



廖創興企業有限公司
LIU CHONG HING INVESTMENT LIMITED

FROM VISION TO REALITY
創意無限 興盛未來



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“The economic development of Shanghai in the next 50 years is even more important than what it has achieved in the past.

Our China Headquarter being situated in such an important and strategic location underpins our full confidence and vision. Our investment is not just confined to China but with the vision to expand internationally.”

Dr. Liu Lit Mo

Managing Director

“上海今後50年的經濟發展，將比過去的任何成就都來得重要。

將中國的總部設在這樣的顯赫位置，印證我們對中國未來充滿信心與期望；這不僅是投資中國的開始，更是我們運籌帷幄、積極進取，致力拓展集團經濟邁向國際化的里程碑。”

董事總經理

廖烈武博士

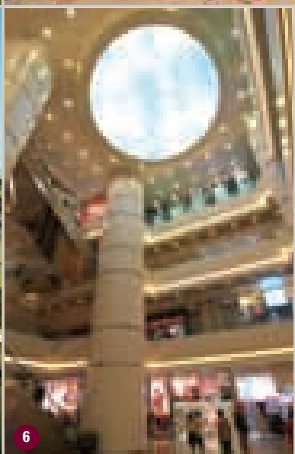
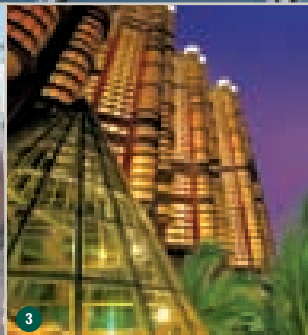


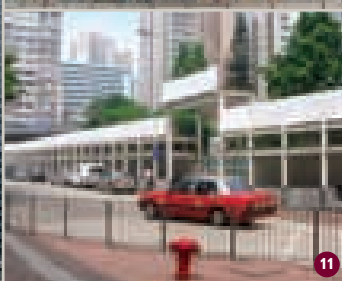
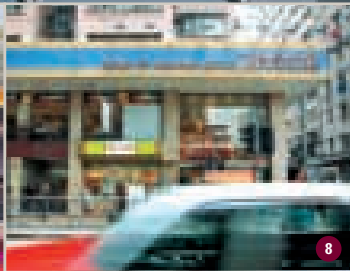


Group's Major Properties Profile



- 1 Chong Hing Finance Centre, Shanghai
- 2 Universal Plaza, Guangzhou
- 3 Le Palais, Guangzhou
- 4 Chong Hing Square
- 5 Green Lake Oasis, Foshan
- 6 The Belcher's
- 7 Bonsun Industrial Building
- 8 Chong Yip Shopping Centre
- 9 Western Harbour Centre
- 10 Fung Shun Commercial Building
- 11 Chatham Garden
- 12 Fairview Court
- 13 Chong Hing Bank Centre





Five-Year Financial Summary

	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000	2007 HK\$'000
Total assets (adjusted)	8,446,277	8,047,290	8,361,893	9,022,139	10,617,091
Total liabilities (adjusted)	3,166,706	2,669,295	2,785,592	3,296,232	4,655,117
Total net assets (adjusted)	5,279,571	5,377,995	5,576,301	5,725,907	5,961,974
Net assets value per share (adjusted)	HK\$13.95	HK\$14.21	HK\$14.73	HK\$15.12	HK\$15.75
Debt-to-equity ratio* (adjusted)	40%	36%	29%	30%	44%
Profit for the year attributable to equity holders of the Company (adjusted)	95,609	109,248	143,451	223,141	263,114
Basic earnings per share (adjusted)	HK\$0.25	HK\$0.29	HK\$0.38	HK\$0.59	HK\$0.69
Dividend per share	HK\$0.16	HK\$0.17	HK\$0.20	HK\$0.25	HK\$0.28
Dividend payout ratio (adjusted)	63%	59%	53%	42%	40%

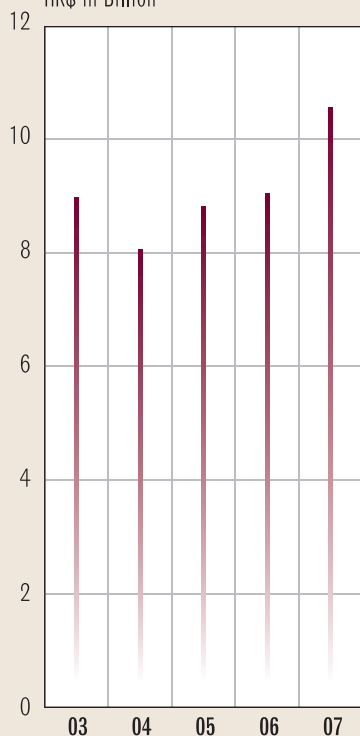
Note: (1) Total assets, total liabilities, total net assets, net assets value per share, debt-to-equity ratio, profit for the year attributable to equity holders of the Company, basic earnings per share from continuing and discontinued operations and dividend payout ratio were adjusted due to the adoption of HKAS 17 "Leases", HKAS 40 "Investment Property", HKFRS 3 "Business Combinations", HKAS 32 "Financial Instruments: Disclosure and Presentation", HKAS 39 "Financial Instruments: Recognition and Measurement", and HK(SIC) – INT 21 "Income Taxes — Recovery of Revalued Non-Depreciable Assets" for the two years ended 31 December 2004.

* Debt-to-equity ratio represents bank loans and overdrafts and other long term liabilities, less cash and deposits with banks divided by equity which comprises of shareholders' funds and minority interests.

Five-Year Financial Highlights Charts

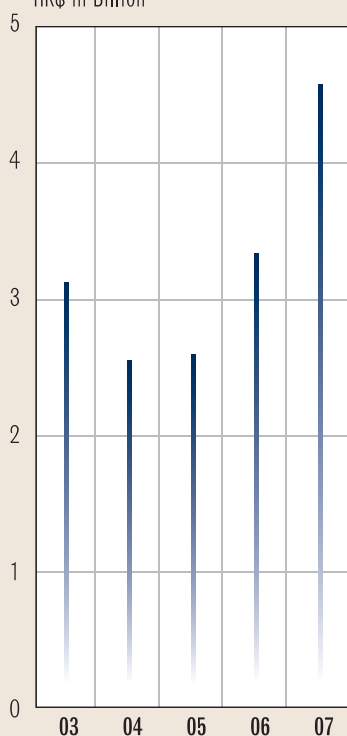
Total Assets

HK\$ in Billion



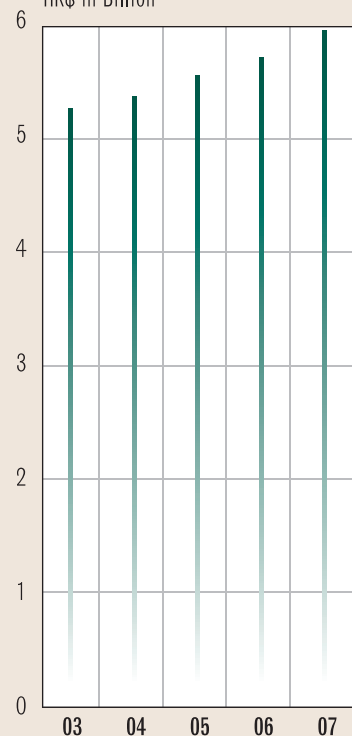
Total Liabilities

HK\$ in Billion



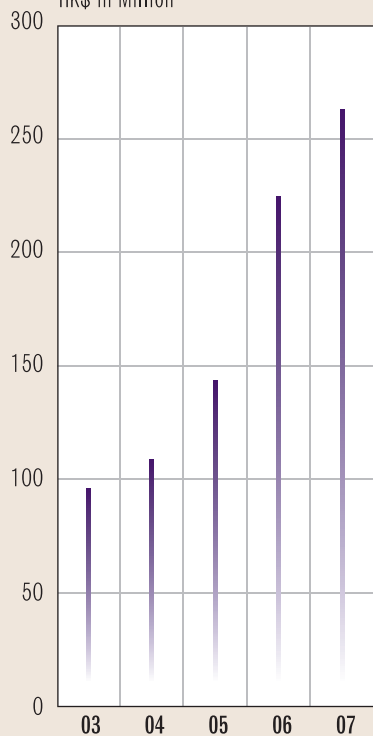
Total Net Assets

HK\$ in Billion



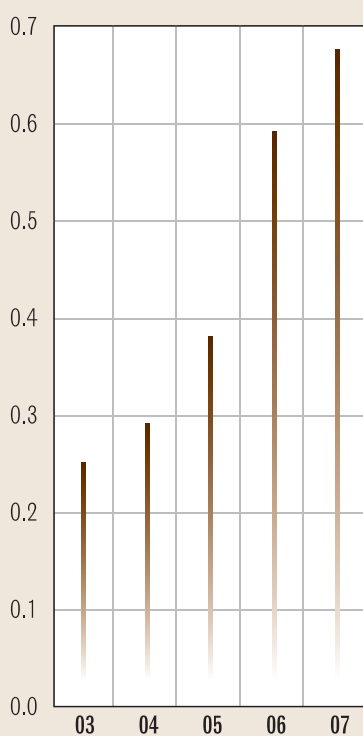
Profit for the Year Attributable to Equity Holders of the Company

HK\$ in Million



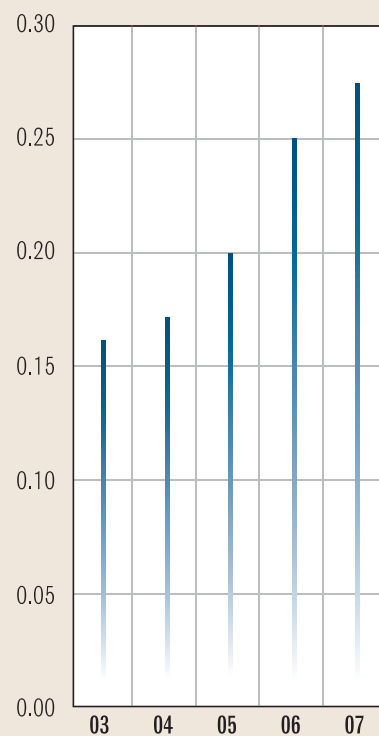
Basic Earnings per Share

HK\$



Dividend per Share

HK\$



Chairman's Statement

FOR THE ACCOUNTING YEAR ENDED 31 DECEMBER 2007, THE AUDITED PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY AMOUNTED TO **HK\$263,114,000** (BASIC EARNINGS PER SHARE: **HK\$0.69**), AN INCREASE OF **17.9%** OVER THE PREVIOUS YEAR.





I am pleased to present to the shareholders the Company's operating results for the year 2007.

BUSINESS RESULTS

For the accounting year ended 31 December 2007, the audited profit attributable to equity holders of the Company amounted to HK\$263,114,000 (basic earnings per share: HK\$0.69), an increase of 17.9% over the previous year.

DIVIDENDS

The Board of Directors has proposed to recommend at the forthcoming Annual General Meeting to be held on Wednesday, 30 April 2008, the payment of a final cash dividend of HK\$0.16 per share. Together with the interim cash dividend of HK\$0.12 per share paid on 20 September 2007, the total cash dividend amounted to HK\$0.28 per share for the year 2007.

BUSINESS REVIEW

2007 was a year of economic expansion stoked primarily by strong internal demands. Amidst rising prosperity across the broad, the stock market achieved outstanding performance, with the Hang Seng Index rising 39%, the best record post-1999. The property market was extremely buoyant, with an active volume of close to 140,000 transactions, reflecting a year-on-year increase of 40%, a new peak post-1997. The financial market maintained its momentum of growth, indicating that the impact of the worldwide liquidity crunch was rather limited.

BANKING

The audited consolidated profit attributable to shareholders of Chong Hing Bank Limited ("the Bank") and its subsidiaries for the year ended 31 December 2007 amounted to HK\$505 million, an increase of 0.38% over that for the year before. Total customers' deposits increased 10.3% to HK\$60.3 billion. Total loans to customers (after accounting for impairment allowances) increased 18% to HK\$32 billion. Total assets increased 9.6% to HK\$69 billion. Shareholders' funds (before final dividend), compared with the shareholders' funds for the previous year, increased 3.6% to HK\$6 billion.

Chong Hing Finance Centre, Shanghai



PROPERTY

INVESTMENT PROPERTIES

- Chong Hing Square, a landmark building located at the heart of Mongkok, Kowloon, achieved a 16% increase in rental income;
- Chong Yip Shopping Centre, a favorite shopping centre in the western part of Hong Kong Island, enjoyed remarkable rental income;
- Western Harbour Centre, located in close proximity to the Western Harbour Tunnel, enjoyed an occupancy rate of 100% most of the time, with a 6% growth in rental income; and
- Fairview Court, a low rise deluxe complex of garden houses located in Repulse Bay, recorded a significant growth of 17% in rental income.

REDEVELOPMENT OF CHATHAM GARDEN

Chatham Garden is a redevelopment project undertaken by the original shareholders of The Belcher's. The project calls for the erection of a 32-storey residential building on top of a 2-storey commercial complex and carparks. Demolition work has been completed and the project is now undergoing a planning phase. It is expected to commence construction works in the first quarter of 2008, with final completion of the entire project scheduled in 2010. The Group owns 10% in the project.

SITE AT TAI PO

In early 2007, the Group acquired a plot of land in Tai Po district, New Territories at a public tender with an area of 240,000 square feet. Plans are being contrived for the development of this site.

CHINA OPERATION

I. GUANGZHOU

Following the completion of the Le Palais project in the prestigious residential area of Guangzhou, the Group's strategy is to strengthen its investment property portfolio.



Chong Hing Bank Centre





Fairview Court



The Group acquired a Hong Kong incorporated private company, thereby gaining ownership of one basement and four floors of the shopping arcade in Universal Plaza, located at Nos. 829 – 831 Renmin Road North, Yue Xiu District in Guangzhou, with a total area of 188,000 square feet. The cost of acquisition is HK\$140 million, a discount of 27% to the appraised value. This acquisition is conducive to strengthening the Group's property portfolio. Its prime location has attracted a number of prestigious retailers as tenants, including Watson's, Construction Bank and Sunning Appliances (one of the top five appliance retailers in the Mainland). Since acquisition, extensive renovation work and adjustment of the mix of tenants have been undertaken. The occupancy rate is close to 75%, with a 100% increase in rental income. Considerable appreciation of the property has been enjoyed by virtue of upward rental revision and appreciation of Renminbi.

II. SHANGHAI

The site located No. 288 Nanjing Road West, Huang Pu District, Shanghai, has an area of 55,000 square feet, on which is being erected a 36-storey modern commercial building with floor area of over 736,000 square feet. Total investment in the project exceeds RMB1.4 billion. Up to 31st December 2007, all construction works have virtually been completed.

Because of its favourable location in the busy Nanjing Road West in close proximity to the People's Square and Municipal government building, considerable demand for the space available has been created. The commercial complex has been wholly leased and over 60% of the office building has been leased. A significant number of tenants are world-class companies. At present, the commercial tenants have taken possession of the leased units.

The Group owns 95% of this project, with the remaining 5% owned by Shanghai Chunshenjiang Industry General Company, a subsidiary of the Municipal Government of Huang Pu District, Shanghai.

III. FOSHAN

In January 2007, the Group acquired at a public government auction from the Foshan Municipal Bureau of State Land and Resources a site located at Luocun Chengxi Area, Luocun Streets, Nanhai District, Foshan with an area of 2,600,000 square feet, at a consideration of RMB476,000,000. Total gross floor area of 6,338,000 square feet will be made available upon completion. The site is allowed for composite development including residential units, hotels, commercial areas, and public entertainment. The accommodation

Chairman's Statement

value is estimated to be RMB75 per square foot, which is considerably more attractive than the price now prevailing in the neighboring Nanhai area.

The project is named Green Lake Oasis. Planning for the entire project has been completed and submitted to the relevant government departments for approval. Because of the massive size of the project, it is planned to undertake the development by four phases. At present, piling and preparatory work for tendering by main contractors are being undertaken. Benchmarked against the average selling price at RMB5,200 per square meter achieved by other residential development projects next to our site launched in the golden week of October 2007, it is confidently expected that satisfactory return will be earned from this project. The Group owns 90% interest in this project.

IV. BUDGET HOTEL CHAIN PROJECT

Plan to establish a chain of economic hotels in China. Tourism is a flourishing industry in mainland China. China continues to be a favorite spot attracting growing tourists from the world over. We believe economic hotels will be a business enjoying rapid and sustainable growth, generating healthy cashflows. Its future in China is optimistic and now is the golden chance to participate in this sector at an acceptable entrance price. The Group has invested in three economic hotels in Shanghai and Beijing, which are scheduled to commence business in 2008. These hotels will offer tidy, pleasant and convenient accommodation to tourists and merchants, both local and abroad. It is planned to deploy more resources to develop our own brand of economic hotels so as to attain better benefits for our shareholders.

INSURANCE

Chong Hing Insurance Company Limited has been a prudent insurer with over 40 years of experience in insurance for fire, marine, theft, accident, motor car, workers' compensation, contractors' all risks, and shipment of import and export cargoes. It is also an agent for life insurance and staff retirement provident fund insurance. Chong Hing Insurance Company Limited is a wholly-owned subsidiary of the Chong Hing Bank Limited.

PROPERTY MANAGEMENT

Liu Chong Hing Property Management and Agency Limited, established in 1976, is a wholly-owned subsidiary of the Company and is principally responsible for managing the industrial, commercial and residential properties developed by the Group. There has been an expansion into management service for properties not owned by the Group and has obtained marked



Chong Hing Finance Centre, Shanghai





Chong Hing Finance Centre, Shanghai



results. The Company was awarded ISO 9001:2000, ISO 14001:2004, OHSAS 18001:1999. These certifications indicate that our management services have attained the high quality level in the industry.

PROSPECTS

Looking ahead, 2008 will be a year when the world economy will achieve stable progress. The subprime issue will continue to daunt the U.S. economy. Because of the upcoming presidential election, it is generally accepted that the U.S. will pursue policies that will improve her economic condition. In Hong Kong, the prime mover of the economy will be enhanced internal demands. Despite the threat of inflationary pressure, the reduction of bank interest rate and the increase in asset prices will continue to produce such wealth effect that will propel high levels of personal consumption and investments. In consequence, the momentum economic growth will continue unabated. The optimism in the development of local economy is further buoyed by the rapid surge in the economy of mainland China.

The banking industry faces challenges posed by ever increasing competition, enhanced regulatory measures and rising operation costs. Nevertheless, as the Hong Kong economy grows remarkably, the resulting favorable environment for the commercial sector will be conducive to the Group's banking arm in delivering diversified, innovative and quality services, thereby maintaining a trend of sustained expansion. Strong internal demands, rising property prices and upward revision of rental levels are favorable factors

accelerating the advancement of the property market.

The Group will continue to aggressively develop its diversified business, capitalizing on every available opportunity to maximize shareholder value. Finally, on behalf of the Board, I thank the shareholders and members of the community for their trust and support and all levels of our staff for their devoted services.

