



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

2008 INTERIM REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Dr. Liu Lit Mo, LLD, MBE, J.P.

(*Managing Director*)

Mr. Liu Lit Chi

Mr. Liu Kam Fai, Winston

(*Deputy Managing Director*)

Mr. Liu Kwun Shing, Christopher

(*alternate director to Dr. Liu Lit Chung*)

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

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

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

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Yue Xiu District
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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

SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

Annual General Meeting	:	Held on 30 April 2008
Interim Results for six-month ended 30 June 2008	:	Announced on 13 August 2008
Dividends		
Interim cash dividend	:	HK\$0.10 per share
Payable on	:	25 September 2008
Ex-dividend date of interim dividend	:	12 September 2008
Latest time to lodge transfer forms	:	4:30 pm on 16 September 2008
Closure of Register of Members	:	From 17 September 2008 to 19 September 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	:	00194
Board lot	:	2,000 shares
No. of issued ordinary share	:	378,583,440 shares
Company's e-mail address	:	info@lchi.com.hk
Investors and Shareholders contact	:	Attention: Mr. Lee Wai Hung / Ms. Nelly Ng 25th Floor, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong Tel: (852) 3768 9038 Fax: (852) 3768 9008 Website: http://www.lchi.com.hk

The Directors of Liu Chong Hing Investment Limited (the "Company") announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008. The interim financial report is prepared on a basis consistent with the accounting policies adopted in 2007 annual report, except for the accounting policy changes made thereafter in adopting a number of new Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June 2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Revenue		130,604	147,637
Direct costs		(28,019)	(62,901)
Gross profit		102,585	84,736
Other income		6,599	7,146
Administrative expenses		(58,882)	(48,792)
Fair value (loss) gain on investments held for trading		(4,541)	6,162
Net fair value gain on investment properties	8	434,103	—
(Loss) gain on disposal of available-for-sale investments		(14,166)	630
(Deficit) surplus on revaluation of leasehold land and buildings		(16,034)	48
Finance costs		(48,518)	(41,024)
Share of results of associates		49,090	151,851
Profit before taxation		450,236	160,757
Income tax expense	4	(103,348)	(9,871)
Profit for the period		346,888	150,886
Attributable to:			
Equity holders of the Company		346,100	152,459
Minority interests		788	(1,573)
		346,888	150,886
Dividends	6	60,573	56,788
Basic earnings per share	7	91.4 cents	40.3 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
Non-current assets			
Investment properties	8	5,549,318	3,278,504
Property, plant and equipment	8	33,807	50,089
Properties under development	8	—	1,648,219
Interests in associates		2,835,459	2,898,874
Available-for-sale investments		272,846	311,439
Prepaid lease payments	8	51,807	465,111
Advances to investee companies		244,849	242,301
Loans receivable — due after one year		103,359	60,458
		9,091,445	8,954,995
Current assets			
Inventories		10,945	12,237
Properties under development	8	586,466	—
Properties held for sale		6,518	6,518
Trade and other receivables	9	172,691	175,846
Investments held for trading		6,794	11,335
Prepaid lease payments	8	1,439	9,139
Loans receivable — due within one year		10,009	11,509
Fixed bank deposits with more than three months to maturity when raised		209,869	537,346
Bank accounts with Chong Hing Bank Limited and its subsidiaries		104,906	31,448
Other bank balances and cash		510,565	864,041
Assets held for sale		2,605	2,677
		1,622,807	1,662,096
Current liabilities			
Trade and other payables	10	210,435	142,163
Taxation payable		12,770	10,584
Borrowings — due within one year	11	954,190	1,520,320
		1,177,395	1,673,067
Net current assets (liabilities)		445,412	(10,971)
Total assets less current liabilities		9,536,857	8,944,024

CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

		30 June 2008 (unaudited) HK\$'000	31 December 2007 (audited) HK\$'000
	Notes		
Non-current liabilities			
Borrowings — due after one year	11	2,692,842	2,573,521
Deferred taxation		502,411	408,529
		3,195,253	2,982,050
		6,341,604	5,961,974
Capital and reserves			
Share capital		378,583	378,583
Reserves		5,924,148	5,552,676
Equity attributable to equity holders of the Company		6,302,731	5,931,259
Minority interests		38,873	30,715
Total equity		6,341,604	5,961,974

