of gains on fair value changes of available-for-sale investments held by associates	—	—	—	—	—	20,740	—	—	—	20,740	—	20,740
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	3,282	—	3,282	(12)	3,270
Share of exchange reserve of associates	—	—	—	—	—	—	—	366	—	366	—	366
Net income and expense recognised directly in equity	—	—	—	—	4	22,687	—	3,648	—	26,339	(12)	26,327
Release of reserve upon disposal of available-for-sale investments	—	—	—	—	—	(157)	—	—	—	(157)	—	(157)
Share of release of reserve of associates upon disposal of available-for-sale investments	—	—	—	—	—	(16,192)	—	—	—	(16,192)	—	(16,192)
Profit for the period	—	—	—	—	—	—	—	—	152,459	152,459	(1,573)	150,886
Total recognised income and expense for the period	—	—	—	—	4	6,338	—	3,648	152,459	162,449	(1,585)	160,864
Capital contribution by minority shareholders	—	—	—	—	—	—	—	—	—	—	2,941	2,941
Share of earmark of accumulated profits as regulatory reserve of an associate	—	—	—	10,074	—	—	—	—	(10,074)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(56,788)	(56,788)	—	(56,788)
At 30 June 2007 (unaudited)	378,583	738,495	75,747	85,612	1,449,593	56,851	2,952	84,199	2,930,801	5,802,833	30,091	5,832,924

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	NOTES	Six months ended 30 June	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Net cash (used in) generated from operating activities		(48,221)	109,334
Net cash (used in) generated from investing activities			
Additions of prepaid lease payments	8	(166,833)	—
Deposits for prepaid lease payments		(151,200)	—
Expenditure on properties under development		(145,949)	(66,317)
Purchase of available-for-sale investments		(64,362)	(16,985)
Acquisition of additional interest in an associate		(16,407)	—
Dividend received from an associate		87,624	83,641
Proceed from disposal of assets classified as held for sale		70,799	—
Repayment from investee companies		2,500	14,289
Other investing cash flows		(4,789)	8,592
		(388,617)	23,220
Net cash generated from (used in) financing activities			
New borrowings raised	11	673,383	476,564
Repayments of borrowings		(345,328)	(498,000)
Interest paid		(67,976)	(55,483)
Capital contribution by minority shareholders		2,941	—
		263,020	(76,919)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

	NOTES	Six months ended	
		30 June	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Net (decrease) increase in cash and cash equivalents		(173,818)	55,635
Cash and cash equivalents at beginning of the period		615,632	553,344
Effect of foreign exchange rate changes		3,270	5,858
Cash and cash equivalents at end of the period		445,084	614,837
Cash and cash equivalents at the end of the period, represented by:			
Bank accounts with Chong Hing Bank Limited and its subsidiaries		36,868	72,227
Other bank balances and cash		408,216	542,610
		445,084	614,837

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2007

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 ("HKAS") 34, Interim Financial Reporting.

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 2006.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

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
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment ⁵

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

⁵ Effective for annual periods beginning on or after 1 November 2006

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The adoption of these new HKFRSs has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) — Int 11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) — Int 12	Service Concession Arrangements ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. 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.

3. SEGMENT INFORMATION *(Continued)*

Business Segments *(Continued)*

Segment information about these businesses is presented below:

Six months ended 30 June 2007

	Property investment	Property development	Property management	Treasury investment	Trading and manufacturing	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	58,414	55,968	8,372	13,954	11,559	—	148,267
Inter-segment sales	—	—	2,303	282,624	—	(284,927)	—
Total	58,414	55,968	10,675	296,578	11,559	(284,927)	148,267

Inter-segment sales are charged at prevailing market rates.

RESULTS							
Segment results	42,391	10,984	(1,220)	(2,384)	159	—	49,930
Finance costs							(41,024)
Share of results of associates	50	—	—	151,801	—	—	151,851
Profit before tax							160,757
Income tax expense							(9,871)
Profit for the period							150,886

3. SEGMENT INFORMATION *(Continued)*

Business Segments *(Continued)*

Six months ended 30 June 2006

	Property investment	Property development	Property management	Treasury investment	Trading and manufacturing	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	49,500	55,758	5,919	12,360	14,302	—	137,839
Inter-segment sales	—	—	2,134	394,107	—	(396,241)	—
Total	49,500	55,758	8,053	406,467	14,302	(396,241)	137,839

Inter-segment sales are charged at prevailing market rates.