Liu Lit Man
Chairman

Hong Kong, 5 March 2008

Directors' Report

THE BOARD OF DIRECTORS OF LIU CHONG HING INVESTMENT LIMITED (THE DIRECTORS) HAS PLEASURE IN PRESENTING TO THE SHAREHOLDERS THEIR ANNUAL REPORT TOGETHER WITH THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007.





Chong Hing Finance Centre, Shanghai

PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding. The principal activities of the principal subsidiaries and associates are shown in notes 45 and 46 to the financial statements respectively.

RESULTS AND STATE OF AFFAIRS

The results of the Group for the year ended 31 December 2007 and the state of the Company's and the Group's affairs at that date are set out on pages 60 to 121 of this annual report.

DIVIDENDS

An interim cash dividend of HK\$0.12 per share was paid to shareholders on 20 September 2007. The Directors recommend a final cash dividend of HK\$0.16 per share making a total cash dividend of HK\$0.28 per share for the year.

RESERVES

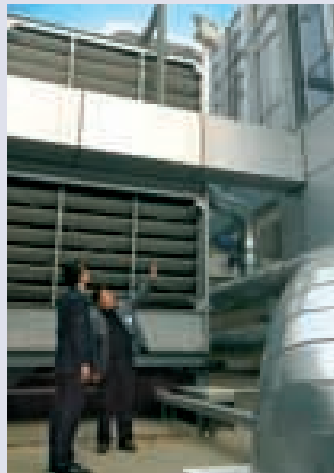
Movements in reserves of the Group during the year are set out in Consolidated Statement of Changes in Equity and the movements in reserves of the Company during the year are set out in note 37 to the financial statements.

INVESTMENT PROPERTIES/ASSETS HELD FOR SALE

Movements in investment properties and assets held for sales during the year are set out in notes 17 and 18 respectively to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 19 to the financial statements.



PROPERTIES UNDER DEVELOPMENT

Movements in properties under development during the year are set out in note 20 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 36 to the financial statements.

SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 25 April 2002, which replace the previous share option scheme, for the primary purpose of providing incentives to directors and eligible employees, and will expire on 24 April 2012. Under the Scheme, the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside eligible third parties at the discretion of the Board of Directors.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options may be exercised at any time from the date of grant of the share option to the 5th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the Company's share on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant, or the closing price of the shares on the date of grant.

No options have been granted under the above mentioned scheme since the Scheme was adopted.



Chong Hing Square





The Belcher's Shopping Centre



Chatham Garden

SUBSIDIARIES AND ASSOCIATES

Particulars relating to the subsidiaries and associates are set out in notes 45 and 46 to the financial statements respectively.

GROUP BORROWINGS AND INTEREST CAPITALISED

Details of bank loans and other borrowings repayable within five years are set out in note 33 to the financial statements.

Interest capitalised during the year amounted to HK\$64,133,000 (2006: HK\$48,728,000).

BOARD OF DIRECTORS

The Directors of the Company during the year and up to the date of this report are shown on page 43 of this annual report.

The term of office of each director, who has been longest in office, shall retire by rotation and offer themselves for re-election in accordance with the Company's Articles of Association.

Dr. The Hon. Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter, Mr. Tong Tsin Ka and Mr. Lee Wai Hung shall retire by rotation in accordance with Articles 92 and 99 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

The biographical details of directors and senior management are set out on pages 45 to 49.

The Company has received from each Independent Non-Executive Director an annual confirmation of his independent pursuant to rule 3.13 of the Listing Rules and the Company considered all Independent Non-Executive Director are independent.

CORPORATE GOVERNANCE

The Company is committed to achieve a high standard of corporate governance practices and has substantially complied with the Code on Corporate Governance Practices, as required under Appendix 14 of the Listing Rules. Guidelines and the procedures for the corporate governance of the Company are set out on pages 34 to 42.

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.

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2007, the long/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

Number of ordinary shares held

Name of Director	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Total interests	Total interests as approximate % of the relevant issued share capital
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>(Note 1 and 2)</i>	182,180,000	48.12%
Mr. Liu Lit Chi	141,668	—	216,723,064 <i>(Notes 1 and 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%

Notes:

- 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.
- 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.
- 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 (the "Bank")

Number of ordinary shares held

Name of Director	Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	Total interests	Total interests as approximate % of the relevant issued share capital
Mr. Liu Lit Man, <i>Executive Chairman</i>	3,447,928	—	243,407,628 <i>(Note 1)</i>	246,855,556	56.75%
Dr. Liu Lit Mo, <i>Vice Chairman</i>	1,009,650	—	243,407,628 <i>(Note 1)</i>	244,417,278	56.19%
Mr. Liu Lit Chi, <i>Managing Director & Chief Executive Officer</i>	313,248	—	245,670,839 <i>(Note 1 and 2)</i>	245,984,087	56.55%
Mr. Andrew Liu	60,000	—	—	60,000	0.01%

Notes:

- The corporate interests in 243,407,628 shares are attributed as follows:
 - 203,407,628 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
 - 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.
- 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 31 December 2007, 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 31 December 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 as follows:

Shareholders	Capacity	No. of ordinary shares held	% of the issued share capital
Liu's Holdings Limited	Beneficial owner	171,600,000 (L) <i>(Note 1)</i>	45.33%
Alba Holdings Limited	Beneficial owner	45,123,064 (L) <i>(Note 2)</i>	11.92%
Deutsche Bank Aktiengesellschaft	Beneficial owner and Investment Manager	22,831,000 (L) 6,000 (S) <i>(Note 3)</i>	6.03% 0.001%

(L) = Long Position

(S) = Short Position

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 held a long position of 22,831,000 shares and a short position of 6,000 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 31 December 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.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business, to which the Company or any of the Company's subsidiaries was a party and in which a director of the Company had, whether directly or indirectly, a material interest, subsisted at the end of the year or at any time during the year.

At no time during the year was the Company or any of the Company's subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares, or debentures of, the Company or any other body corporate.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable within one year without payment of compensation (other than statutory compensation).

CONNECTED PARTY TRANSACTIONS

The connected party transactions between the Group and the Bank and its subsidiaries (the "Bank Group") during the year are described as follows:

- A. The Bank Group handled routine banking transactions for the Group. Services provided by the Bank are cheque clearing, current, savings and deposit accounts, remittances and other banking facilities.
- B. The Bank Group provided securities and futures brokerage, nominee, data processing services, insurance agency and underwriting services to members of the Group under normal commercial terms.
- C. The Bank Group leased several floors of Western Harbour Centre from the Company.
- D. The Company through Liu Chong Hing Property Management and Agency Limited, a wholly-owned subsidiary, has provided property management, property consultant and property maintenance services to the Bank Group.

Mr. Liu Lit Man, Dr. Liu Lit Mo, Mr. Liu Lit Chi, Dr. Liu Lit Chung, Mr. Andrew Liu and Mr. Ng Ping Kin, Peter are interested, directly or indirectly, in the respective share capitals of the Company and/or the Bank.

In the opinion of the directors who do not have any interest, whether directly or indirectly, in the above transactions, the transactions were conducted in the ordinary course of business of the Group on normal commercial terms.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's purchases attributable to the Group's five largest suppliers and the Group's turnover attributable to the Group's five largest customers were less than 30% respectively. None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers or customers.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2007, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

Directors' Report

SHAREHOLDINGS INFORMATION

TOP 10 LARGEST SHAREHOLDERS

According to the register of members of the Company as at 31 December 2007, the top 10 largest shareholders are as follows:

	Number of Shares held	%
1. Chong Hing (Nominees) Ltd.	135,838,878	35.88
2. HKSCC Nominees Limited	123,762,067	32.69
3. Bangkok Bank Public Co. Ltd.	41,580,000	10.98
4. Alba Holdings Ltd.	35,000,222	9.25
5. BTMU Nominees (HK) Ltd.	10,000,000	2.64
6. Win Ever (Nominees) Ltd.	8,000,000	2.11
7. Wragg Limited	1,332,000	0.35
8. Cheng Kee Hong	1,200,000	0.32
9. On Luk Tong Ltd.	1,090,000	0.29
10. Cheng Kee Man	1,000,000	0.26
Total	358,803,167	94.77

LOCATION OF SHAREHOLDERS

According to the register of members of the Company as at 31 December 2007, the location of shareholders are as follows:

Location of Shareholders	Number of Shares held	%
Hong Kong	377,714,560	99.7705
China and South East Asia	822,060	0.2171
Europe	21,380	0.0056
US and Canada	16,860	0.0045
Others	8,580	0.0023
Total	378,583,440	100

SUFFICIENCY OF PUBLIC FLOAT

The Group has maintained a sufficient public float throughout the year ended 31 December 2007.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Companies Ordinance requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of their respective profit or loss for the year then ended. In preparing the financial statements, the directors are required to select suitable accounting policies and apply them on a consistent basis, making judgments and estimates that are prudent, fair and reasonable; state the reasons for any significant departure from accounting standards; prepare the financial statements on the going concern basis, unless it is not appropriate to presume that the Company and the Group will continue in business for the foreseeable future.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDIT COMMITTEE

The members of the Audit Committee are shown on page 43. The principal duties of the Audit Committee are reviewing the internal controls and the financial reporting requirements of the Group. The Audit Committee meeting will normally hold twice of each financial year immediate before the board of directors meeting for approving the interim and final results. The Committee is satisfied with the Company's internal control procedures and the financial reporting disclosures.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 December 2007 with those paragraphs of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with which it is required to report compliance.

AUDITORS

The financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu who have expressed their willingness to continue in office. Accordingly, a resolution will be submitted to the forthcoming annual general meeting to reappoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

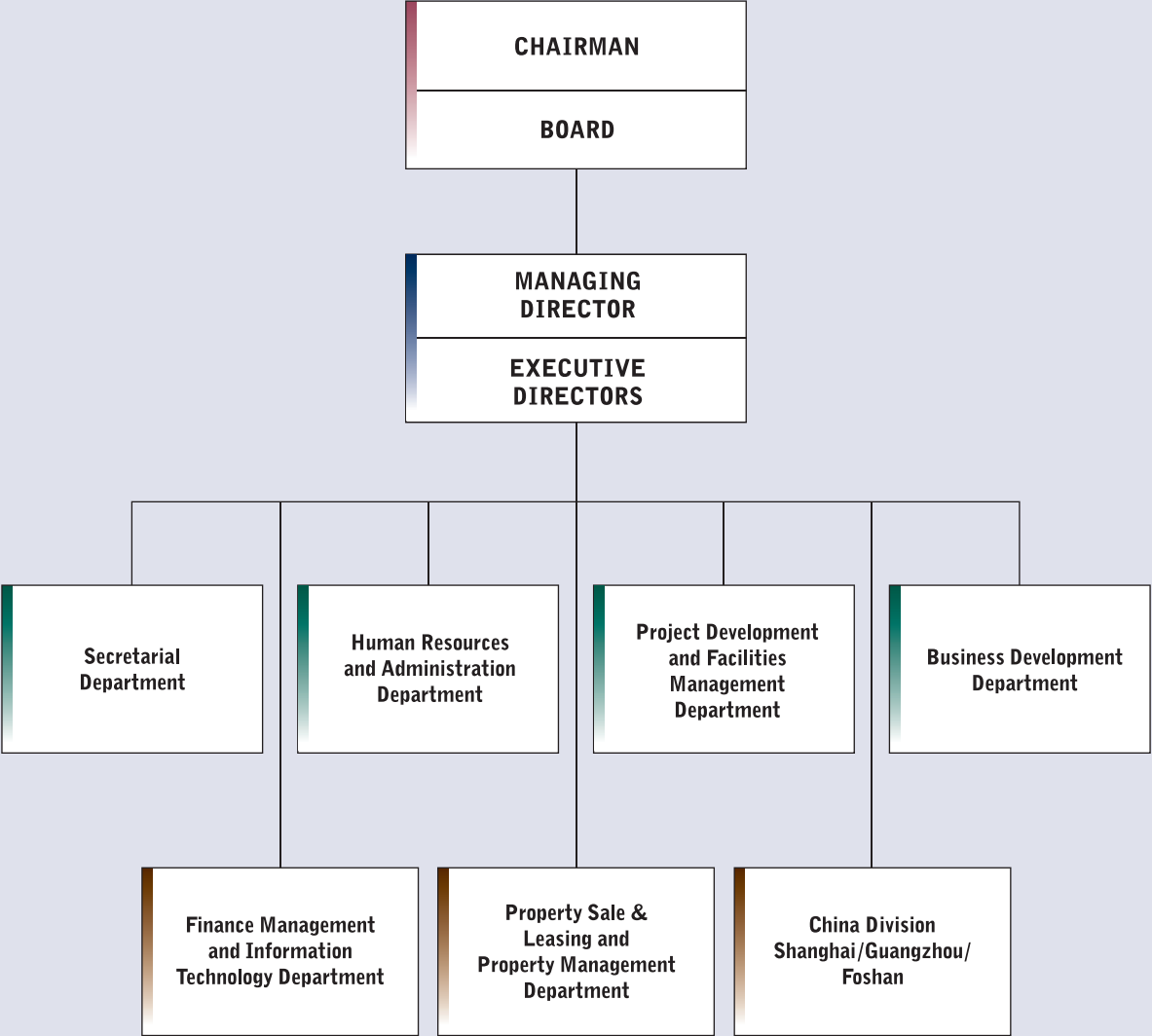
On behalf of the Board

Dr. Liu Lit Mo

Managing Director

Hong Kong, 5 March 2008

Liu Chong Hing Investment Limited Simplified Organization Chart



The Remuneration Committee (“RC”) consists of four members, all Independent Non-Executive Directors of the Company.

The main duty of the Committee is to formulate the Company’s remuneration policy as well as to make recommendation to the Board with regard to the structure of remuneration packages for all directors and senior management. When necessary and appropriate, the Chairman and Managing Director are consulted on such issues.

In determining the remuneration package, the RC needs to ensure that the remuneration offered is appropriate, reasonable and competitive. The terms of reference of the RC, setting out its role, responsibilities and duties, are duly authorized by the Board.

The RC has reviewed and discussed the following issues at its meetings:

1. Remuneration policy;
2. Remuneration for Chairman, Independent Non-Executive Directors, Executive Directors and Non-Executive Directors in the year of 2007;
3. Remuneration for directors and senior management in the year of 2007;
4. Annual performance bonus policy;
5. Existing share option policy;
6. Remuneration for Chairman, Independent Non-Executive Directors, Executive Directors and Non-Executive Directors in the year of 2008; and
7. Remuneration for directors and senior management in the year of 2008.

The RC is accountable to the Board and minutes of the meeting are circulated to the Board for information.

The RC meets when required but at least once per year and all members have attended the meeting in 2007.

Members of the Remuneration Committee

Dr. The Hon. Lee Tung Hai, Leo (*Chairman*)

Mr. Ng Ping Kin, Peter

Dr. Cheng Mo Chi, Moses

Mr. Tong Tsin Ka

Hong Kong, 4 March 2008

Audit Committee Report

The Audit Committee is made up of four members, all of whom are Independent Non-Executive Directors.

The Committee oversees the Group's financial reporting system and their internal control procedures. In this process, management is principally responsible for the preparation of Group financial statements including the selection of suitable accounting policies. External auditors are responsible for auditing and attesting to Group financial statements and will report to the management of the Company from time to time on any weakness in controls which come to their attention. The Audit Committee oversees the respective work of management and external auditors to ensure the management has discharged its duty to have an effective internal control procedures.

The Audit Committee has reviewed and discussed with management and external auditors the 2007 consolidated financial statements included in the 2007 Annual Report. In this regard, the Committee had discussions with management with regard to new or changes in accounting policies as applied, and significant judgments affecting the Group financial statements. The Committee also received reports and met with the external auditors to discuss the general scope of their audit work, their assessment of Group internal controls.

Based on these review and discussions, and the report of the external auditors, the Audit Committee recommended to the Board of Directors approval of the consolidated financial statements for the year ended 31 December 2007 with the Auditors' Report thereon.

The Committee recommended to the Board that the shareholders be asked to re-appoint Deloitte Touche Tohmatsu as the Company's external auditors for 2008.

Members of the Audit Committee

Mr. Tong Tsin Ka (*Chairman*)

Dr. The Hon. Lee Tung Hai, Leo

Mr. Ng Ping Kin, Peter

Dr. Cheng Mo Chi, Moses

Hong Kong, 4 March 2008

Summary of Financial Highlights

	2007 HK\$'000	2006 HK\$'000	Change %
Revenue	290,265	407,429	(28.8)
Profit for the year attributable to equity holders of the Company	263,114	223,141	17.9
Basic earnings per share	HK\$0.69	HK\$0.59	16.9
Dividend per share			
Interim	HK\$0.12	HK\$0.10	20.0
Final	HK\$0.16	HK\$0.15	6.7
Total	HK\$0.28	HK\$0.25	12.0
Dividend payout ratio	40%	42%	(2)
Net assets value per share	HK\$15.67	HK\$15.05	4.1

“GREEN LAKE OASIS, FOSHAN, IS ONE OF THE IMPORTANT PROPERTY DEVELOPMENT PROJECTS OF THE GROUP IN THE FUTURE. WE ARE DETERMINED TO MAKE THIS PROJECT BECOME A LANDMARK IN THE VICINITY OF FOSHAN.” Dr. Liu Lit Mo Managing Director





Foshan Commencement Ceremony



The directors announce that the consolidated profit attributable to equity holders of the Company of 2007 is HK\$263,114,000, representing an increase of 17.9% over the previous year.

BANKING OPERATION

For the year ended 2007, the Group's banking associate, Chong Hing Bank Limited (the "Bank"), reported a profit attributable to shareholders amounted to HK\$505 million, representing an increase of 0.38% over that for the year before.

During the year 2007, economies around the world continued to enjoy decent growth. China and Hong Kong showed strong economic performance again. However, the emergence of a slowing economy towards year end together with fall-out from sub-prime loans in America caused much concern in financial markets around the world. This prompted a series of equity market corrections around the world and the U.S. reacted with a string of interest rates cuts to forestall a trouble in the U.S. economy. While the U.S. faces the likelihood of a recession, China's further tighten of its monetary policy to rein in its inflation. Therefore, we believe 2008 will be a more cautious year ahead where we will see lower interest rates favours Hong Kong's domestic economy and yet are overshadowed by China's tightening economic policy and the U.S.'s slower growth.

PROPERTY INVESTMENT

The year 2007 has been a strong year for Hong Kong's property market, particularly with turnover and transacted prices recording remarkable increase in both residential and commercial sectors. We believe this trend will continue into 2008.



HONG KONG

Chong Hing Square

Chong Hing Square, a popular ginza-type retail development situated in the heart of Mongkok, Kowloon, offers 184,000 square feet of retail and recreational space. This 20-storey building has been 84% let, and its rental revenue increased by 16%.

Management Discussion and Analysis

Chong Yip Shopping Centre

Chong Yip Shopping Centre is located in Western District with 41,000 square feet of retail and recreational space. This 2-storey shopping mall was 89% let in 2007 and rental revenue has remained stable.