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of the Company											
	Share capital HK\$'000	General reserve HK\$'000	Special reserve HK\$'000	Regulatory reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2007 (audited)	378,583	738,495	75,747	75,538	1,449,589	50,513	2,952	80,551	2,845,204	5,697,172	28,735	5,725,907
Surplus on revaluation of properties	—	—	—	—	4	—	—	—	—	4	—	4
Gain on fair value changes of available-for-sale investments	—	—	—	—	—	1,947	—	—	—	1,947	—	1,947
Share of gains on fair value changes of available-for-sale investments held by associates	—	—	—	—	—	20,740	—	—	—	20,740	—	20,740
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	3,282	—	3,282	(12)	3,270
Share of exchange reserve of associates	—	—	—	—	—	—	—	366	—	366	—	366
Net income recognised directly in equity	—	—	—	—	4	22,687	—	3,648	—	26,339	(12)	26,327
Release of reserve upon disposal of available-for-sale investments	—	—	—	—	—	(157)	—	—	—	(157)	—	(157)
Share of release of reserve of associates upon disposal of available-for-sale investments	—	—	—	—	—	(16,192)	—	—	—	(16,192)	—	(16,192)
Profit for the period	—	—	—	—	—	—	—	—	152,459	152,459	(1,573)	150,886
Total recognised income and expense for the period	—	—	—	—	4	6,338	—	3,648	152,459	162,449	(1,585)	160,864
Capital contribution by minority shareholders	—	—	—	—	—	—	—	—	—	—	2,941	2,941
Share of accumulated profits earmarked as regulatory reserve of an associate	—	—	—	10,074	—	—	—	—	(10,074)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(56,788)	(56,788)	—	(56,788)
At 30 June 2007 (unaudited)	378,583	738,495	75,747	85,612	1,449,593	56,851	2,952	84,199	2,930,801	5,802,833	30,091	5,832,924
Surplus on revaluation of properties	—	—	—	—	4	—	—	—	—	4	—	4
Gain on fair value changes of available-for-sale investments	—	—	—	—	—	2,642	—	—	—	2,642	—	2,642
Share of loss on fair value changes of available-for-sale investments held by associates	—	—	—	—	—	(124,967)	—	—	—	(124,967)	—	(124,967)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	78,403	—	78,403	2,391	80,794
Share of exchange reserve of associates	—	—	—	—	—	—	—	(147)	—	(147)	—	(147)
Net income and expense recognised directly in equity	—	—	—	—	4	(122,325)	—	78,256	—	(44,065)	2,391	(41,674)
Release of reserve upon disposal of available-for-sale investments	—	—	—	—	—	1,164	—	—	—	1,164	—	1,164
Share of release of reserve of associates upon disposal of available-for-sale investments	—	—	—	—	—	(66,738)	—	—	—	(66,738)	—	(66,738)
Share of release of reserve of associates upon impairment of available-for-sale investments	—	—	—	—	—	172,840	—	—	—	172,840	—	172,840
Profit for the period	—	—	—	—	—	—	—	—	110,655	110,655	(1,767)	108,888

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of the Company											
	Share capital HK\$'000	General reserve HK\$'000	Special reserve HK\$'000	Regulatory reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
Total recognised income and expense for the period	—	—	—	—	4	(15,059)	—	78,256	110,655	173,856	624	174,480
Share of accumulated profits earmarked as regulatory reserve of an associate	—	—	—	78,225	—	—	—	—	(78,225)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(45,430)	(45,430)	—	(45,430)
At 31 December 2007 (audited)	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
Surplus on revaluation of properties	—	—	—	—	4	—	—	—	—	4	—	4
Loss on fair value changes of available-for-sale investments	—	—	—	—	—	(13,716)	—	—	—	(13,716)	—	(13,716)
Share of loss on fair value changes of available-for-sale investments held by associates	—	—	—	—	—	(86,366)	—	—	—	(86,366)	—	(86,366)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	116,007	—	116,007	7,370	123,377
Share of exchange reserve of associates	—	—	—	—	—	—	—	3,982	—	3,982	—	3,982
Net income and expense recognised directly in equity	—	—	—	—	4	(100,082)	—	119,989	—	19,911	7,370	27,281
Release of reserve upon disposal of available-for-sale investments	—	—	—	—	—	11,294	—	—	—	11,294	—	11,294
Share of release of reserve of associates upon disposal of available-for-sale investments	—	—	—	—	—	(16,980)	—	—	—	(16,980)	—	(16,980)
Share of release of reserve of associates upon impairment of available-for-sale investments	—	—	—	—	—	71,720	—	—	—	71,720	—	71,720
Profit for the period	—	—	—	—	—	—	—	—	346,100	346,100	788	346,888
Total recognised income and expense for the period	—	—	—	—	4	(34,048)	—	119,989	346,100	432,045	8,158	440,203
Share of accumulated profits earmarked as regulatory reserve of an associate	—	—	—	(17,312)	—	—	—	—	17,312	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(60,573)	(60,573)	—	(60,573)
At 30 June 2008 (unaudited)	378,583	738,495	75,747	146,525	1,449,601	7,744	2,952	282,444	3,220,640	6,302,731	38,873	6,341,604