RESULTS

Segment results	36,111	(25,957)	(1,304)	(1,698)	(74)	—	7,078
Finance costs							(31,787)
Share of results of associates	49	—	—	113,921	—	—	113,970
Profit before tax							89,261
Income tax expense							(3,080)
Profit for the period							86,181

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Current tax:		
Hong Kong	3,156	2,735
The People's Republic of China (the "PRC") Enterprise Income Tax	4,493	—
	7,649	2,735
Overprovision in prior years:		
Hong Kong	(57)	—
	7,592	2,735
Deferred tax:		
Current period	2,279	345
Income tax expense	9,871	3,080

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) on the estimated assessable profits of those subsidiaries that are subject to Hong Kong Profits Tax.

Taxation arising in other jurisdictions is calculated at 33% on the estimated assessable profits of those subsidiaries that are subject to Enterprise Income Tax in the PRC.

5. PROFIT FOR THE PERIOD

	Consolidated	
	Six months ended	
	30 June	
	2007	2006
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of prepaid lease payments	1,635	446
Depreciation and amortisation of property, plant and equipment	5,393	5,357
Loss on disposal of assets classified as held for sale	653	—
Gain on disposal of an investment property	—	(50)
Share of taxation of associates (included in share of results of associates)	25,272	21,584
Imputed interest income on non-current interest-free loan to investee companies	(6,578)	(8,465)

Amortisation of prepaid lease payments disclosed above included an amount of HK\$446,000 (2006: HK\$446,000) capitalised as cost of properties under development.

6. DIVIDENDS

	Six months ended 30 June	
	2007	2006
	HK\$'000	HK\$'000
Dividends paid or declared in respect of current period:		
Final dividend declared and paid for 2006 — HK\$0.15 (2006: declared and paid for 2005 HK\$0.12) per share	56,788	45,430
Interim dividend declared for 2007 — HK\$0.12 (2006: HK\$0.10) per share	45,430	37,858

On 26 April 2007, a cash dividend of HK\$0.15 (2006: HK\$0.12) per share was paid to shareholders as the final dividend for 2006.

The Board of Directors has resolved that an interim cash dividend of HK\$0.12 (2006: HK\$0.10) per share will be paid to the shareholders of the Company whose names appear in the Register of Members on 14 September 2007.

7. BASIC EARNINGS PER SHARE

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

	Six months ended	
	30 June	
	2007	2006
	HK\$'000	HK\$'000
Earnings for the period attributable to equity holders of the parent	152,459	87,181
Number of ordinary shares for the purpose of basic earnings per share	378,583,440	378,583,440

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PREPAID LEASE PAYMENTS

The Group's investment properties were fair valued by Vigers Appraisal & Consulting Ltd. ("Vigers"), an independent firm of professional valuers not connected with the Group, at 30 June 2007. Vigers is a member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

During the period, the Group made prepaid lease payments for land of approximately HK\$166,833,000.

9. TRADE AND OTHER RECEIVABLES

The Group 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. Deposits paid for a tender in respect of leasehold land in the PRC of approximately HK\$151,200,000 have been included in other receivables and the amounts were subsequently refunded after the balance sheet date.

The following is an aged analysis of trade receivables at the balance sheet date:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Within 30 days	37,602	30,206
Between 31 days to 90 days	8,652	6,072
Over 90 days	4,175	1,795
	50,429	38,073

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the balance sheet date:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Within 30 days	13,412	10,269
Between 31 days to 90 days	1,035	1,277
Over 90 days	4,200	4,231
	18,647	15,777

11. BORROWINGS

During the period, the Group obtained and renewed bank loans of approximately HK\$673,383,000. The loans carry interest at variable market rates ranging from 4.53% to 5.27% (2006: 4.15% to 5.48%) and are repayable in instalments over a period of 1 to 3 years. The proceeds were used for general working capital purposes.

12. CAPITAL COMMITMENTS

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
— property development expenditure	156,822	343,826
— contributions to the capital of an investee company	21,700	84,786
— addition of prepaid lease payments for land	333,200	—
	511,722	428,612



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF LIU CHONG HING INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 20, which comprises the condensed consolidated balance sheet of Liu Chong Hing Investment Limited as of 30 June 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

9 August 2007

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2007 of HK\$0.12 (2006: HK\$0.10) per share, payable on 20 September 2007 to the shareholders registered on 14 September 2007.

The Register of Members will be closed from 12 September 2007 to 14 September 2007, both days 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 4:30 p.m. on 11 September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Banking Operation

For the first half of the year 2007, the Bank's unaudited net profit is HK\$300.7 million, an increase of HK\$51.9 million representing a 20.9% increment over the previous year.