Western Harbour Centre

Western Harbour Centre, a Grade-A office building at 181 Connaught Road West, Hong Kong, is conveniently located close to the Western Harbour Tunnel. This 28-storey 140,000 square feet development was 100% let in 2007 and rental revenue increased by 6% over the previous year.

Fairview Court

Fairview Court is a 6-unit luxury low-rise apartment building in Repulse Bay, Hong Kong, of which the Group owns 5 units. During 2007, 3 out of 5 units are let out and rental revenue increased by 17%.

PRC

Le Palais, Residential Project in Guangzhou

A prestigious residential project in Guangzhou, Le Palais provides 844 luxury units over 4 blocks with total GFA over 1,500,000 square feet. Up to 31 December 2007, a total of 844 flat units were successfully sold out generating total sale proceeds of RMB1,013.9 million. In Year 2007, the Group achieved a gain on disposal of the properties of about HK\$23.7 million after accounting for all the selling and promotion expenses incurred, as compared to HK\$15.8 million in Year 2006. Besides, 297 carparking spaces were sold fetching sale revenue of HK\$80.5 million. The commercial podium was remained for long-term rental purpose.

Universal Plaza, Guangzhou

The Group acquired this well located 5-storey shopping mall in the central of Guangzhou in 2006. The shopping mall has a gross floor area of 188,000 square feet where the Group intends to make some renovations to this property to improve its appeal so as to achieve better rental revenue in the long term. This property is currently 75% let.



Green Lake Oasis, Foshan





Universal Plaza, Guangzhou



PROPERTY DEVELOPMENT

HONG KONG

Chong Hing Bank Centre

Chong Hing Bank Centre, a 28-storey modern office building with total gross floor area over 100,000 square feet has been completed in 2006 and currently serves as the headquarters of both the Group and the Bank. The Group owns 46.76% interests in this project.

Tai Po, New Territories

In early 2007, the Group acquired a 240,000 square feet plot of land in Tai Po district, New Territories. Initial consultational studies and planning has begun, and the Group intends to seek eventual conversion of this land for future residential use.

PRC

Chong Hing Finance Centre, Shanghai

Chong Hing Finance Centre is located at 288, Nanjing Road West, in Huang Pu District, Shanghai. This 36-storey Grade-A building is scheduled to be completed in early 2008, and will offer 340,000 square feet of office space, 137,000 square feet of commercial and retail space, and 197 car park spaces at a prestigious location opposite People's Square. The Group intends to retain this property for long-term rental purpose. Total investment in this project is about RMB1,400 million. The Group owns 95% of this property and the remaining 5% is owned by a subsidiary of the Municipal Government of Huang Pu District, Shanghai. This property is currently 60% let and is expected to bring about RMB100 million in annual rental revenue when fully let.

Green Lake Oasis, Foshan

In early 2007, the Group acquired a plot of land in Foshan, Guangzhou PRC. This 2,600,000 square feet land has been acquired through government land auction at a consideration of RMB476,000,000 and its use is intended for composite development including both residential and retail. The Group intends to develop this project in several phases over a period of 4–5 years and will seek to make this into a landmark project in the Foshan vicinity of Guangzhou. The Group has appointed Architectural Design & Research Institute Of Tongji University, WY Design, Belt Collins International (HK) Limited, Davis Langdon & Seah Hong Kong Limited and Foshanshi Fusheng Real Estate Marketing Plan Co., Ltd as the consultants of this project. Currently, we expect planning and tendering to conclude in the first half of 2008, and construction to begin in the second half of the year.

Management Discussion and Analysis

Budget Hotel Chain Project

The Group has decided to capitalize on China's fast growing hospitality industry by venturing into a Budget Hotel Chain Project. With strong demand for affordable hotel accommodation and a relative lack of such hotels for many business travelers, we believe this sector of the hotel industry offers strong growth aspects in the coming years. The Group is currently planning to open 3 hotels, 2 in Shanghai and 1 in Beijing, and they are expected to begin operation in mid 2008. The Group plans to open more hotels in other strategic locations in China.

CAPITAL STRUCTURE

The Group's shareholders' funds as at 31 December 2007 amounted to HK\$5,931 million, representing an increase of HK\$234 million when compared with 31 December 2006. The increase in shareholders' funds was due to the increase in net profit for the year of HK\$263 million, an increase of various investment and revaluation reserves of HK\$73 million less the dividend of HK\$102 million paid during the period.

FINANCE AND TREASURY OPERATIONS

BANK BORROWINGS MOVEMENT

As at 31 December 2007, the Group's consolidated borrowings has been increased by HK\$1,389 million, from HK\$2,705 million to HK\$4,094 million. The Group's net borrowings after deducting cash and deposits has increased from HK\$1,717 million to HK\$2,661 million.

CHANGE OF CASH FLOW

The Group's cash flow position has improved in 2007. The improvement was mainly due to the net cash inflow from the sale of Le Palais, Guangzhou residential project.

The total cash proceeds from the sale and rental income of Le Palais for the year was HK\$95.1 million.



Chong Yip Shopping Centre





Western Harbour Centre



MAJOR CAPITAL EXPENDITURE

The management is well aware that a higher gearing level will not only undermine the Company's long-term stability but also restrict its flexibility for any new business venture. The management had determined to closely monitoring the gearing. At the year ended, the debt-to-equity ratio has slightly increased to 44% from 30% in 2006.

BANKING FACILITIES

The total outstanding bank borrowings as at 31 December 2007 was 85% unsecured with almost 100% being 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 still coming from the banking sector, in which the Group has bilateral banking facilities with over 13 banks. Most of these banks have had a long established relationship with the Group.

The Group has also raised funding from arranging syndicated loans in the past. The management will consider to widen the funding source from capital market if both of the market conditions and terms are favourable to the Company.

COST OF FUNDING

In 2007, the borrowing margins were reduced further. The Group had renewed banking facilities with certain key relationship bank by taking advantage of the excessive liquidity in the money market.

Having done that the Group's weighted average cost of borrowing was reduced slightly.

LIQUIDITY RISK AND CASH BALANCES

It is the Group's financial policy to maintain low leverage and high liquidity. To maintain sufficient liquidity will not only help the Group to fulfill all short term payment obligations but also to improve the Group's working capital.

The liquidity mainly comes from the recurring rental income of various investment properties, the cash sale proceeds from various completed development projects and the committed banking facilities. The Group's undrawn committed facilities stood at HK\$1,103 million as at 31 December 2007.

Management Discussion and Analysis

The liquidity risk of the Group has been further reduced by early refinancing and improvement of cash flow. The improvement of cash flow was mainly due to the net cash inflow from the sale of Le Palais, Guangzhou residential project.

LOAN MATURITY ANALYSIS

The liquidity risk could be reduced by extending the loan tenors. The Group's debt maturity portfolio is spread out over a medium term, with more than 20.6% and 42.6% of debts becoming due over 1 year but within 2 years and over 2 but within 5 years respectively. Such a maturity structure allows the Group taking more flexibility on refinancing measures.

RISK MANAGEMENT

As almost all of the Group's borrowings are denominated in Hong Kong dollars for the construction projects both in Hong Kong and Mainland China with interest rates setting on floating rate basis, thus managing on interest rate and currency risks are becoming more important.

In managing interest rate and foreign exchange exposure, the Group may use certain derivative instruments such as interest rate swaps, cross currency swaps, forward rate agreements and foreign exchange contracts. However, there was no such derivative instruments unexpired as at the end of 2007. It is the Group's policy to allow using derivatives as hedging purposes only.

With respect to the counterparty risk of the derivatives, the Group transacts only with financial institutions with strong investment-grade ratings.

INTEREST RATE EXPOSURE

The volatility and uncertainty of the movement of interest rate may result in a negative potential impact to the Group's financial position. Given that the Group's management will actively involve and review the movement of interest rate so as to minimize the financial impact.

FOREIGN EXCHANGE EXPOSURE

It is the Group's policy to minimize mismatch in currency and not to speculate in currency movement. As at 31 December 2007, HK\$690 million construction loan was converted into Renminbi for construction payment in Shanghai and Foshan projects, which represents 17% of the Group's total borrowings.



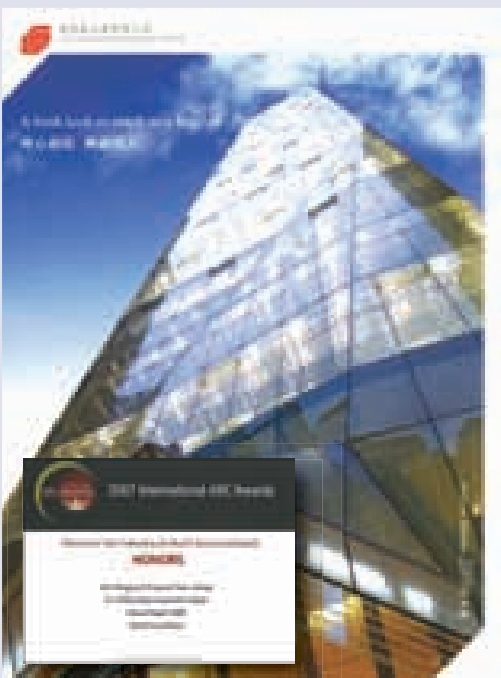
Property Maintenance Services



Property Management Services



Caring Company



2007 International ARC Awards

Other foreign exchange exposure related to some major investment in Guangzhou, Shanghai and Foshan projects which all together amounted to the equivalent of about HK\$3,400 million or 32% of the Group's assets.

The Management will be closely monitoring the currency movement of Renminbi as mainland property development projects denominated in Renminbi placed a significant portion to the Group's total assets. The cash sale proceeds received from Le Palais, Guangzhou could eliminate part of the foreign currency exposure against the payment of construction cost in Shanghai.

EMPLOYEE AND EMOLUMENT POLICY

As at 31 December 2007, the total numbers of employee of the Group was about 200. The Group's remuneration policy, having been advised and determined by the Remuneration Committee, will ensure that the pay levels of its employees are reasonable and competitive in the market and their total rewards including basic salary and bonus system are linked with their performance. The members and the work done of Remuneration Committee are shown on page 23.

CORPORATE SOCIAL RESPONSIBILITIES

During the year 2007, the Group had sponsored some charity events organized by the Samaritan Befrienders Hong Kong, including drama, fund raising and carnival.

The Hong Kong Council of Social Service conferred the Caring Company logo to the Group in February 2008. This shows that the Group is a good corporate citizenship and has underpinned the success of the Group's charity caring.

ACHIEVEMENT

The Group's annual report in 2006 won the Honors Award for its clear presentation of corporate information, quality design and expression of its financial data in the Overall Annual Report: Category of the 2007 International ARC Awards, a worldwide-recognized competition honoring excellence in annual reports.

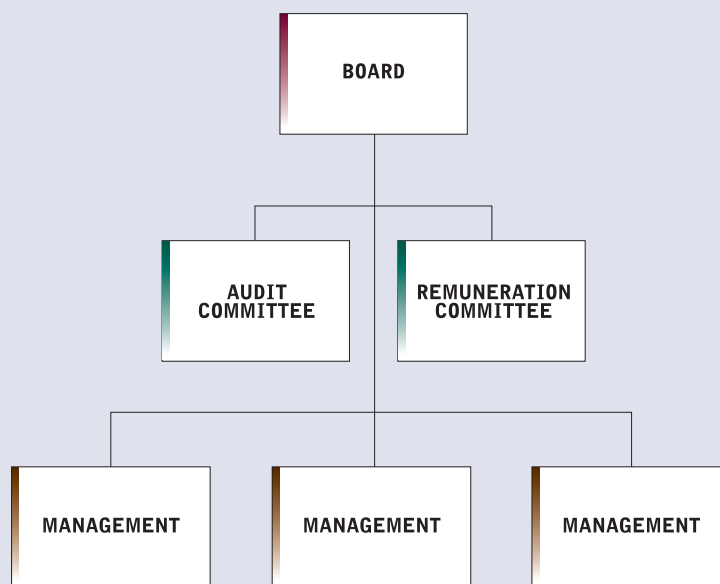
Corporate Governance Report

The Board is committed to maintaining a high standard of corporate governance. The Company has substantially complied throughout the year with the Code on Corporate Governance Practices (the “Code on Corporate Governance Practices”) as set out in the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

GUIDELINES AND PROCEDURES FOR CORPORATE GOVERNANCE OF THE COMPANY

(A) CORPORATE GOVERNANCE CHART

The Board is committed to maintain a high standard of corporate governance for the purpose of enhancing long term shareholders value. Set out below is the corporate governance chart adopted by the Company.



(B) DIRECTORS

(i) *The Board: responsibility for leadership and control of the Company*

- The Board is accountable to the shareholders for leadership and supervision of the senior management for the purpose of creating long term shareholders value by sustaining a growing and successful business.
- The principal task of the Board is to set objective, formulate strategy and to monitor the operating and financial performance.

(ii) *Chairman and Managing Director: clear division of responsibilities*

- The responsibilities and functions between Chairman and Managing Director are clearly defined.
- Liu Lit Man served as the Chairman.
- Liu Lit Mo served as the Managing Director and is supported by the Executive Directors.
- The roles of Chairman and Managing Director are split. Chairman focuses on Group's strategic development and Board issues.
- Managing Director assumes overall responsibility for Group's operation and performance by delegating duties to different executive directors and senior management to achieve targeted objectives.

(iii) *Board Composition: balance and independence*

- The Board currently comprises five Executive Directors (Chairman, Managing Director and three Executive Directors), four Non-Executive Directors and four Independent Non-Executive Directors (representing about one-third of the full Board).
- The Board considers that the four Independent Non-Executive Directors are free from any business or other relationship which might interfere with the exercise of their independent judgment.
- The presence of all Independent Non-Executive Directors could ensure that the Board functions effectively and independently.
- All of the Independent Non-Executive Directors are also the Committee Members of the two corporate governance committees, namely the Audit Committee and Remuneration Committee. In short, both committees have a majority of Independent Non-Executive Directors.
- The biographies of the Directors appear on pages 45 and 49. These demonstrate diversity of experience and calibre of the Board in making management decisions.

(iv) *Appointments, Re-election and Removal*

- The Board as a whole is responsible for the selection and approval of candidates for appointment to the Board, and does not therefore establish a Nomination Committee.
- Under the Company's articles of association, all Directors are subject to retirement by rotation.
- The four Directors who have been longest in office as at each annual general meeting will retire from office and be subjected to re-election.
- For newly appointed directors, they are required to submit themselves to shareholders for re-election to the Board at the first annual general meeting following their appointment.

(v) *Responsibilities of Directors: general duties, share dealings*

- The Directors fully appreciate their role and duties as directors with supportive commitment of creating a healthy corporate governance culture.
- On appointment, new Directors will be given an introduction to the Group's major business activities, induction into their responsibilities and duties, and other regulatory requirements.
- The Company Secretary is responsible for keeping all Directors updated on Listing Rules and other relevant regulatory requirements.
- Throughout the year, Directors complied with the required standard set out in the Model Code in Appendix 10 of the Listing Rules regarding Securities Transactions by Directors of Listed Issuers.

(C) BOARD PROCESS

(i) *Meetings: matters reserved for full Board decision and general proceedings*

- In order to achieve a high standard of corporate governance and in compliance with the requirement as mentioned under Appendix 14 — Code on Corporate Governance Practices, the Board has performed to hold full Board meeting at least quarterly during the year 2007.
- Matters reserved for full Board decision include material bank facilities arrangement, material acquisitions and disposals of assets, material transactions with connected parties, significant investments including large capital projects, delegation of authority, treasury and risk management policy, any matters involving a conflict of interest for a substantial shareholder or director.
- All Directors have access to the Company Secretary who is responsible for ensuring that the Board procedures are complied with and advises the Board on corporate governance and compliance matters.
- The Company Secretary is responsible for taking minutes of Board and Board Committee meetings, which should be sent to Directors within a reasonable time (generally within 21 days) after each meeting and generally be made available for inspection by Directors.
- All Directors are allowed to take independent professional advice at Company's expense.
- There is in place a directors' and officers' liabilities insurance cover.

- Details of Directors' 2007 meetings attendance are set out below:

	Number of meeting attended	Attendance Rate
Executive Directors		
Liu Lit Man, <i>Chairman</i>	(4/4)	100%
Liu Lit Mo, <i>Managing Director</i>	(4/4)	100%
Liu Lit Chi	(4/4)	100%
Liu Kam Fai, Winston	(3/4)	75%
Lee Wai Hung	(4/4)	100%
Non-Executive Directors		
Liu Lit Chung	(0/4)	0%
Andrew Liu	(0/4)	0%
Liu Chun Ning, Wilfred	(2/4)	50%
Liu Kwun Shing, Christopher	(2/4)	50%
Independent Non-Executive Directors		
Lee Tung Hai, Leo	(2/4)	50%
Ng Ping Kin, Peter	(3/4)	75%
Cheng Mo Chi, Moses	(2/4)	50%
Tong Tsin Ka	(4/4)	100%

(ii) *Supply of Information: quality and timeliness*

- The Company attaches great importance to continually improve on the quality and timeliness of the dissemination of information to the Directors.
- The Chairman is responsible for ensuring adequate supply of information to the Directors.
- The agenda and accompanying board papers will be sent in full to all Directors in a timely manner (we aim to give notice of Board meeting at least five clear days replacing current practice of at least three clear days in advance of meeting). Where appropriate, communications are sent electronically.
- Executive Directors are currently provided with two half-year end comprehensive management reports of the Group showing the financial and operating results including but not limited to financial performance, financial analysis, rental status, and cash flow movement details.
- Managing Director is currently holding monthly internal management meeting with various department heads to update Directors on their lines of business and to review performance for delegated assignment.

(D) REMUNERATION OF DIRECTORS

Procedures for Remuneration Committee to set Directors and Senior Management's remuneration policy:

- The Company has set up Remuneration Committee on 3 March 2005. Its terms of reference are to review and determine the remuneration packages for all Directors and Senior Management.
- The Remuneration Committee is chaired by the Independent Non-Executive Director, Dr. The Hon. Lee Tung Hai, Leo and has a majority of Independent Non-Executive Directors.
- Its other current members are Mr. Ng Ping Kin, Peter, Dr. Cheng Mo Chi, Moses and Mr. Tong Tsin Ka, all of them are Independent Non-Executive Directors.
- The Committee meets at least once per annum.
- Details of 2007 Remuneration Committee meeting attendance are set out below:

	Number of meeting attended	Attendance Rate
Members of Remuneration Committee		
Lee Tung Hai, Leo, <i>Chairman</i>	(1/1)	100%
Ng Ping Kin, Peter	(1/1)	100%
Cheng Mo Chi, Moses	(1/1)	100%
Tong Tsin Ka	(1/1)	100%
Cavior Liu, <i>Secretary</i>	(1/1)	100%

- The Committee is authorized by the Board to oversee and make recommendation on the remuneration of Executive Directors and Senior Management.
- No Director is involved in deciding his own remuneration. On matters other than those concerning him, the Chairman or Managing Director may be invited to Committee meetings to give advices.
- Committee members are allowed under certain procedures to take independent professional advice at Company's expense for making and determining the remuneration package proposal.
- The Committee will presents a report to the Board after each meeting, which addresses its work and findings.
- The Committee will make recommendation to the Board regarding the remuneration, comprising directors' fees for all non-executive directors, for shareholders approval at the Annual General Meeting.
- Details on the mandate and summary of the work by the Remuneration Committee during the year are set out in the Remuneration Committee Report on page 23.
- The terms of reference of Remuneration Committee are available on the Company's website.

(E) ACCOUNTABILITY AND AUDIT*(i) Financial Reporting: balanced, clear and comprehensive assessment of Company's performance, position of prospects*

- The Board believes that it presents a comprehensive, balanced and understandable assessment of the Group position and prospects in all shareholder communications.
- The Board fully appreciates its responsibilities regarding the preparation of financial statements.

(ii) Audit Committee and Auditors: terms of reference and relationship with management and external auditors

- The Audit Committee is chaired by the Independent Non-Executive Director, Mr. Tong Tsin Ka and has a majority of Independent Non-Executive Directors.
- Its other current members are Dr. The Hon. Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter and Dr. Cheng Mo Chi, Moses, all of them are Independent Non-Executive Directors. All members have experience in reviewing and analyzing audited financial statements of public companies or major organization.
- The Committee meets not less than twice per annum. Meetings are also attended by invitation by the Managing Director and Executive Director who is in charge of finance matters.
- Details of 2007 Audit Committee meetings attendance are set out below:

	Number of meeting attended	Attendance Rate
Members of Audit Committee		
Tong Tsin Ka, <i>Chairman</i>	(2/2)	100%
Lee Tung Hai, Leo	(2/2)	100%
Ng Ping Kin, Peter	(1/2)	50%
Cheng Mo Chi, Moses	(2/2)	100%
Lee Wai Hung, <i>Secretary</i>	(2/2)	100%

- Under its terms of reference, the Committee is required, amongst other things, to oversee the relationship with external auditors, to review the Company's interim and annual financial statements, and to evaluate Group system of internal controls.
- There is an agreed procedure for Audit Committee members to take independent professional advice at Company's expense.

- Relationship with management and external auditors:
 - the Committee oversees the financial reporting system and internal control procedures.
 - management is principally responsible for the preparation of Group financial statements including the selection of suitable accounting policies.
 - external auditors are responsible for auditing and attesting to Group financial statements and will report to the management of the Company from time to time on any weakness in controls which come to their attention.
 - the Committee oversees the respective work of management and external auditors to endorse the processes and safeguards employed by them.
- The Committee presents a report or make advice to the Board after each meeting, which addresses its work and findings.
- Details on the mandate and work performed by the Audit Committee during the year are set out in the Audit Committee Report on page 24.
- The terms of reference of Audit Committee are available on the Company's website.

(iii) Auditor Independence

During the year, the fees paid to the Company's paid to its external Hong Kong auditors for audit service and non-audit amounted to HK\$1,534,034 and HK\$1,021,569 respectively. Included in the non-audit expenses are tax representative services fees of HK\$551,450 and miscellaneous services fees of HK\$166,919.

(iv) Internal Control: sound and effective system to safeguard shareholder interests and Company assets

- Risk management is a crucial part of the Group's strategic management to monitor the Company's overall financial position and to protect its assets.
- The Group is committed to implementing effective risk management policies and internal control procedures to identify and manage the risks that the Group may be exposed to.
- These policies and procedures are reviewed regularly by management together with the assistant by external auditors during the course of audit to ensure their effectiveness and compliance with Code on Corporate Governance Practices.
- The Managing Director and Executive Director will discuss with external Auditors in the Audit Committee meeting at least twice a year on key issues in relation to internal controls, audit finding and risk management.
- As concluded in 2007 Audit Committee meeting, no irregularities and major weakness in control were found by the Auditors.

(F) DELEGATION BY BOARD

(i) *Relationship with management*

- The Board and management (include different departmental heads) fully appreciate their respective roles with supportive commitments of creating a healthy corporate governance culture.
- The Board is responsible for overseeing the processes that management (include different departmental heads) has in place to identify business opportunities and risks.
- The Board's role is not to manage the business which responsibility remains vested with management and different departmental heads.

(ii) *Board Committees: specific terms of reference and report to full Board*

- The Board currently has two Board Committees, namely the Audit Committee and Remuneration Committee with specific written terms of reference.
- The Audit and Remuneration Committee, being corporate governance committees, each has a 100% non-executive membership with a majority of Independent Non-Executive Directors.
- Board Committees present their respective reports to the Board after each meeting, which addresses their work and findings.

(G) COMMUNICATION WITH SHAREHOLDERS

(i) *General communication programme with shareholders*

- The Group is committed to maintain a policy of open and timely disclosure of relevant information on its activities to shareholders, subject to applicable legal requirements.
- Communication is made through:
 - the Company's annual and interim reports, which have been enhanced to present a comprehensive, balanced and understandable assessment of the Group position and prospects.
 - notices of and explanatory memoranda for annual and other general meetings, which have been enhanced to provide shareholders with additional information in an understandable manner.
 - press releases on major developments of the Group.
 - disclosures to the Stock Exchange and relevant regulatory bodies.
 - inquiries from investors, media or the public are responded by the Chief Financial Officer, Company Secretary or the appropriate members of senior management.
- Company's website at <http://www.lchi.com.hk> from which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases, annual reports, and corporate information of the Group.

(ii) Shareholder Communications: constructive use of annual general meetings, voting and general proceedings

- The Board welcomes moves towards a more constructive use of Annual General Meetings and regards the Annual General Meetings as the principal opportunity to meet private shareholders.
- In 2007, almost all Executive Directors and a majority of Independent Non-Executive Directors attended the Annual General Meeting.
- The Company arranges for the Annual Report and Financial Statements and related papers to be posted for shareholders so as to allow at least 21 days for consideration prior to the Annual General Meeting.
- All ordinary shares of the Company have equal voting rights. Annual General Meeting proceedings are continually reviewed in the light of Code on Corporate Governance Practices.
- separate resolutions are proposed at the meeting on each substantially separate issue, including the election of individual Directors.
- preparation of a comprehensive Annual General Meeting circular containing:
 - detailed report on voting procedures including procedures for demanding a poll; and
 - comprehensive information on each resolution to be proposed.

(iii) Shareholder rights and shareholdings information

Information on top 10 largest shareholders and location of shareholders is set out in Directors' Report on page 20.

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 (Senior Executive Director)*

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.*

Dr. Cheng Mo Chi, *Moses, GBS, OBE, 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*

Dr. Cheng Mo Chi, *Moses*

Mr. Lee Wai Hung *(Secretary)*

REMUNERATION COMMITTEE

Dr. The Hon. Lee Tung Hai, *Leo (Chairman)*

Mr. Ng Ping Kin, *Peter*

Dr. Cheng Mo Chi, *Moses*

Mr. Tong Tsin Ka

Ms. Cavior Liu *(Secretary)*

QUALIFIED ACCOUNTANT

Mr. Luk Chi Chung

SENIOR MANAGERS AND DEPARTMENTS

Ms. Eva Liu,	project development and facilities management department
Mr. Luk Chi Chung,	finance management and information technology department
Ms. Cavior Liu,	human resources and administration department
Mr. Pan Sze Yuen, Cecil,	project development and facilities management department
Miss Yan Kit Ming, Charmaine,	business development
Mr. Lam Shiu Cheung,	China division
Mr. Tian Shao Geng,	deputy general manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited
Ms. Yeung Shui Wah,	deputy general manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited

MANAGERS AND DEPARTMENTS

Ms. Ngan Luen Hing,	property sale & leasing department
Mr. Tong Tse Hon,	property sale & leasing department
Mr. Wong Yuk Chi,	property management department
Ms. Law Yuk Ngor,	property management department
Mr. Au Kwok Wah,	facilities management department
Ms. Ho Lai Wah,	project development and facilities management department
Ms. Lee Ka Lai,	project development department

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

25th Floor Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong
Tel: (852)3768 9038
Fax: (852)3768 9008

GUANGZHOU OFFICE

Room 301, Le Palais
1 Yong Sheng Shang Sha
Donghu Road
Yue Xiu District
Guangzhou, P.R.C.
Tel: (8620) 8375 8993
Fax: (8620) 8375 8997

SHANGHAI OFFICE

36/F, Chong Hing Finance Centre
288 Nanjing Road (W)
Shanghai, P.R.C.
Tel: (8621) 6359 1000
Fax: (8621) 6327 6299

EXECUTIVE DIRECTORS

MR. LIU LIT MAN

GBS, J.P., F.L.B.A.

aged 78, is the Chairman of both Liu Chong Hing Investment Limited and Chong Hing Insurance Company Limited since 1972. He is also the Executive Chairman of Chong Hing Bank Limited. His other directorships include those in The Hong Kong and China Gas Company Limited and COSCO Pacific Limited. He was a Director of Tung Wah Group of Hospitals, the President of the Hong Kong Chiu Chow Chamber of Commerce (presently Permanent Honorary President), a founder and a Permanent Honorary Chairman of the Chiu Chow Association Building (Property Holding) Limited, as well as the founder and the first Chairman of Teochew International Convention (now Permanent Honorary Chairman). Presently, he is a Permanent Honorary Chairman of The Chinese General Chamber of Commerce, Hong Kong. Mr. Liu is also a founder and a school Manager of Liu Po Shan Memorial College, a Director of New Asia College of The Chinese University of Hong Kong, and the founder of Chiu Chow Association Secondary School. In 1975, he was appointed a Justice of the Peace and was elected Fellow of the International Banker Association. He had been a Member of the Consultative Committee for the Basic Law from 1985 to 1990 and was a Member of the Selection Committee of the First Government of the Hong Kong Special Administrative Region (the “HKSAR”). He was a Member of the First Election Committee constituted under the Chief Executive Election Ordinance. Mr. Liu was awarded the Gold Bauhinia Star by the HKSAR in July 2001.

DR. LIU LIT MO

LLD, MBE, J.P.

aged 70, is the Managing Director of Liu Chong Hing Investment Limited since 1972. Dr. Liu is also the Vice Chairman and Executive Director of Chong Hing Bank Limited. He was a Deputy Managing Director of Liu Chong Hing Bank Limited from 1961 to 1973. He is a Director of China Motor Bus Company Limited. As for community service, Dr. Liu was the Chairman of Tung Wah Group of Hospitals in 1967 and is now serving as an Adviser of the Group. He had also been President of the Hong Kong Chiu Chow Chamber of Commerce, Chairman of Hong Kong Football Association and District Governor of District 3450, Rotary International. Presently, he is a member of the Board of Trustees of United College, The Chinese University of Hong Kong and a School Manager of Liu Po Shan Memorial College. He was awarded Silver Jubilee Medal by Her Majesty the Queen in 1977. Dr. Liu was conferred an Honorary Degree of Doctor of Laws by Lingnan University in December 2005.

MR. LIU LIT CHI

aged 68, was appointed to the Board as an Executive Director of Liu Chong Hing Investment Limited since 1972. Mr. Liu, who was educated in Hong Kong and the United Kingdom, is the Managing Director and Chief Executive Officer of Chong Hing Bank Limited, and also a director of a number of other companies in Hong Kong and elsewhere.

MR. LIU KAM FAI, WINSTON

BA., MSc.

aged 41, is an Executive Director of the Company. He holds a Master degree from the University of London. He is in charge of the property development, sales & leasing and management. He is the son of Dr. Liu Lit Mo.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS (CONTINUED)

MR. LEE WAI HUNG

LLB, FCCA, FCPA (Practising), ATiHK, MBA

age 45, is an Executive Director and Company Secretary of the Company. Mr. Lee holds a Bachelor of Law degree and a Master of Business Administration degree. Mr. Lee is a fellow of Hong Kong Institute of Certified Public Accountants (Practising) and a fellow member of the Association of Chartered Certified Accountants. Before joining the Company, Mr. Lee had worked in an international accounting firm for over six years. Mr. Lee has over fifteen years of experience in corporate finance and accounting. Mr. Lee joined the Company in 1992 and was appointed as Director in 1994. Mr. Lee is primarily responsible for the Company's finance and secretarial matters.

NON-EXECUTIVE DIRECTORS

DR. LIU LIT CHUNG

MBBS (Lon), MRCP (UK), F.R.C.P. (Lon)

aged 58, became a Director in 1979 and also the Deputy Managing Director of the Company for over ten years. He holds a Medical degree from King's College Hospital, London University and is a Member of the Royal College of Physicians of the United Kingdom. He was awarded the Fellowship of Royal College of Physician of London for his work in Motor Neuron Disease. In 2005, he was further awarded the Honorary Fellowship by the Hong Kong College of Physicians.

MR. ANDREW LIU

aged 52, has been a Director since 1979. Mr. Liu is also a Non-Executive Director of Chong Hing Bank Limited. He is the Chief Executive Officer of CCMP Capital Asia Pte. Ltd.. Mr. Liu, holder of a Master of Arts degree from the Oxford University in England, was a solicitor with Slaughter and May in London before joining Morgan Stanley & Co Inc in New York in 1981. Mr. Liu was promoted to Managing Director in 1990 before relocating to Morgan Stanley Asia Limited in Hong Kong, where he assumed the position of President and Managing Director until his resignation in September 1997. Mr. Liu remains associated with Morgan Stanley as an Advisory Director. He is a son of Mr. Liu Lit Man.

MR. LIU CHUN NING, WILFRED

BSc.

aged 46, appointed as Director in 1997. He holds a Bachelor's degree in economics from University of Newcastle-upon-Tyne (UK). Mr. Liu is also an Executive Director of Chong Hing Bank Limited and is in charge of the securities business of the Bank.

MR. LIU KWUN SHING, CHRISTOPHER

aged 32, was appointed the alternate director to Dr. Liu Lit Chung in 2000. He is a qualified solicitor in both England & Wales and Hong Kong, and a holder of a Master of Arts degree in Jurisprudence from the University of Oxford. Mr. Liu is currently a practising solicitor and partner of Deacons in Hong Kong, and is also a Non-Executive Director of Chong Hing Bank Limited. He is the son of Dr. Liu Lit Chung.

INDEPENDENT NON-EXECUTIVE DIRECTORS

DR. THE HON. LEE TUNG HAI, LEO

GBM, GBS, LLD, J.P.

aged 86, has been appointed an Independent Non-Executive Director of the Company since August 1999. He is also Chairman of the Remuneration Committee of the Company. Dr. Lee is the Chairman of Tung Tai Group of Companies and an Independent Non-Executive Director or Non-Executive Director of several publicly listed companies in Hong Kong. He is a member of a number of public services committees and heads many social service organizations, including as Vice President of the China Overseas Friendship Association, Chairman of Friends of Hong Kong Association, Adviser of the Advisory Board of the Tung Wah Group of Hospitals and Chairman of the Association of Chairmen of the Tung Wah Group of Hospitals. Dr. Lee served as a Standing Committee Member of the eighth and ninth National Committee of the Chinese People's Political Consultative Conference; an Adviser on Hong Kong Affairs to the Hong Kong & Macau Affairs Office of the State Council and Xinhua News Agency, Hong Kong Branch; a member of the Preparatory Committee for the Hong Kong Special Administrative Region; and a member of the Selection Committee of the First Government of the HKSAR. Dr. Lee has been honoured with awards by different governments, which include Cavaliere di Gran Croce of Italy, O.B.E. of Great Britain, Chevalier Legion d'Honneur of France, Commandeur de l'Ordre de Leopold II of Belgium and Gold Bauhinia Star of the Government of HKSAR in 1999. Dr. Lee was awarded the highest honour of the Grand Bauhinia Medal in July 2006 by the Government of the HKSAR. In 2007, Dr. Lee has been honoured with the "Icebreaker Award" by The 48 Group Club as a recognition of his contribution to the promotion of Sino-UK trade relations. Dr. Lee has over 50 years of experience in business management.

MR. NG PING KIN, PETER

MSc., J.P.

aged 78, was appointed an Independent Non-Executive Director of the Company since 1972. Mr. Ng is an architect by profession and has held numerous offices within his profession and in relation to his public service activities. He was an appointed Member of the Urban Council for ten years and served as Chairman of the Food and Food Premises Select Committee. He was appointed as District Advisor to the Hong Kong Branch of Xinhua News Agency in 1994. He was a member of the Election Committee for the Chief Executive in 1996.

DR. CHENG MO CHI, MOSES

GBS, OBE, LLB (HK), J.P.

aged 58, was appointed an Independent Non-Executive Director of the Company in August 1999. Dr. Cheng is the Senior Partner of P.C. Woo & Co., a firm of solicitors and notaries in Hong Kong. Dr. Cheng was a member of the Legislative Council of Hong Kong between 1991 and 1995. He is the Founder Chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. He also serves on the boards of various listed companies as an Independent Non-Executive Director.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

MR. TONG TSIN KA

FCA (AUST), FCPA, FCIS

age 69, was appointed an Independent Non-Executive Director of the Company in September 2004 and he is also the Chairman of Audit Committee of the Company. Mr. Tong is a fellow of The Institute of Chartered Accountants in Australia, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Certified Public Accountants respectively. In 1968, Mr. Tong commenced his own public accountancy practice and in 1970 founded his own accountancy firm, T. K. Tong & Co. (Chartered Accountants (AUST.)). Certified Public Accountants), and has remained its principal to date.

SENIOR MANAGERS

MS. EVA LIU

MA (Cantab), DipArch (Kingston), MA (City), ARB (UK), RIBA

aged 44, Senior Project Manager. Ms. Liu is a Chartered Architect (UK), holding Master of Arts Degrees, in Architecture from the University of Cambridge, and Property Valuation And Law from The City University in London. She was in architectural practice in England before joining the Company in 1999. She is the daughter of Dr. Liu Lit Mo.

MR. LUK CHI CHUNG

FCCA, CPA (Practising), MAEB

aged 40, Senior Accounting Manager. Mr. Luk is a professional accountant, holding Master of Arts Degree in Electronic Business and has over fifteen years of experience in finance and accounting. Mr. Luk joined the Company in 1995 and is in charge of Finance Management Department and Information Technology Department.

MS. CAVIOR LIU

aged 43, Senior Human Resources & Administration Manager. Ms. Liu holds a Bachelor degree in Psychology from University of British Columbia. She joined the Company in 2000, in charge of Human Resources & Administration Department. Ms. Liu is a school manager of Liu Po Shan Memorial College. She is the daughter of Dr. Liu Lit Mo.

MR. PAN SZE YUEN, CECIL

MA (Cantab), DipArch (Cantab), RIBA

aged 44, Senior Project Manager. Mr. Pan is a Chartered Architect (UK), holding Master of Arts Degree in Architecture from the University of Cambridge, and has over nineteen years of experience as a practising architect in both UK and Hong Kong. Mr. Pan joined the Company in 2006.

MISS YAN KIT MING, CHARMAINE

aged 33, Director of Business Development. Miss Yan was educated in Vancouver, Canada.

Before joining the Company, Miss Yan had worked with various mainland companies at senior management post for leading and handling numerous real estate projects including The Shanghai Forest Manor, one of the top residential villa project in Shanghai. Besides, Miss Yan has extensive management and business experience in business club operations both in Beijing and Shanghai.