Investment Properties

The Group's investment properties maintain an occupancy rate of about 88% for the first half of 2007, representing a slight increase over the same period of the previous year. Total rental income has increased by 18% to HK\$58.4 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 11% 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.

Western Harbour Centre, a 28-storey grade-A office tower conveniently situated near the entrance of the Western Harbour Tunnel, provides unobstructed sea views and 140,000 sq.ft. of office space. The property is currently 96% let and rental income has increased by 7% compared with the same period last year.

Fairview Court, this luxury low rise apartment complex in prestigious Repulse Bay are fully let with an increase of rental as a result of rise in occupancy.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

DEVELOPMENT PROPERTIES

Shanghai, Chong Hing Financial Centre

This grade A office/commercial building is expected to be practically completed in September 2007. Subject to obtaining all building and completion certificates from all government authorities, the building would be delivered to use towards the end of this year.

Up to the date of this report, all commercial areas in the 3 levels commercial podium were fully let and over 1/3 of the office areas had already secured tenancies with numerous multi-national corporations at a satisfactorily rental income.

Foshan Residential Project

In January 2007, the Group had acquired a piece of land at a public government land auction from the Foshan Municipal Bureau of State Land and Resources at a cash consideration of RMB476 million.

That piece of land was located at Luocun West, Nanhai District, Foshan with site area of 256,107 sq.m. Given the plot ratio of 2.3, total developable area was over 700,000 sq.m. The accommodation value was estimated to be RMB808 per sq.m.

According to the development and planning requirements of the property, this composite development project will comprise residential, shops, commercial areas, kindergarten, car parking spaces and public entertainment complex. Up to 30 June 2007, the group had paid RMB142.8 million being the first payment for land premium. The Group owns 90% of the project.

Having completed a comprehensive marketing research studies, the group had engaged a well known architecture firm for preparing the overall development plan for this project.

This massive property project will be developed by phases over the next few years. The management is optimistic to this project given the fast growing real estate market in the area.

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 2007, 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%
Mr. Ng Ping Kin, Peter	20,000	—	—	20,000	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)*

(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 —

Chong Hing Bank Limited

Name of Director	Number of ordinary shares held				Total Interests	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>Executive Chairman</i>	3,447,928	—	240,071,628 <i>(Note 1)</i>	243,519,556	55.98%	
Mr. Liu Lit Mo, <i>Vice Chairman</i>	1,009,650	—	240,071,628 <i>(Note 1)</i>	241,081,278	55.42%	
Mr. Liu Lit Chi, <i>Managing Director & Chief Executive Officer</i>	313,248	—	242,334,839 <i>(Notes 1 & 2)</i>	242,648,087	55.78%	
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 —

Chong Hing Bank Limited *(continued)*

Note 1: The corporate interests in 240,071,628 shares are attributed as follows:

- (i) 200,071,628 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 and Mr. Liu Lit Chi 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 and Mr. Liu Lit Chi 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 2007, no director, chief executive nor their associates of the Company had any interest or short position, whether beneficial or nonbeneficial, 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 2007, 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 of Substantial Shareholders	Capacity	No. of ordinary shares held	% of the issued share capital
Liu's Holdings Limited	Beneficial owner	171,600,000 <i>(Note 1)</i>	45.33%
Alba Holdings Limited	Beneficial owner	45,123,064 <i>(Note 2)</i>	11.92%
Deutsche Bank Aktiengesellschaft	Beneficial owner and Investment Manager	19,005,000 <i>(Note 3)</i>	5.02%
Third Avenue Management LLC	Investment Manager	18,912,000 <i>(Note 4)</i>	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: Deutsche Bank Aktiengesellschaft ("Deutsche Bank"), is a stock corporation organized under the laws of the Federal Republic of Germany. Deutsche Bank together with all entities in which Deutsche Bank has a controlling financial interest is a global provider of a full range of corporate and investment banking, private clients and asset management products and services. Deutsche Bank was interested in a total of 19,005,000 shares in the Company.

Note 4: 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.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

(Continued)

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 2007 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 SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

All directors have confirmed that they complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers 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 2007, 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 2007 have been reviewed by our auditors, Deloitte Touche Tohmatsu, and audit committee of the Company.

PUBLICATION OF RESULTS ON THE WEBSITE

This Interim Report 2007, containing the relevant information required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, is published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.lchi.com.hk).

BOARD OF DIRECTORS

As the date of this announcement, 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 (alterate director to Dr. Liu Lit Chung); and Independent Non-executvie 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, 9 August 2007