Given the extensive working experience in Mainland China, Miss Yan had established a firm connection and relation with mainland Chinese investors and government officials.

Miss Yan main duty is looking for business and investment opportunities for the Company and she is now in charge of the Company's hotel chains project in mainland China.

SENIOR MANAGERS (CONTINUED)

MR. LAM SHIU CHEUNG

aged 47, Senior Property Manager of China Division. Mr. Lam joined the Company in 1994. He holds a Bachelor Degree in Civil Engineering and has over fifteen years of experience in development, construction and sales of real estate projects in the PRC.

MR. TIAN SHAO GENG

aged 70, the deputy general manager and senior engineer of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited, was graduated from the Dalian University of Technology. With 20 years' experience in harbour construction and senior corporate management in No. 3 Harbour Bureau of the Ministry of Communications, Mr. Tian has been delegated by China Harbour Engineering Company (Group) of the Ministry of Communications of the People's Republic of China to station in Hong Kong in 1983 for engaging in large construction works, such as ports, roads, bridges and airports, and development of real estate business. As one of the forerunners in China to be engaged in real estate business overseas, he has been successful in planning and developing various high-end real estate projects in Hong Kong and overseas. Since 1990s, he has been engaging in planning, development and construction of high-end offices, hotels, shopping malls and large-scale luxurious residential districts in Shanghai and Dalian. He began to act as the chief representative of Liu Chong Hing Investment Limited in Shanghai in 1993. With the long history of engaging in construction and real estate development in the PRC and overseas and acting as corporate senior management, Mr. Tian has gained rich experience in domestic and international construction and property sectors as well as wide recognition in the industry. Mr. Tian was elected into the "Chinese Experts and Talents Bank" and "Chinese Figures of the Century", and was appointed as special research fellow of "Institute of Humanity Science of China Management Science Research Institute" and senior research fellow in Chinese and Asia-Pacific Industries and doctor (honoris causa) of "Chinese Institute for Asia-Pacific Economic Development".

MS. YEUNG SHUI WAH

MBA (UK), BBA (Marketing), DBM

aged 50, Deputy General Manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited, is in charge of marketing and leasing department. Graduated from Hong Kong Baptist University, Ms. Yeung had attained a Diploma in Business Management and a Bachelor Degree in Marketing. She also holds a MBA Degree from Brunel University, West London of United Kingdom. Since establishment of the open economic policy of the PRC, Ms. Yeung has been participating in land development and property market in China. She has over 20 years of experience involving in many commercial and residential projects all over China's major cities. Before joining the Company, Ms. Yeung has taken up residential leasing and sales in Hong Kong. She has also provided consultancy services for market promotion of real estate development in the U.S. in the area of commercial projects.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Liu Chong Hing Investment Limited (the “Company”) for the year 2008 will be held at 27th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Wednesday, 30 April 2008 at 12:00 noon for the following purposes:

1. To receive and adopt the audited Financial Statements together with Reports of the Directors and Auditors of the Company for the year ended 31 December 2007.
2. To approve the payment of HK\$0.16 per share as the final dividend for the year ended 31 December 2007.
3. The re-elect Directors, namely, Dr. The Hon. Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter, Mr. Tong Tsin Ka and Mr. Lee Wai Hung and fix the directors’ remuneration for the year ending 31 December 2008 at HK\$120,000 for the chairman, HK\$100,000 for each of the independent non-executive directors, HK\$70,000 for each of the non-executive directors and each of the other directors.
4. To re-appoint Deloitte Touche Tohmatsu as Auditors and to authorize the Board of Directors to fix their remuneration.

As special business to consider and, if thought fit, pass with or without modifications the following ordinary resolutions:

ORDINARY RESOLUTION

5. “THAT

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and which is recognized by the Securities and Futures Commission in Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange (as amended from time to time), be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the date on which the authority set out in this resolution is revoked, renewed or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

6. “THAT

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorize the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) the exercise of any rights of subscription or conversion under any warrants, bonds, debentures, notes and any securities of the Company which carry rights to subscribe for or are convertible into shares of the Company; (iii) an issue of shares of the Company upon the exercise of the subscription rights attaching to any options granted under any share option scheme adopted by the Company; (iv) an issue of shares as scrip dividends or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Company’s memorandum and articles of association from time to time; or (v) specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the date on which the authority set out in this resolution is revoked, renewed or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares or any class of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

Notice of Annual General Meeting

7. “THAT conditional upon Ordinary Resolutions Nos. 5 and 6 set out in the notice convening this meeting being passed, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares pursuant to Ordinary Resolution No. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5 set out in the notice convening this meeting, provided that such extended amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this resolution.”
8. To transact any other business.

By Order of the Board

Dr. Liu Lit Mo

Managing Director

Hong Kong, 5 March 2008

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the registered office of the Company at 25th Floor, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The Register of Members of the Company will be closed from Wednesday, 23 April 2008 to Friday, 25 April 2008, (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m., Tuesday, 22 April 2008.
4. The Company's 2007 Annual Report (containing, amongst other things, the proposed resolution as described above) will be sent to shareholders not later than 31 March 2008.
5. As at 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, Dr. Cheng Mo Chi, Moses and Mr. Tong Tsin Ka.

FINANCIAL CALENDAR

As at 5 March 2008

Interim Results for six-month ended 30 June 2007	:	Announced on 9 August 2007
Annual Results for year ended 31 December 2007	:	Announced on 5 March 2008
Annual General Meeting	:	To be held on 30 April 2008
Dividends		
Interim cash dividend	:	HK\$0.12 per share
Paid on	:	20 September 2007
Proposed final cash dividend	:	HK\$0.16 per share
Payable on	:	2 May 2008
Ex-dividend date of final dividend	:	21 April 2008
Latest time to lodge transfer forms	:	4:30 pm on 22 April 2008
Closure of Register of Members	:	From 23 April 2008 to 25 April 2008 (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

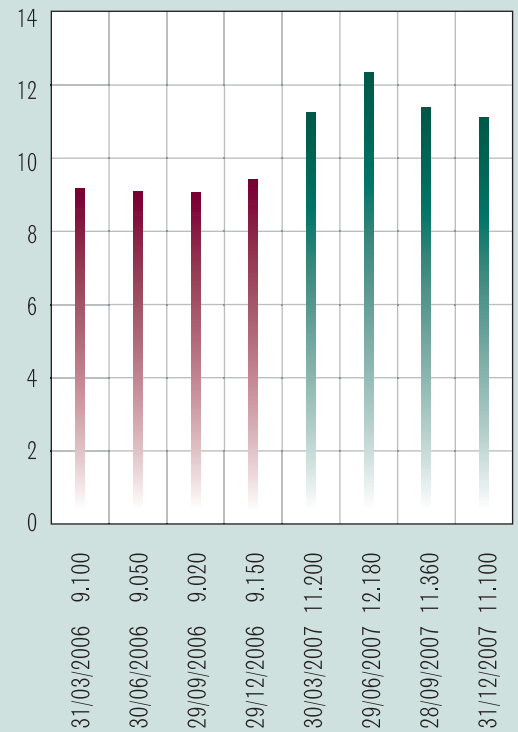
Market Price Movement and Market Capitalization Chart

Lasting trading date of each month	Closing Price (HK\$)	Marketing Capitalization (HK\$ in million)
27/01/2006	8.150	3,085
28/02/2006	9.100	3,445
31/03/2006	9.100	3,445
28/04/2006	9.450	3,578
30/05/2006	8.900	3,369
30/06/2006	9.050	3,426
31/07/2006	9.090	3,441
31/08/2006	9.100	3,445
29/09/2006	9.020	3,415
31/10/2006	8.960	3,392
30/11/2006	9.020	3,415
29/12/2006	9.150	3,464
31/01/2007	10.700	4,051
28/02/2007	11.400	4,316
30/03/2007	11.200	4,240
30/04/2007	11.600	4,392
31/05/2007	12.060	4,566
29/06/2007	12.180	4,611
31/07/2007	12.700	4,808
31/08/2007	11.500	4,353
28/09/2007	11.360	4,301
31/10/2007	11.160	4,225
30/11/2007	10.980	4,157
31/12/2007	11.100	4,202

Closing Price per Share

March 2006 to December 2007

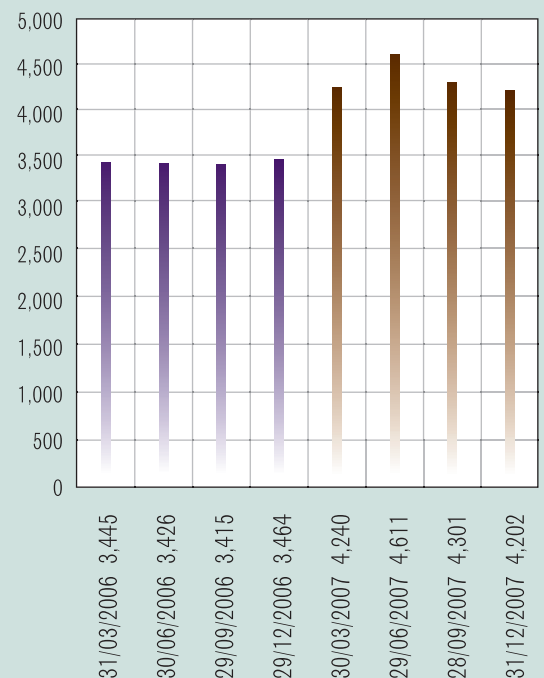
HK\$



Market Capitalization

March 2006 to December 2007

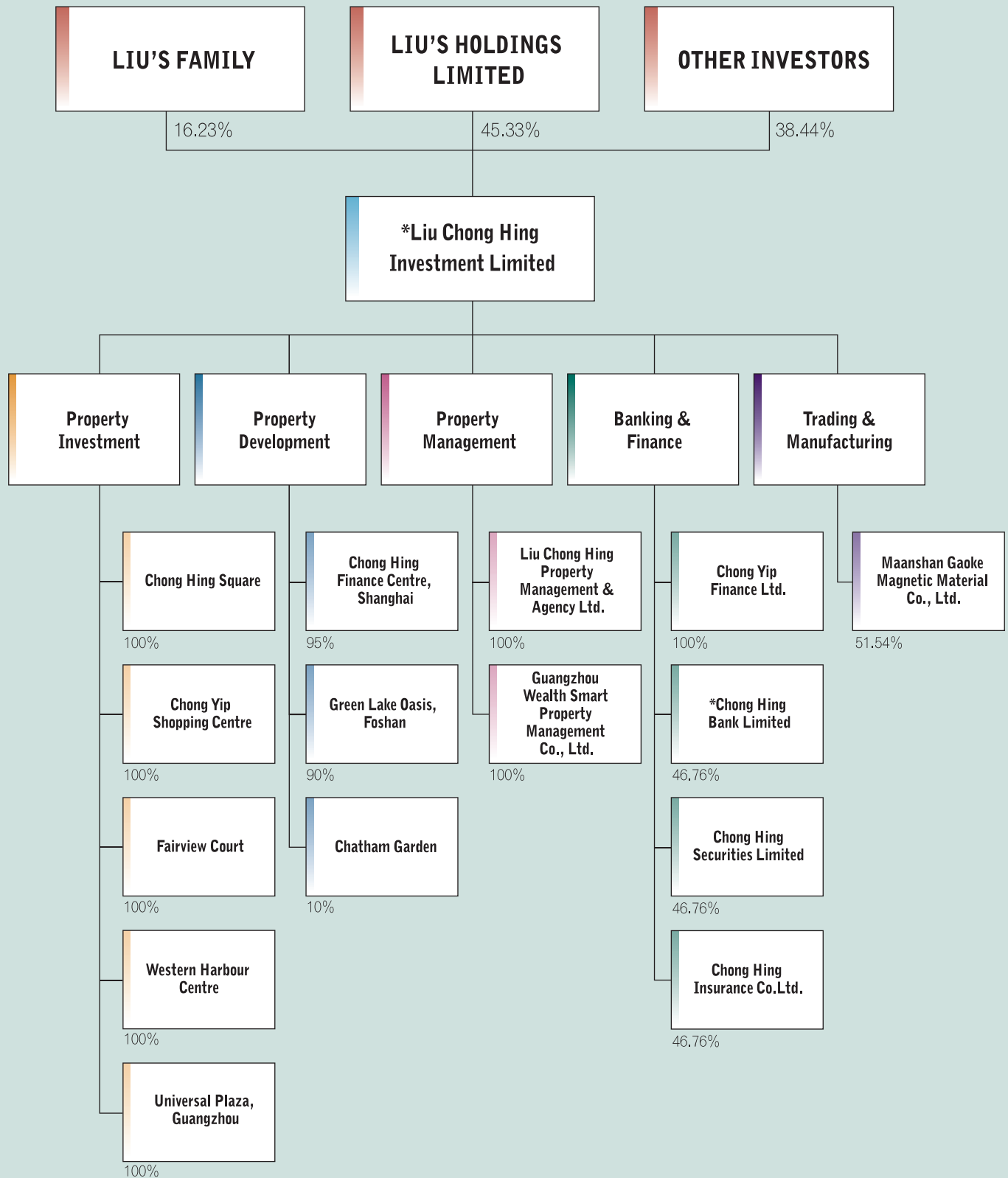
HK\$ in Million



Note: Closing Price (HK\$) are extracted from the web site of The Hong Kong Stock Exchange Limited. (Stock Code: 0194)

Liu Chong Hing Group Simplified Corporate Structure Chart

As at 31 December 2007



*Listed on The Stock Exchange of Hong Kong Limited.

Schedule of Major Properties Held by the Group and Associates

As at 31 December 2007

Description	Interests in the property attributable to the Group	Approximate site area (sq. ft.)	Total gross floor area (sq. ft.)	Existing use
Hong Kong:				
1. Western Harbour Centre 181–183 Connaught Road West	100%	11,500	200,000	O/P
2. Chong Yip Shopping Centre 402–404 Des Voeux Road West	100%	32,400	73,400	C/P
3. Fairview Court 94 Repulse Bay Road	100%	30,000	26,000	R/P
4. Chong Hing Bank Centre 24 Des Voeux Road Central	46.76%	7,100	110,000	O
5. The Belcher's Inland Lot No. 8880 Pokfulam Hong Kong	10%	324,000	2,446,000 215,000 77,600 524,300	R C S P
			3,262,900	
Kowloon and New Territories:				
6. Chong Hing Square 593–601 Nathan Road, Mongkok	100%	12,300	184,000	C
7. Fung Shun Commercial Building 591 Nathan Road, Mongkok	46.76%	2,200	33,000	O
8. Bonsun Industrial Building 364–366 Sha Tsui Road, Tsuen Wan	100%	18,000	46,860	I/P
People's Republic of China:				
9. Le Palais No. 1 Yong Sheng Shang Sha Donghu Road Yue Xiu District Guangzhou	60%	139,000	1,222,962 36,600 138,294 135,626	R C S P
			1,533,482	
10. Universal Plaza Nos. 829–831 Renmin Road North Yue Xiu District Guangzhou	100%	46,300	188,261	C/P

Description	Interests in the property attributable to the Group	Approximate site area (sq. ft.)	Total gross floor area (sq. ft.)	Main usage	Expected completion date	Status
Properties under development						
Hong Kong:						
1. Chatham Garden Redevelopment	10%		305,000 61,000	R C	2010	Planning
			366,000			
People's Republic of China:						
2. Chong Hing Finance Centre No. 288 Nanjing Road (W) Huang Pu District Shanghai	95%	55,000	137,000 340,000 179,000 80,000	C O P T	2008	Super-structure completed
			736,000			
3. Foshan Green Lake Oasis Luocun Chengxi Area Luocun Streets Nanhai District Foshan	90%	2,757,000	5,815,000 403,000 2,131,000 82,000 45,000	R C P S T	2010	Piling work preparing to commence
			8,476,000			

C = Commercial

I = Industrial

O = Office

P = Car Park

R = Residential

S = Clubhouse and recreational facilities

T = Others

Deloitte.

德勤

TO THE MEMBERS OF LIU CHONG HING INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Liu Chong Hing Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 121, which comprise the consolidated and Company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

5 March 2008

Consolidated Income Statement

For the year ended 31 December 2007

	Notes	2007 HK\$'000	2006 HK\$'000
Revenue	8	290,265	407,429
Direct costs		(101,929)	(261,819)
Gross profit		188,336	145,610
Other income		9,421	11,658
Administrative and other expenses		(114,212)	(93,030)
Fair value gain on investments held for trading		8,488	5,074
Fair value gain on investment properties	17	51,967	8,289
Gain on disposal of available-for-sale investments		13,196	—
Surplus on revaluation of leasehold land and buildings	19	96	93
Finance costs	10	(102,892)	(69,870)
Share of results of associates	11	246,457	226,932
Profit before taxation		300,857	234,756
Income tax expense	12	(41,083)	(13,128)
Profit for the year	13	259,774	221,628
Attributable to:			
Equity holders of the Company		263,114	223,141
Minority shareholders		(3,340)	(1,513)
		259,774	221,628
Dividends	15	102,218	83,288
Basic earnings per share	16	HK\$0.69	HK\$0.59

	Notes	THE GROUP		THE COMPANY	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Non-current assets					
Investment properties	17	3,278,504	3,214,549	660,000	660,000
Property, plant and equipment	19	50,089	50,431	2,362	2,100
Properties under development	20	1,648,219	1,305,213	—	—
Investments in subsidiaries	21	—	—	257,463	243,871
Interests/investments in associates	22	2,898,874	2,722,235	3	3
Available-for-sale investments	23	311,439	267,603	176,198	105,769
Prepaid lease payments	24	465,111	33,095	—	—
Amounts due from subsidiaries	25	—	—	3,184,078	2,385,170
Advances to investee companies	26	242,301	143,802	—	—
Loans receivable — due after one year	27	60,458	66,281	58,481	66,281
		8,954,995	7,803,209	4,338,585	3,463,194
Current assets					
Inventories	28	12,237	9,950	—	—
Properties held for sale	28	6,518	64,276	2,808	2,808
Trade and other receivables	29	175,846	70,097	9,077	8,713
Investments held for trading	30	11,335	4,368	11,335	4,368
Prepaid lease payments	24	9,139	894	—	—
Loans receivable — due within one year	27	11,509	5,686	7,800	—
Fixed bank deposits with more than three months to maturity when raised	31	537,346	371,720	129,482	—
Bank accounts with Chong Hing Bank Limited and its subsidiaries	31	31,448	91,281	29,549	89,244
Other bank balances and cash	31	864,041	524,351	759,015	389,867
Assets held for sale	18	2,677	76,307	—	—
		1,662,096	1,218,930	949,066	495,000
Current liabilities					
Trade and other payables	32	142,163	190,408	15,311	14,877
Taxation payable		10,584	9,450	—	—
Borrowings — due within one year	33	1,520,320	722,932	1,463,908	706,744
		1,673,067	922,790	1,479,219	721,621
Net current (liabilities) assets		(10,971)	296,140	(530,153)	(226,621)
Total assets less current liabilities		8,944,024	8,099,349	3,808,432	3,236,573

	Notes	THE GROUP		THE COMPANY	
		2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Non-current liabilities					
Borrowings — due after one year	33	2,573,521	1,981,881	1,982,908	1,578,958
Deferred taxation	34	408,529	391,561	61,579	59,399
Non-interest bearing advances from subsidiaries	35	—	—	77,796	70,448
		2,982,050	2,373,442	2,122,283	1,708,805
		5,961,974	5,725,907	1,686,149	1,527,768
Capital and reserves					
Share capital	36	378,583	378,583	378,583	378,583
Reserves	37	5,552,676	5,318,589	1,307,566	1,149,185
Equity attributable to equity holders of					
the Company		5,931,259	5,697,172	1,686,149	1,527,768
Minority interests		30,715	28,735	—	—
Total equity		5,961,974	5,725,907	1,686,149	1,527,768

The consolidated financial statements on pages 60 to 121 were approved and authorised for issue by the Board of Directors on 5 March 2008 and are signed on its behalf by:

Liu Lit Man
CHAIRMAN

Tong Tsin Ka
DIRECTOR

Attributable to equity holders of the Company

	Attributable to equity holders of the Company										Minority	
	Share capital	General reserve	Special reserve	Regulatory reserve	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange reserve	Accumulated profits	Total	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	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
Surplus on revaluation of properties	—	—	—	—	8	—	—	—	—	8	—	8
Losses on fair value changes of available-for-sale investments	—	—	—	—	—	(36,650)	—	—	—	(36,650)	—	(36,650)
Share of gains on fair value changes of available-for-sale investments held by associates	—	—	—	—	—	46,530	—	—	—	46,530	—	46,530
Exchange differences arising on translation of overseas operations	—	—	—	—	—	—	—	36,923	—	36,923	1,198	38,121
Share of exchange reserve of associates	—	—	—	—	—	—	—	705	—	705	—	705
Net income and expenses recognised directly in equity	—	—	—	—	8	9,880	—	37,628	—	47,516	1,198	48,714
Share of release of reserve of associates upon disposal of available-for-sale investments	—	—	—	—	—	(43,606)	—	—	—	(43,606)	—	(43,606)
Profit for the year	—	—	—	—	—	—	—	—	223,141	223,141	(1,513)	221,628
Total recognised income and expenses for the year	—	—	—	—	8	(33,726)	—	37,628	223,141	227,051	(315)	226,736
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	6,158	6,158
Share of accumulated profits earmarked as regulatory reserve of an associate	—	—	—	19,303	—	—	—	—	(19,303)	—	—	—
Dividends paid	—	—	—	—	—	—	—	—	(83,288)	(83,288)	—	(83,288)
At 31 December 2006	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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

Attributable to equity holders of the Company

	Attributable to equity holders of the Company										Minority	
	Share capital	General reserve	Special reserve	Regulatory reserve	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange reserve	Accumulated profits	Total	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
Surplus on revaluation of properties	—	—	—	—	8	—	—	—	—	8	—	8
Gain on fair value changes of available-for-sale investments	—	—	—	—	—	4,589	—	—	—	4,589	—	4,589
Share of loss on fair value changes of available-for-sale investments held by associates	—	—	—	—	—	(104,227)	—	—	—	(104,227)	—	(104,227)
Exchange differences arising on translation of overseas operations	—	—	—	—	—	—	—	81,685	—	81,685	2,379	84,064
Share of exchange reserve of associates	—	—	—	—	—	—	—	219	—	219	—	219
Net income and expenses recognised directly in equity	—	—	—	—	8	(99,638)	—	81,904	—	(17,726)	2,379	(15,347)
Release of reserve upon disposal of available-for-sale investments	—	—	—	—	—	1,007	—	—	—	1,007	—	1,007
Share of release of reserve of associates upon disposal of available-for-sale investments	—	—	—	—	—	(82,930)	—	—	—	(82,930)	—	(82,930)
Share of release of reserve of associates upon impairment of available-for-sale investments	—	—	—	—	—	172,840	—	—	—	172,840	—	172,840
Profit for the year	—	—	—	—	—	—	—	—	263,114	263,114	(3,340)	259,774
Total recognised income and expenses for the year	—	—	—	—	8	(8,721)	—	81,904	263,114	336,305	(961)	335,344
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	2,941	2,941
Share of accumulated profits earmarked as regulatory reserve of an associate	—	—	—	88,299	—	—	—	—	(88,299)	—	—	—
Dividends paid	—	—	—	—	—	—	—	—	(102,218)	(102,218)	—	(102,218)
At 31 December 2007	378,583	738,495	75,747	163,837	1,449,597	41,792	2,952	162,455	2,917,801	5,931,259	30,715	5,961,974

Notes:

- (i) The general reserve represents distributable reserve set aside by associates of the Group for future developments.
- (ii) 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 year ended 31 December 2004.
- (iii) In compliance with the Hong Kong Monetary Authority's requirements, the Group's share of accumulated profits of an associate of HK\$163,837,000 (2006: HK\$75,538,000) has been earmarked as regulatory reserve. The regulatory reserve is distributable to equity holders of the associate subject to consultation with the Hong Kong Monetary Authority.

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	2007 HK\$'000	2006 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	300,857	234,756
Adjustments for:		
Allowance of bad and doubtful debts	34	2,719
Surplus on revaluation of leasehold land and buildings	(96)	(93)
Amortisation of prepaid lease payment	6,201	—
Depreciation of property, plant and equipment	11,151	10,281
Fair value gain on investment properties	(51,967)	(8,289)
Fair value gain on investments held for trading	(8,488)	(5,074)
Gain on disposal of available-for-sale investments	(13,196)	—
Gain on disposal of an investment property	—	(50)
Finance costs	102,892	69,870
Imputed interest income on non-current interest-free loans to investee companies	(6,578)	(8,788)
Interest income	(40,408)	(26,030)
Gain on disposal of assets held for sale	(34)	—
Loss on disposal of property, plant and equipment	—	131
Share of results of associates	(246,457)	(226,932)
Operating cash flows before movements in working capital	53,911	42,501
Increase in properties under development	(243,833)	(217,922)
Decrease in loans receivable	—	16,292
Increase in inventories	(2,287)	(409)
Decrease in properties held for sale	62,065	188,594
(Increase) decrease in trade and other receivables	(105,783)	13,248
Decrease in investments held for trading	1,521	3,502
(Decrease) increase in trade and other payables	(48,245)	2,808
Cash (used in) generated from operations	(282,651)	48,614
Hong Kong Profits Tax paid	(5,444)	(3,123)
The People's Republic of China Enterprise Income Tax (paid) refunded	(17,537)	5,935
Interest received	40,408	26,030
Dividends paid	(102,218)	(83,288)
NET CASH USED IN OPERATING ACTIVITIES	(367,442)	(5,832)

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Note	2007 HK\$'000	2006 HK\$'000
INVESTING ACTIVITIES			
Additions of prepaid lease payments		(447,355)	—
Increase in bank deposits with more than three months to maturity when raised		(165,626)	(246,756)
Additional contribution to investee companies		(101,515)	—
Additional investment in an associate		(73,945)	—
Purchase of available-for-sale investments		(62,691)	(33,604)
Purchase of property, plant and equipment		(6,227)	(5,186)
Dividend received from an associate		129,665	121,479
Proceeds from disposal of assets held for sale		78,987	—
Proceeds from disposal of available-for-sale investments		43,541	5,140
Repayment from investee companies		3,700	26,050
Purchase of a subsidiary	38	—	(135,000)
Proceeds from disposal of investment properties		—	13,750
NET CASH USED IN INVESTING ACTIVITIES		(601,466)	(254,127)
FINANCING ACTIVITIES			
New borrowings raised		1,805,967	1,221,657
Capital contribution from minority shareholders		2,941	6,158
Repayments of borrowings		(416,939)	(801,267)
Interest paid		(167,025)	(118,598)
NET CASH FROM FINANCING ACTIVITIES		1,224,944	307,950
NET INCREASE IN CASH AND CASH EQUIVALENTS		256,036	47,991
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		615,632	553,344
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		23,821	14,297
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		895,489	615,632
Cash and cash equivalents at end of the year, represented by:			
Bank accounts with Chong Hing Bank Limited and its subsidiaries		31,448	91,281
Other bank balances and cash		864,041	524,351
		895,489	615,632

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company is 25/F., Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK dollar"), which is also the functional currency of the Company.

The principal activities of the Company are property investment and investment holding. The principal activities of the principal subsidiaries and associates are shown in notes 45 and 46, respectively.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

In preparing the financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of its net current liabilities of approximately HK\$10,971,000 at 31 December 2007. The directors are satisfied that the Group has sufficient funding to be able to meet in full its liabilities as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group and the Company have applied, for the first time, the following new standards, amendments 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
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) - Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

The Group has not early applied the following new and revised 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 results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
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
HK(IFRIC) - Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) - Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction 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

⁴ Effective for annual periods beginning on or after 1 July 2008

4. SIGNIFICANT ACCOUNTING POLICIES

The 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 explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF CONSOLIDATION (CONTINUED)

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

BUSINESS COMBINATIONS

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties are classified as assets held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, except for there is a change in use, evidenced by commencement of owner-occupation, for a transfer from investment property to leasehold land and building or commencement of development with a view to sale, for a transfer from investment property to properties held for sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including land and buildings held for use in production or supply of goods or services, or for administrative purposes (other than properties under development) are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

Leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and amortisation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of leasehold land and buildings is credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the property revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment other than properties under development over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

PROPERTIES UNDER DEVELOPMENT

When the leasehold land and buildings are in the course of development for production or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are included in the Company's balance sheet at cost, less any identified impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS IN ASSOCIATES

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by an identified impairment loss.

PROPERTIES HELD FOR SALE

Properties held for sale are stated at the lower of the cost and estimated market value.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using weighted average cost method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets at fair value through profit or loss

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, loans receivable, advances to investee companies, bank accounts with Chong Hing Bank Limited and its subsidiaries, fixed bank deposits with more than three months to maturity, other bank balances and amounts due from subsidiaries of the Company) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL or loans and receivables.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including bank and other borrowings, trade and other payables and advances from subsidiaries of the Company are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

IMPAIRMENT LOSSES

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) *Property development*

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

(i) **Property development (continued)**

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(ii) **Return on investments**

Dividend income from investments including financial assets at fair value through profit or loss is recognised when the shareholders' rights to receive payments have been established, whilst interest income from a financial asset including financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(iii) **Sales of goods**

Sales of goods are recognised when goods are delivered and title has passed.

(iv) **Management fee**

Management fee income is recognised when services are rendered.

(v) **Agency fee**

Agency fee income is recognised when services are rendered.

TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TAXATION (CONTINUED)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

LEASING

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASING (CONTINUED)

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

ESTIMATED IMPAIRMENT ON PROPERTIES UNDER DEVELOPMENT

Management regularly reviews the recoverability of the Group's properties under development. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on properties under development is required, the Group takes into consideration the intended use of the properties, the current market environment, the estimated market value of the properties and/or the present value of future cash flows expected to receive from the properties. Impairment is recognised based on the higher of estimated future cash flows and estimated market value. As at 31 December 2007, the carrying amount of properties under development is HK\$1,648,219,000.

ESTIMATED IMPAIRMENT OF TRADE RECEIVABLES, LOANS RECEIVABLE AND ADVANCES TO INVESTEE COMPANIES

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2007, the carrying amount of trade receivables, loans receivable and advances to investee companies was HK\$29,109,000, HK\$71,967,000 and HK\$242,301,000 respectively.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 33 and equity attributable to equity holders of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and their associated risks thereto. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

7A. CATEGORIES OF FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Financial assets				
Fair value through profit or loss (FVTPL)				
Held for trading	11,335	4,368	11,335	4,368
Loans and receivables (including cash and cash equivalents)	1,911,425	1,261,599	4,177,134	2,938,932
Available-for-sale investments	311,439	267,603	176,198	105,769
Financial liabilities				
Amortised cost	4,174,799	2,810,231	3,530,944	2,362,635

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity investments, advances to investee companies, loans receivable, trade and other receivables, trade and other payables, borrowings, bank accounts with Chong Hing Bank Limited and its subsidiaries, fixed bank deposits with more than three months to maturity when raised and other bank balance. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) *Currency risk*

Several subsidiaries of the Group have foreign currency loan receivables and borrowings, which expose the Group to foreign currency risk.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	THE GROUP			
	Liabilities		Assets	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
United States dollars ("US\$")	—	—	126,191	181,058
HK dollars ("HK\$")	621,698	402,923	—	—

	THE COMPANY			
	Liabilities		Assets	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
US\$	—	—	126,191	181,058

7. FINANCIAL INSTRUMENTS (CONTINUED)**7B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)*****Market risk (continued)****(i) Currency risk (continued)*

Sensitivity analysis

The Group is mainly exposed to the fluctuation of US\$ against HK dollars and of the HK dollars against RMB. The following table details the Group's sensitivity to a 5% increase and decrease in HK dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding US\$ and HK\$ denominated monetary items and adjusts their translation at the year end for a 5% change in the exchange rates. A 5% strengthening of the HK dollars against the relevant foreign currency will increase (decrease) the Group's profit for the year (before taxation) by the following amount.

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
US\$ impact	(6,310)	(9,053)	(6,310)	(9,053)
HK\$ impact	(31,085)	(20,146)	—	—

Note: This is mainly attributable to the exposure outstanding on fixed bank deposits, other bank balances, loans receivable and bank borrowings denominated in US\$ or HK\$ at the balance sheet date.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to its variable-rate loans receivable and bank borrowings (see notes 27 and 33 for details of these loans receivable and borrowings). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly attributable to fluctuation of Hong Kong Interbank Offer Rate ("HIBOR").

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (continued)

(ii) *Interest rate risk (continued)*

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for the Group's non-derivative instruments at the balance sheet date. The analysis is prepared assuming the amount of variable rate loan receivables and bank borrowings outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point fluctuation is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant:

- the Group's profit for the year ended 31 December 2007 would decrease/increase by approximately HK\$13,294,000 (2006: decrease/increase by HK\$8,203,000).
- the Company's profit for the year ended 31 December 2007 would decrease/increase by approximately HK\$12,354,000 (2006: decrease/increase by HK\$8,733,000).

(iii) *Other price risk*

The Group is exposed to equity price risk through its investments in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange of Hong Kong Limited.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% higher/lower:

- profit for the year ended 31 December 2007 increase/decrease by HK\$567,000 (2006: increase/decrease by HK\$218,000) as a result of the changes in fair value of held-for-trading investments; and
- investment valuation reserve would increase/decrease by HK\$55,000 (2006: increase/decrease by HK\$46,000) for the Group as a result of the changes in fair value of available-for-sale investments.

The Group's sensitivity to available-for-sale investments and held-for-trading investments has not changed significantly from the prior year.

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

As at 31 December 2007, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is represented by the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet and as disclosed in the relevant note.

The Group has significant concentration of credit risk as 99% (2006: 97%) of the total advances to investee companies was due from the Group's largest investee company as at 31 December 2007.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The Group has net current liabilities at the balance sheet date. The Group is exposed to liquidity risk of being unable to raise sufficient fund to meet its financial obligations when they fall due. To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2007, the Group had available unutilised bank loan facilities of approximately HK\$1,103 million (2006: HK\$1,119 million). Details of the amounts utilised at the balance sheet date are set out in note 33.

7. FINANCIAL INSTRUMENTS (CONTINUED)

7B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2007 HK\$'000
2007							
Non-derivative financial liabilities							
Trade and other payables	—	80,720	238	—	—	80,958	80,958
Bank Borrowings — variable rate	4.70	60,228	—	1,501,818	2,820,998	4,383,044	4,067,946
Amounts due to associates	3.42	587	—	—	—	587	568
Amounts due to minority shareholders	—	25,327	—	—	—	25,327	25,327
		166,862	238	1,501,818	2,820,998	4,489,916	4,174,799
	Weighted average effective interest rate %	Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2006 HK\$'000
2006							
Non-derivative financial liabilities							
Trade and other payables	—	99,910	1,277	4,231	—	105,418	105,418
Bank Borrowings — variable rate	4.57	—	—	738,627	2,167,038	2,905,665	2,688,248
Amounts due to associates	3.66	391	—	—	—	391	377
Amounts due to minority shareholders	—	16,188	—	—	—	16,188	16,188
		116,489	1,277	742,858	2,167,038	3,027,662	2,810,231

7. FINANCIAL INSTRUMENTS (CONTINUED)**7B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)****Liquidity risk (continued)**

	Weighted average effective interest rate %	Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2007 HK\$'000
THE COMPANY							
2007							
Non-derivative financial liabilities							
Trade and other payables	—	6,332	—	—	—	6,332	6,332
Bank Borrowings							
— variable rate	4.70	60,228	—	1,469,280	2,173,611	3,703,119	3,446,248
Amounts due to associates	3.42	587	—	—	—	587	568
Non-interest bearing advances from subsidiaries	—	77,796	—	—	—	77,796	77,796
		144,943	—	1,469,280	2,173,611	3,787,834	3,530,944

	Weighted average effective interest rate %	Less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31.12.2006 HK\$'000
2006							
Non-derivative financial liabilities							
Trade and other payables	—	6,485	—	—	—	6,485	6,485
Bank Borrowings							
— variable rate	4.85	—	—	740,643	1,735,910	2,476,553	2,285,325
Amounts due to associates	3.66	391	—	—	—	391	377
Non-interest bearing advances from subsidiaries	—	70,448	—	—	—	70,448	70,448
		77,324	—	740,643	1,735,910	2,553,877	2,362,635

7. FINANCIAL INSTRUMENTS (CONTINUED)

7C. FAIR VALUE

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input;
- the fair value of unlisted available-for-sale investments that are stated at fair value are determined with reference to market prices of underlying assets, or determined by using valuation techniques with market observable inputs carried out by CCMP Capital Asia Pte. Ltd., an independent firm of professional fund manager not connected to the Group on the Group's fund investments. CCMP Capital Asia Pte. Ltd. possesses appropriate qualifications and recent experiences in the valuation of similar investments with reference to market evidence of transaction prices for similar investments in the similar industries; and
- the fair values of the Group's advance to investee companies and the Company's amounts due from/to subsidiaries at the balance sheet date, determined based on the present value of the estimated future cash flows discounted using the prevailing market rate, approximate the corresponding carrying amounts.

The directors consider that the carrying amounts of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

8. REVENUE

Revenue represents the aggregate of the following amounts received and receivable during the year. An analysis of the Group's revenue for the year is as follows:

	2007 HK\$'000	2006 HK\$'000
Proceeds from disposal of properties held for sale	93,957	240,669
Gross rental income	120,700	100,619
Sales of goods	21,140	26,256
Interest income on loan receivables, bank deposits and bank balances	40,408	26,030
Property management and agency fees	14,035	12,174
Dividend income from unlisted available-for-sale investments	—	1,645
Dividend income from listed investments held for trading	25	36
	290,265	407,429

9. BUSINESS AND GEOGRAPHICAL SEGMENTS

BUSINESS SEGMENTS

For management purposes, 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.

Segment information about these businesses is presented below:

Year ended 31 December 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	120,700	93,957	14,035	40,433	21,140	—	290,265
Inter-segment sales	—	—	5,114	459,605	—	(464,719)	—
Total revenue	120,700	93,957	19,149	500,038	21,140	(464,719)	290,265

Inter-segment sales are charged at prevailing market rates.

RESULTS							
	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
Segment results	140,193	25,713	(5,979)	(2,902)	267	—	157,292
Finance costs							(102,892)
Share of results of associates	91	—	—	246,366	—	—	246,457
Profit before taxation							300,857
Income tax expense							(41,083)
Profit for the year							259,774

BALANCE SHEET

As at 31 December 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
ASSETS							
Segment assets	3,835,862	2,186,643	8,740	1,538,108	71,144	—	7,640,497
Interests in associates	2,127	—	—	2,896,747	—	—	2,898,874
Unallocated corporate assets							77,720
Consolidated total assets							10,617,091
LIABILITIES							
Segment liabilities	98,107	29,935	8,360	239	5,522	—	142,163
Taxation payable							10,584
Deferred taxation							408,529
Unallocated corporate liabilities							4,093,841
Consolidated total liabilities							4,655,117

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

OTHER INFORMATION

	Year ended 31 December 2007						
	Property investment	Property development	Property management	Treasury investment	Trading and manufacturing	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital additions	4,671	308,958	71	25	361	1,000	315,086
Depreciation of property, plant and equipment	6,116	2,634	6	—	1,650	745	11,151
Write-off of bad and doubtful debts	34	—	—	—	—	—	34

	Year ended 31 December 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	100,619	240,669	12,174	27,711	26,256	—	407,429
Inter-segment sales	—	—	4,228	423,479	—	(427,707)	—
Total revenue	100,619	240,669	16,402	451,190	26,256	(427,707)	407,429

Inter-segment sales are charged at prevailing market rates.

RESULTS							
Segment results	79,381	18,000	(1,400)	(18,621)	334	—	77,694
Finance costs							(69,870)
Share of results of associates	91	—	—	226,841	—	—	226,932
Profit before taxation							234,756
Income tax expense							(13,128)
Profit for the year							221,628

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

BALANCE SHEET

As at 31 December 2006

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	3,261,809	1,988,093	2,155	900,789	69,964	6,222,810
Interests in associates	2,036	—	—	2,720,199	—	2,722,235
Unallocated corporate assets						77,094
Consolidated total assets						9,022,139
LIABILITIES						
Segment liabilities	95,700	74,247	3,531	10,361	3,555	187,394
Taxation payable						9,450
Deferred taxation						391,561
Unallocated corporate liabilities						2,707,827
Consolidated total liabilities						3,296,232

OTHER INFORMATION

Year ended 31 December 2007

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Others HK\$'000	Consolidated HK\$'000
Capital additions	196,547	267,866	—	—	221	1,204	465,838
Depreciation of property, plant and equipment	5,532	2,367	—	—	1,770	612	10,281
Loss on disposal of property, plant and equipment	—	—	—	—	—	131	131
Write-off of bad and doubtful debts	1,548	—	—	1,171	—	—	2,719

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

GEOGRAPHICAL SEGMENTS

The Group's operations are located in Hong Kong and other parts of the People's Republic of China (the "PRC"). Certain of the Group's property development and trading and manufacturing businesses are located in the PRC. Others are located in Hong Kong.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	Year ended	
	31.12.2007	31.12.2006
	HK\$'000	HK\$'000
Hong Kong	148,710	127,759
PRC	141,555	279,670
	290,265	407,429

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and properties under development, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment, investment properties and properties under development	
	As at 31.12.2007	As at 31.12.2006	As at 31.12.2007	As at 31.12.2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	4,278,963	3,825,412	3,799	4,751
PRC	3,361,534	2,397,398	311,287	461,087
	7,640,497	6,222,810	315,086	465,838

10. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest on borrowings wholly repayable within five years:		
Bank loans	167,000	118,590
Other borrowings	25	8
	167,025	118,598
Less: Amount capitalised as cost of properties under development at a capitalisation rate of 4.78% (2006: 4.66%) per annum	(64,133)	(48,728)
	102,892	69,870

11. SHARE OF RESULTS OF ASSOCIATES

	2007 HK\$'000	2006 HK\$'000
Share of results of associates comprise:		
Share of results of associates	270,034	264,224
Share of taxation of associates	(23,577)	(37,292)
	246,457	226,932

12. INCOME TAX EXPENSE

	2007 HK\$'000	2006 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	5,672	4,862
Overprovision in prior years	(57)	(22)
	5,615	4,840
PRC Enterprise Income Tax		
Current year	17,339	8,638
Under(over)provision in prior years	1,161	(5,935)
	18,500	2,703
	24,115	7,543
Deferred taxation		
Current year	16,968	5,585
	41,083	13,128

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

Taxation arising in other jurisdictions is calculated at 33% (2006: 33%) on the estimated assessable profits of those subsidiaries that are subject to Enterprise Income Tax in the PRC.

On 16 March 2007, the President of the PRC promulgated Order No. 63 — Law of the PRC on Enterprise Income Tax (the “New Law”). On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and the Implementation Regulations will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008 onwards.

12. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2007 HK\$'000	2006 HK\$'000
Profit before taxation	300,857	234,756
Hong Kong Profits Tax at the rate of 17.5% (2006: 17.5%)	52,650	41,082
Tax effect of share of results of associates	(43,130)	(39,713)
Tax effect of expenses not deductible for tax purpose	27,901	19,168
Tax effect of income not taxable for tax purpose	(7,954)	(8,549)
Under(over)provision in respect of prior years	1,104	(5,957)
Tax effect of tax losses not recognised	3,814	8,194
Tax effect of utilisation of tax losses previously not recognised	(2,085)	(5,337)
Effect of different tax rates of subsidiaries operating in other jurisdictions	8,783	4,240
Tax charge for the year	41,083	13,128

13. PROFIT FOR THE YEAR

	2007 HK\$'000	2006 HK\$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (note 14)	17,752	15,317
Other staff costs	19,305	18,959
Staff retirement scheme contributions, net of HK\$127,000 (2006: HK\$187,000) forfeited contributions	2,443	1,375
Total staff costs	39,500	35,651
Amortisation of prepaid lease payments		
— capitalised as cost of properties under development	893	893
— charged to income statement	6,201	—
Auditors' remuneration	1,837	1,509
Depreciation of property, plant and equipment	11,151	10,281
Loss on disposal of property, plant and equipment	—	131
Operating lease rentals in respect of land and buildings	7,503	2,383
Write-off of bad and doubtful debts	34	2,719
and after crediting:		
Exchange gain (included in direct costs)	12,904	12,584
Gain on disposal of assets held for sale	34	—
Gain on disposal of an investment property	—	50
Gross rental income from investment properties	120,700	100,619
Less: direct operating expenses from investment properties that generated rental income during the year	(11,120)	(9,925)
	109,580	90,694
Imputed interest income on non-current interest-free loans to investee companies	6,578	8,788

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS**(A) DIRECTORS' EMOLUMENTS**

The emoluments paid or payable to each of the 13 (2006: 13) directors were as follows:

	Other emoluments			Total emoluments HK\$'000
	Fees HK\$'000	Salaries and other benefits HK\$'000	Retirement scheme contributions HK\$'000	
2007				
Liu Lit Man	100	—	—	100
Liu Lit Mo	50	8,932	198	9,180
Liu Lit Chi	50	—	—	50
Liu Kam Fai, Winston	50	3,073	168	3,291
Lee Wai Hung	50	1,725	172	1,947
Liu Lit Chung	50	1,961	61	2,072
Andrew Liu	50	—	—	50
Liu Chun Ning, Wilfred	50	560	52	662
Lee Tung Hai, Leo	100	—	—	100
Ng Ping Kin, Peter	100	—	—	100
Cheng Mo Chi, Moses	100	—	—	100
Tong Tsin Ka	100	—	—	100
Total	850	16,251	651	17,752
2006				
Liu Lit Man	80	—	—	80
Liu Lit Mo	40	7,294	174	7,508
Liu Lit Chi	40	—	—	40
Liu Kam Fai, Winston	40	2,720	118	2,878
Lee Wai Hung	40	1,543	154	1,737
Liu Lit Chung	40	1,963	61	2,064
Andrew Liu	40	—	—	40
Liu Chun Ning, Wilfred	40	560	50	650
Liu Kwun Shing, Christopher	—	—	—	—
Lee Tung Hai, Leo	80	—	—	80
Ng Ping Kin, Peter	80	—	—	80
Cheng Mo Chi, Moses	80	—	—	80
Tong Tsin Ka	80	—	—	80
Total	680	14,080	557	15,317

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(B) EMOLUMENTS OF HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, four (2006: four) individuals were directors of the Company whose emoluments are included in the disclosure set out in note (a) above. The emoluments of the remaining highest paid individual were as follows:

	2007 HK\$'000	2006 HK\$'000
Salaries and other benefits	1,346	1,482
Retirement scheme contributions	90	78
	1,436	1,560

(C) During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during the year.

15. DIVIDENDS

	2007 HK\$'000	2006 HK\$'000
Dividends recognised as distribution during the year:		
2006 final dividend paid at HK\$0.15 (2006: HK\$0.12) per share	56,788	45,430
2007 interim dividend paid at HK\$0.12 (2006: HK\$0.10) per share	45,430	37,858
	102,218	83,288

A final cash dividend of HK\$0.16 (2006: HK\$0.15) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

16. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of HK\$263,114,000 (2006: HK\$223,141,000) and on 378,583,440 (2006: 378,583,440) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no dilution potential ordinary shares in issue during the years 2006 and 2007.

17. INVESTMENT PROPERTIES

	THE GROUP HK\$'000	THE COMPANY HK\$'000
FAIR VALUE		
At 1 January 2006	3,092,762	660,000
Currency realignment	10,505	—
Acquisition of subsidiary	193,000	—
Transfer to assets held for sale	(76,307)	—
Disposals	(13,700)	—
Net increase in fair value recognised in the income statement	8,289	—
At 31 December 2006	3,214,549	660,000
Currency realignment	11,988	—
Net increase in fair value recognised in the income statement	51,967	—
At 31 December 2007	3,278,504	660,000

The fair values of the Group's investment properties at 31 December 2007 were arrived at on the basis of valuations carried out by Vigers Appraisal & Consulting Ltd., an independent firm of professional valuers not connected with the Group. Vigers Appraisal & Consulting Ltd. is a member of the Institute of Valuers, and have 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.

All of the Group's property interests held under operating leases to earn rentals are measured using fair value model and are classified and accounted for as investment properties.

The carrying value of investment properties shown above comprises:

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Held under:				
Long leases in Hong Kong	2,970,400	2,895,200	660,000	660,000
Long-term land use right in the PRC	293,604	305,349	—	—
Medium-term leases in Hong Kong	14,500	14,000	—	—
	3,278,504	3,214,549	660,000	660,000

18. ASSETS HELD FOR SALE

	THE GROUP HK\$'000
At 1 January 2006	—
Transfer from investment properties	76,307
At 31 December 2006	76,307
Currency realignment	5,323
Disposals	(78,953)
At 31 December 2007	2,677

The assets held for sale are expected to be realised in the next twelve months of the balance sheet date.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings (note) HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures, motor vehicles and computer equipment HK\$'000	Total HK\$'000
THE GROUP				
COST OR VALUATION				
At 1 January 2006	17,602	29,649	46,646	93,897
Currency realignment	2,345	1,186	94	3,625
Additions	—	221	5,074	5,295
Disposals	—	—	(2,012)	(2,012)
Surplus on revaluation	(2,330)	—	—	(2,330)
At 31 December 2006	17,617	31,056	49,802	98,475
Currency realignment	3,716	1,723	177	5,616
Additions	—	361	5,866	6,227
Surplus on revaluation	(2,479)	—	—	(2,479)
At 31 December 2007	18,854	33,140	55,845	107,839
Comprising:				
At cost	—	33,140	55,845	88,985
At valuation — 2007	18,854	—	—	18,854
	18,854	33,140	55,845	107,839
DEPRECIATION AND AMORTISATION				
At 1 January 2006	—	15,819	25,494	41,313
Currency realignment	—	719	43	762
Charged for the year	2,431	1,770	6,080	10,281
Eliminated on disposals	—	—	(1,881)	(1,881)
Surplus on revaluation	(2,431)	—	—	(2,431)
At 31 December 2006	—	18,308	29,736	48,044
Currency realignment	—	1,047	91	1,138
Charged for the year	2,583	1,650	6,918	11,151
Surplus on revaluation	(2,583)	—	—	(2,583)
At 31 December 2007	—	21,005	36,745	57,750
CARRYING VALUE				
At 31 December 2007	18,854	12,135	19,100	50,089
At 31 December 2006	17,617	12,748	20,066	50,431

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and building held in the PRC under a long-term use right (note) HK\$'000	Furniture, fixtures, motor vehicles and computer equipment HK\$'000	Total HK\$'000
THE COMPANY			
COST OR VALUATION			
At 1 January 2006	364	11,248	11,612
Additions	—	1,204	1,204
Disposals	—	(1,892)	(1,892)
At 31 December 2006	364	10,560	10,924
Additions	—	1,000	1,000
At 31 December 2007	364	11,560	11,924
Comprising:			
At cost	—	11,560	11,560
At valuation — 2007	364	—	364
	364	11,560	11,924
DEPRECIATION AND AMORTISATION			
At 1 January 2006	—	9,980	9,980
Charged for the year	8	604	612
Eliminated on disposals	—	(1,760)	(1,760)
Surplus on revaluation	(8)	—	(8)
At 31 December 2006	—	8,824	8,824
Charged for the year	8	738	746
Surplus on revaluation	(8)	—	(8)
At 31 December 2007	—	9,562	9,562
CARRYING VALUE			
At 31 December 2007	364	1,998	2,362
At 31 December 2006	364	1,736	2,100

Note: The leasehold land of the Group and the Company are included in property, plant and equipment as allocations between the land and buildings elements cannot be made reliably.

19. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the term of the lease or 3%
Plant and machinery	10%
Furniture, fixtures, motor vehicles and computer equipment	10–20%

The carrying value of land and buildings held by the Group, which are all situated in the PRC, shown above comprises:

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
Held under:		
Long-term land use rights	15,616	14,379
Medium-term land use rights	3,238	3,238
	18,854	17,617

The leasehold land and buildings of the Group were valued on 31 December 2007 by Vigers Appraisal & Consulting Ltd. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

The resulting surplus arising on revaluation of the Group amounting to approximately HK\$104,000 (2006: HK\$101,000) has been dealt with as follows:

- (i) a surplus of approximately HK\$96,000 (2006: HK\$93,000) has been credited to the consolidated income statement; and
- (ii) a surplus of approximately HK\$8,000 (2006: HK\$8,000) has been credited to the property revaluation reserve.

The resulting surplus arising on revaluation of the Company amounting to HK\$8,000 (2006: HK\$8,000) has been credited to property revaluation reserve.

The amount of land and buildings of the Group and of the Company that would have been included in the financial statements at the balance sheet date had the assets been carried at historical cost less accumulated depreciation and accumulated impairment loss is approximately HK\$12,603,000 and HK\$157,000 (2006: HK\$15,186,000 and HK\$165,000), respectively.

20. PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
COST		
At beginning of the year	1,305,213	1,012,918
Currency realignment	34,147	24,752
Additions	308,859	267,543
At end of the year	1,648,219	1,305,213

Included in properties under development is net interest capitalised of approximately HK\$380,990,000 (2006: HK\$320,075,000). The properties are developed for future use as investment properties.

21. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2007 HK\$'000	2006 HK\$'000
Cost of unlisted shares/capital contribution	419,781	364,168
Less: Impairment loss recognised	(162,318)	(120,297)
	257,463	243,871

In view of the accumulated losses and net liabilities position of the Company's subsidiaries for the year ended 31 December 2007, the directors of the company consider that the carrying amount of investment in subsidiaries exceeds its recoverable amount, and thus, they concluded that it is appropriate to make a provision for impairment in values in respect of the investments cost and the amounts due from subsidiaries. The recoverable amount of the investments in subsidiaries, upon which impairment loss is arrived at, is determined based on its value in use using a discount rate of 4.02% (2006: 4.71%).

Particulars of the Company's principal subsidiaries as at 31 December 2007 are set out in note 45.

22. INTERESTS/INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Cost of investments in associates				
Listed in Hong Kong	309,003	235,058	—	—
Unlisted	3	3	3	3
Share of post-acquisition reserves, net of dividends received	2,589,868	2,487,174	—	—
	2,898,874	2,722,235	3	3
Fair value of listed investments	3,771,177	3,449,202	—	—

Included in the cost of investment in associates is goodwill of HK\$13,150,000 (2006: nil) arising on acquisition of additional interests in associates. The movement of goodwill is set out below:

	HK\$'000
COST	
At 1 January 2006 and 31 December 2006	—
Arising on acquisition of additional interests in associates	13,150
At 31 December 2007	13,150

The summarised financial information in respect of the Group's associates is set out below:

	2007 HK\$'000	2006 HK\$'000
Total assets	69,056,682	63,033,976
Total liabilities	(62,781,635)	(56,978,179)
Net assets	6,275,047	6,055,797
The Group's share of net assets of associates	2,934,371	2,773,379
Revenue	3,310,785	2,740,810
Profit for the year	505,214	503,325
The Group's share of results of associates for the year	246,457	226,932

Particulars of the Group's principal associates as at 31 December 2007 are set out in note 46.

23. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Available-for-sale investments comprise:				
Equity securities listed outside Hong Kong, at fair value	1,096	912	223	185
Unlisted equity securities, at fair value	310,343	239,952	175,975	105,584
Unlisted equity securities, at cost less impairment	—	26,739	—	—
	311,439	267,603	176,198	105,769

The above unlisted equity securities stated at cost less impairment represented investments in unlisted equity securities issued by private entities incorporated in Hong Kong. They were measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates was so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

24. PREPAID LEASE PAYMENTS

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong		
Medium-term land	20,870	—
Leasehold land in the PRC		
Medium-term land use right	33,095	33,989
Long-term land use right	420,285	—
	474,250	33,989
Analysed for reporting purposes as:		
Current assets	9,139	894
Non-current assets	465,111	33,095
	474,250	33,989

25. AMOUNTS DUE FROM SUBSIDIARIES

THE COMPANY

The amounts due from subsidiaries are unsecured and have no fixed repayment terms. Of the amounts, approximately HK\$1,762,547,000 (2006: HK\$1,414,263,000) bears interest at an effective interest rate ranging from 4.65% to 5.96% (2006: 4.58% to 5.34%) per annum (repricing semi-annually) and the remaining balance is non-interest bearing. The effective interest rate of non-interest bearing amounts due from subsidiaries used in calculating the present value of estimated future cash flows discounted is 4.02% (2006: 4.71%). In the opinion of the Company's directors, the amounts due from subsidiaries will not be repayable in the next twelve months from the balance sheet date and, accordingly, the amounts have been classified as non-current assets.

26. ADVANCES TO INVESTEE COMPANIES

The advances are unsecured and have no fixed repayment terms. Of the advances, an amount of HK\$105,500,000 (2006: HK\$5,500,000) bears interest at an effective interest rate ranging from 3.83% to 6.05% (2006: 4.29% to 5.18%) per annum and the remaining balance is non-interest bearing. The effective interest rate of non-interest bearing advances to investee companies used in calculating the present value of estimate future cash flows discounted is 4.02% (2006: 4.71%). In the opinion of the Company's directors, the investee companies will not fully repay the advances in the next twelve months from the balance sheet date and, accordingly, the advances have been classified as non-current assets.

27. LOANS RECEIVABLE

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Variable-rate loans receivable	71,967	71,967	66,281	66,281
Analysed for reporting purposes:				
Current assets	11,509	5,686	7,800	—
Non-current assets	60,458	66,281	58,481	66,281
	71,967	71,967	66,281	66,281

27. LOANS RECEIVABLE (CONTINUED)

Loans receivable comprise:

	Maturity date	Collateral	Effective interest rate	Carrying amount	
				2007 HK\$'000	2006 HK\$'000
US\$3,000,000 5 years variable-rate loan receivable	5 March 2009	—	4.30% (2006: 4.30%) and repriced semi-annually	23,400	23,400
US\$2,000,000 10 years variable-rate loan receivable	8 August 2013	—	4.68% (2006: 4.39%) and repriced quarterly	15,600	15,600
US\$1,000,000 3 years variable-rate loan receivable	12 April 2008	—	4.55% (2006: 5.59%) and repriced semi-annually	7,800	7,800
US\$1,000,000 3½ years variable-rate loan receivable	11 January 2009	—	4.84% (2006: 4.32%) and repriced quarterly	7,800	7,800
US\$997,500 7 years variable-rate loan receivable	27 May 2011	—	5.06% (2006: 4.55%) and repriced semi-annually	7,781	7,781
Others				9,586	9,586
				71,967	71,967

The Group's and the Company's loans receivable that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	Denominated in US\$ HK\$'000
As at 31 December 2007	66,281
As at 31 December 2006	66,281

28. INVENTORIES/PROPERTIES HELD FOR SALE

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
The Group's inventories comprise:		
Raw materials	1,589	1,303
Work in progress	1,533	978
Finished goods	9,115	7,669
	12,237	9,950

The cost of inventories and properties held for sale recognised as an expense during the year amounted to approximately HK\$17,461,000 (2006: HK\$22,532,000) and HK\$70,222,000 (2006: HK\$224,857,000) respectively.

The inventories and properties held for sale are expected to be realised in the next twelve months of the balance sheet date.

29. 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 for 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\$29,109,000 (2006: HK\$38,073,000) which are included in trade and other receivables is as follows:

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
Within 30 days	10,205	30,206
Between 31 days to 90 days	9,992	6,072
Over 90 days	8,912	1,795
	29,109	38,073

The Company had no trade receivables at the balance sheet date.

All of the Group's trade receivables are denominated in functional currency of Hong Kong dollars.

Before accepting any new customer, the Group has to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$6,513,000 (2006: HK\$158,000) which are past due at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

29. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of trade receivables which are past due but not impaired

	2007 HK\$'000	2006 HK\$'000
Over 90 days	6,513	158

30. INVESTMENTS HELD FOR TRADING

Investments held for trading represent equity securities listed on The Stock Exchange of Hong Kong Limited.

31. BANK ACCOUNTS WITH CHONG HING BANK AND ITS SUBSIDIARIES/FIXED BANK DEPOSITS WITH MORE THAN THREE MONTHS TO MATURITY WHEN RAISED/OTHER BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 2.95% to 4.1% (2006: 3.82% to 5.25%) per annum. The fixed deposits carry fixed interest rates ranging from 3.02% to 3.67% (2006: 1.71 to 2.07%) per annum.

The Group's and the Company's bank balances and fixed deposits that are denominated in currencies other than the functional currency are set out below:

	Denominated in US\$
As at 31 December 2007	59,910
As at 31 December 2006	114,778

32. TRADE AND OTHER PAYABLES

At the balance sheet date, included in trade and other payables are trade payables of HK\$24,015,000 (2006: HK\$15,777,000) and the aged analysis is as follows:

	THE GROUP	
	2007 HK\$'000	2006 HK\$'000
Within 30 days	23,777	10,269
Between 31 days to 90 days	238	1,277
Over 90 days	—	4,231
	24,015	15,777

The Company had no trade payables at the balance sheet date.

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

33. BORROWINGS

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Bank loans				
Secured	621,698	402,923	—	—
Unsecured	3,446,248	2,285,325	3,446,248	2,285,325
Total bank borrowings	4,067,946	2,688,248	3,446,248	2,285,325
Amounts due to associates (note (i))	568	377	568	377
Amounts due to minority shareholders (note (ii))	25,327	16,188	—	—
	4,093,841	2,704,813	3,446,816	2,285,702

The maturity of borrowings is as follows:

Bank borrowings				
On demand or within one year	1,494,425	706,367	1,463,340	706,367
More than one year but not exceeding two years	839,254	1,283,595	777,084	880,672
More than two years but not exceeding three years	1,614,526	357,278	1,086,083	357,278
More than three years but not exceeding four years	119,741	341,008	119,741	341,008
Total bank borrowings	4,067,946	2,688,248	3,446,248	2,285,325
Amounts due to associates	568	377	568	377
Amounts due to minority shareholders	25,327	16,188	—	—
	4,093,841	2,704,813	3,446,816	2,285,702
Less: Amount due within one year shown under current liabilities				
— Bank borrowings	(1,494,425)	(706,367)	(1,463,340)	(706,367)
— Amounts due to associates	(568)	(377)	(568)	(377)
— Amounts due to minority shareholders	(25,327)	(16,188)	—	—
	(1,520,320)	(722,932)	(1,463,908)	(706,744)
Amounts due after one year				
— Bank borrowings	2,573,521	1,981,881	1,982,908	1,578,958

33. BORROWINGS (CONTINUED)

Notes:

- (i) These borrowings are unsecured, bear interest at an effective interest rate ranging from 2.95% to 4.1% (2006: 2.95% to 3.5%) per annum (repricing monthly) and repayable on demand.
- (ii) These borrowings are unsecured, non-interest bearing and repayable on demand.

The Group's borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	Denominated in HK\$ HK\$'000
As at 31 December 2007	621,698
As at 31 December 2006	402,923

All of the bank loans are variable-rate borrowings which carry interest ranging from 3.48% to 6.89% (2006: 4.15% to 5.48%) per annum. Interest rates are repricing monthly. Details of assets pledged are set out in note 40.

34. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior years.

	THE GROUP					THE
	Accelerated tax depreciation	Other taxable temporary differences	Revaluation of properties	Tax losses	Total	COMPANY
						Accelerated tax depreciation
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	22,339	1,013	367,465	(4,841)	385,976	57,163
Charge (credit) to income statement for the year	(526)	(1,013)	6,005	1,119	5,585	2,236
At 31 December 2006	21,813	—	373,470	(3,722)	391,561	59,399
Charge (credit) to income statement for the year	(98)	—	17,749	(683)	16,968	2,180
At 31 December 2007	21,715	—	391,219	(4,405)	408,529	61,579

At the balance sheet date, the Group had unused tax losses of HK\$365 million (2006: HK\$351 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$25 million (2006: HK\$21 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$340 million (2006: HK\$330 million) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

The Company had no unused tax losses at the balance sheet date.

35. NON-INTEREST BEARING ADVANCES FROM SUBSIDIARIES

The amounts are unsecured, non-interest bearing and have no fixed repayment terms. The effective interest rate of non-interest bearing advances from subsidiaries used in calculating the present value of estimate future cash flows discounted is 4.02% (2006: 4.71%). The amount will not be demanded for repayment in the next twelve months of the balance sheet date and, accordingly, the amounts have been classified as non-current liabilities.

36. SHARE CAPITAL

	2007 & 2006 HK\$'000
Ordinary shares of HK\$1 each	
Authorised:	
At 1 January and 31 December	600,000
Issued and fully paid:	
At 1 January and 31 December	378,583

37. RESERVES

	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE COMPANY					
At 1 January 2006	208	10,733	2,955	1,049,336	1,063,232
Surplus on revaluation of properties	8	—	—	—	8
Gains on fair value changes of available-for-sale investments	—	(30,252)	—	—	(30,252)
Net income and expenses recognised directly in equity	8	(30,252)	—	—	(30,244)
Profit for the year	—	—	—	199,485	199,485
Total recognised income and expenses for the year	8	(30,252)	—	199,485	169,241
Dividends paid	—	—	—	(83,288)	(83,288)
At 31 December 2006	216	(19,519)	2,955	1,165,533	1,149,185
Surplus on revaluation of properties	8	—	—	—	8
Gain on fair value changes of available-for-sale investments	—	11,343	—	—	11,343
Net income recognised directly in equity	8	11,343	—	—	11,351
Profit for the year	—	—	—	249,248	249,248
Total recognised income for the year	8	11,343	—	249,248	260,599
Dividends paid	—	—	—	(102,218)	(102,218)
At 31 December 2007	224	(8,176)	2,955	1,312,563	1,307,566

The Company's reserves available for distribution to shareholders at 31 December 2007 amounted to HK\$1,312,563,000 (2006: HK\$1,165,533,000), being its accumulated profits at that date.

38. ACQUISITION OF A SUBSIDIARY

On 1 December 2006, the Group acquired the entire issued share capital of Prime Ocean Development Limited ("Prime Ocean") for a consideration of HK\$140,000,000. This acquisition comprised of the acquisition of certain investment properties with carrying value of approximately HK\$193 million and related liabilities at the amount of approximately HK\$53 million.

	Acquiree's fair value HK\$'000
<hr/>	
Net assets acquired:	
Investment properties	193,000
Trade and other payables	(53,000)
	<hr/>
	140,000
<hr/>	
Satisfied by:	
Cash	135,000
Consideration payable included in trade and other payable	5,000
	<hr/>
	140,000
<hr/>	
Net cash outflow arising on acquisition:	
Cash consideration paid	135,000
	<hr/>

39. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 25 April 2002, which replaced the previous share option scheme, for the primary purpose of providing incentives to directors and eligible employees, and will expire on 24 April 2012. Under the Scheme, the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company at HK\$10 per option. Additionally, the Company may, from time to time, grant share options to outside eligible third parties at the discretion of the Board of Directors.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

39. SHARE OPTION SCHEME (CONTINUED)

Options may be exercised at any time from the date of grant of the share option to the 5th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the Company's share on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant, or the closing price of the shares on the date of grant.

No options have been granted under the Scheme since the Scheme was adopted.

40. PLEDGE OF ASSETS

At the balance sheet date, the assets shown as below were pledged to banks to secure general banking facilities made available to the Group and the Company.

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
CARRYING VALUE				
Investment properties	1,163,723	1,128,000	660,000	660,000
Properties under development	1,648,219	1,305,213	—	—
Prepaid lease payments	33,095	33,988	—	—
	2,845,037	2,467,201	660,000	660,000

In addition, the Company also pledged the shares of a subsidiary in favour of a bank against facilities granted to that subsidiary.

41. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of:				
— property development expenditure	142,189	343,826	—	—
— contributions to the capital of an investee company	24,125	84,786	24,125	84,786
— addition of prepaid lease payments for land	95,200	—	—	—
	261,514	428,612	24,125	84,786

42. OPERATING LEASE COMMITMENTS

THE GROUP AS LESSEE

At the balance sheet date, the Group and the Company had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	7,110	192	7,110	192
In the second to fifth year inclusive	—	80	—	80
	7,110	272	7,110	272

Operating lease payments represent rentals payable for certain of its office properties. Leases are negotiated for an average term of one year and rentals are fixed throughout the leases period.

42. OPERATING LEASE COMMITMENTS (CONTINUED)

THE GROUP AS LESSOR

Property rental income earned by the Group during the year amounted to approximately HK\$121 million (2006: HK\$101 million). Most of the properties held have committed tenants for the next one to five years.

At the balance sheet date, the Group and the Company had contracted with tenants for the following future minimum lease payments:

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Within one year	152,145	91,466	15,206	15,526
In the second to fifth year inclusive	304,278	109,594	9,659	14,543
	456,423	201,060	24,865	30,069

43. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution scheme (the "ORSO Scheme") for the qualifying employees of certain companies in the Group and in December 2000, enrolled all other eligible employees into a Mandatory Provident Fund Scheme (the "MPF Scheme"). The ORSO Scheme is registered under the Occupational Retirement Schemes Ordinance. The assets of both schemes are held separately from those of the Group, in funds under the control of trustees.

The contributions payable to the fund by the Group are charged to the income statement at rates specified in the rules of the ORSO Scheme. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. At the balance sheet date, there are no forfeited contributions, which arose upon employees leaving the ORSO Scheme and which were available to reduce the contributions payable in the future years (2006: Nil).

The retirement benefits cost for the MPF Scheme charged to the income statement represents contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

In addition, certain employees of the Group's subsidiaries established in the PRC are members of state-managed retirement benefits schemes. The subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions.

44. RELATED PARTY DISCLOSURES

(A) RELATED PARTY TRANSACTIONS

During the year, the Group and the Company entered into the following significant transactions with related parties:

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Income received and receivable from associates				
Rental income	10,596	9,674	10,596	9,674
Management and other service fee income	5,231	4,845	5,231	4,845
Interest income	2,544	4,670	2,544	4,670
	18,371	19,189	18,371	19,189
Income received and receivable from subsidiaries				
Rental income	—	—	—	—
Management and other service fee income	—	—	1,584	1,440
Interest income	—	—	101,511	90,366
	—	—	103,095	91,806
Expenses paid and payable to an associate				
Interest expenses	25	8	25	8
Rental expenses	3,875	1,372	3,875	1,372
	3,900	1,380	3,900	1,380
Expenses paid and payable to subsidiaries				
Management fee expenses	—	—	264	240

At the balance sheet date, the Company had a financial guarantee contract issued to a bank in respect of banking facilities granted to a subsidiary. The amount utilised by the subsidiary amounted to approximately HK\$622 million (HK\$403 million) as at 31 December 2007.

44. RELATED PARTY DISCLOSURES (CONTINUED)

(B) RELATED PARTY BALANCES

Details of the Group's and the Company's outstanding balances with related parties, including bank accounts with Chong Hing Bank and its subsidiaries, at 31 December 2007, are set out in the balance sheets and notes 25, 31, 33 and 35.

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The emoluments of directors and other members of key management of the Group and the Company during the year were as follows:

	THE GROUP		THE COMPANY	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Short-term benefits	17,101	14,760	17,101	14,760
Post-employment benefits	651	557	651	557
	17,752	15,317	17,752	15,317

The emoluments of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2007 are as follows:

Name of subsidiary	Place of incorporation or establishment/ operations	Issued ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Liu Chong Hing Estate Company, Limited	Hong Kong	HK\$10,000,000	100	—	Investment holding
Liu Chong Hing Godown Company, Limited	Hong Kong	HK\$72,000,000	100	—	Property investment
Liu Chong Hing Property Management and Agency Limited	Hong Kong	HK\$1,000,000	100	—	Property management and agency
Abaleen Enterprises Limited	Hong Kong	HK\$100,000	100	—	Property investment
Alain Limited	Hong Kong	HK\$9,500	100	—	Investment holding
Bonsun Enterprises Limited	Hong Kong	HK\$2,000,000	100	—	Property investment
Chong Yip Finance Limited	Hong Kong	HK\$1,000,000	100	—	Money lending
Devon Realty Limited	Hong Kong	HK\$200	100	—	Property investment
Donington Company Limited	Hong Kong	HK\$200	100	—	Property investment
Gem Gain Enterprises Limited	Hong Kong	HK\$30	100	—	Investment holding
Great Earnest Limited	Hong Kong	HK\$200	100	—	Property investment
Heng Kin Investment Limited	Hong Kong	HK\$2	100	—	Property investment
Hugh Glory Limited	Hong Kong	HK\$100	—	90	Investment holding
Hugh Wealth International Limited	Hong Kong	HK\$100	100	—	Investment holding
Jacot Limited	Hong Kong	HK\$2	100	—	Investment holding
Ko Yew Company Limited	Hong Kong	HK\$200	100	—	Property investment
Luxpolar Limited	Hong Kong	HK\$2	—	100	Property investment
Marble Kingdom Limited	Hong Kong	HK\$2	100	—	Investment holding
Prime Ocean Development Limited	Hong Kong	HK\$10,000	—	100	Property investment
Queen Profit International Investment Limited	Hong Kong	HK\$61,540	83.75	—	Investment holding
Speed World Investment Limited	Hong Kong	HK\$100	—	60	Investment holding
Top Team Limited	Hong Kong	HK\$200	100	—	Investment holding
Truegrow Investments Limited	Hong Kong	HK\$1	—	100	Investment holding
Wealth Good Investment Limited	Hong Kong	HK\$2	100	—	Investment holding
Yue Tung Ching Kee Company Limited	Hong Kong	HK\$2,000,000	100	—	Property investment
Foshan Nanhai Hugh Glory Property Development Company Limited ("Foshan Hugh Glory")	PRC	RMB240,000,000	—	90	Property Development
Guangzhou Chong Hing Property Development Company Limited ("Guangzhou Chong Hing")	PRC	RMB170,000,000	—	60	Property development
Guangzhou Wealth Smart Property Management Company Limited ("Guangzhou Wealth Smart")	PRC	US\$127,100	—	100	Property Management
Maanshan Gaoke Magnetic Material Company Limited ("Maanshan Gaoke")	PRC	RMB41,000,000	—	51.5	Manufacturing of magnetic materials

45. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation or establishment/ operations	Issued ordinary share capital/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Shanghai Huang Pu Liu Chong Hing Property Development Company Limited ("Shanghai Huang Pu")	PRC	US\$27,000,000	—	95	Property development
China Link Technologies Limited	British Virgin Islands/Hong Kong	US\$100	100	—	Investment holding
Determined Resources Limited	British Virgin Islands/Hong Kong	US\$1,000	100	—	Share investment
Terryglass Limited	British Virgin Islands/ Thailand	US\$1,000	100	—	Investment holding

Guangzhou Chong Hing is a sino-foreign cooperative enterprise while Maanshan Gaoke and Shanghai Huang Pu are sino-foreign equity joint ventures established in the PRC.

Foshan Hugh Glory and Guangzhou Wealth Smart are sole foreign equity ventures established in the PRC.

None of the subsidiaries had any debt securities outstanding during the year and at the balance sheet date.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

46. PRINCIPAL ASSOCIATES

Particulars of the Group's principal associates as at 31 December 2007 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operations	Class of share held	Proportion of nominal value	Proportion	Principal activities
				of issued capital held by the Group	of voting power held	
Chong Hing Bank Limited (listed in Hong Kong)	Incorporated	Hong Kong	Ordinary	46.76%	46.76%	Banking business
Falconmate Limited	Incorporated	Hong Kong	Ordinary	50%	50%	Property investment

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.



廖創興企業有限公司
LIU CHONG HING INVESTMENT LIMITED



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