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\$146,525,000 (2007: HK\$163,837,000) 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.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Notes	Six months ended 30 June	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Net cash used in operating activities		(39,135)	(48,221)
Net cash from (used in) investing activities			
Decrease (increase) in bank deposits with more than three months to maturity when raised		327,477	(3,789)
Dividend received from an associate		89,571	87,624
Proceeds from disposal of available-for-sale investments		27,973	2,465
Repayments from investee companies		965	2,500
Proceeds from disposal of assets held for sale		296	70,799
Expenditure on properties under development		(108,274)	(145,949)
Additions of prepaid lease payments	8	(88,849)	(166,833)
Acquisition of additional interest in an associate		(4,710)	(16,407)
Purchase of available-for-sale investments		(2,253)	(64,362)
Deposits for prepaid lease payments		—	(151,200)
Other investing cash flows		(2,639)	(3,465)
		239,557	(388,617)
Net cash (used in) from financing activities			
Repayments of borrowings		(632,500)	(345,328)
Interest paid		(51,171)	(67,976)
New borrowings raised	11	175,405	673,383
Capital contribution by minority shareholders of subsidiaries		—	2,941
		(508,266)	263,020

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Notes	Six months ended 30 June	
		2008 (unaudited) HK\$'000	2007 (unaudited) HK\$'000
Net decrease in cash and cash equivalents		(307,844)	(173,818)
Cash and cash equivalents at the beginning of the period		895,489	615,632
Effect of foreign exchange rate changes		27,826	3,270
Cash and cash equivalents at the end of the period		615,471	445,084
Cash and cash equivalents at the end of the period, represented by:			
Bank accounts with Chong Hing Bank Limited and its subsidiaries		104,906	36,868
Other bank balances and cash		510,565	408,216
		615,471	445,084

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2008.

HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions ¹
HK(IFRIC) — Int 12	Service Concession Arrangements ²
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

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

² Effective for annual periods beginning on or after 1 January 2008

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The adoption of the new HKFRSs 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.

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) — Int 13	Customer Loyalty Programmes ³

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

² Effective for annual periods beginning on or after 1 July 2009

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

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business Segments

The Group is currently organised in five operating divisions — property investment, property development, property management, treasury investment and trading and manufacturing. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Six months ended 30 June 2008

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	94,229	–	6,699	21,703	7,973	–	130,604
Inter-segment sales	–	–	3,037	245,571	–	(248,608)	–
Total revenue	94,229	–	9,736	267,274	7,973	(248,608)	130,604
Inter-segment sales are charged with reference to market prices.							
RESULTS							
Segment results	486,000	(1,459)	(4,718)	(29,655)	(504)	–	449,664
Finance costs							(48,518)
Share of results of associates	51	–	–	49,039	–	–	49,090
Profit before taxation							450,236
Income tax expense							(103,348)
Profit for the period							346,888

3. SEGMENT INFORMATION *(continued)*

Business Segments *(continued)*

Six months ended 30 June 2007

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	58,414	55,968	8,372	13,324	11,559	—	147,637
Inter-segment sales	—	—	2,303	282,624	—	(284,927)	—
Total revenue	58,414	55,968	10,675	295,948	11,559	(284,927)	147,637
Inter-segment sales are charged with reference to market prices.							
RESULTS							
Segment results	42,391	10,984	(1,220)	(2,384)	159	—	49,930
Finance costs							(41,024)
Share of results of associates	50	—	—	151,801	—	—	151,851
Profit before taxation							160,757
Income tax expense							(9,871)
Profit for the period							150,886

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	2,995	3,156
The People's Republic of China (the "PRC")		
Enterprise Income Tax	6,468	4,493
	9,463	7,649
Under (Over) provision in prior years:		
Hong Kong	4	(57)
	9,467	7,592
Deferred tax:		
Current period	117,169	2,279
Attributable to change in tax rate	(23,288)	—
	93,881	2,279
Income tax expense	103,348	9,871

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) on the estimated assessable profits of those subsidiaries that are subject to Hong Kong Profits Tax. On 26 June 2008, the Hong Kong Profits Tax rate was enacted to decrease from 17.5% to 16.5% with effect from the year of assessment of 2008/2009. The effect of this decrease has been reflected in the calculation of current and deferred tax balances as at 30 June 2008.

Taxation arising in the PRC is calculated at 25% (2007: 33%) on the estimated assessable profits of those subsidiaries that are subject to Enterprise Income Tax in the PRC. On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and the Implementation Regulations change the tax rate from 33% to 25% from 1 January 2008 onwards.

Starting from 1 January 2008, the Tax Law of the PRC requires withholding tax upon the distribution of undistributed retained profits earned by the PRC subsidiaries to the shareholders. Deferred tax has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to such profits as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

5. PROFIT FOR THE PERIOD

	Consolidated Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of prepaid lease payments	4,587	1,635
Depreciation and amortisation of property, plant and equipment	5,913	5,393
Loss on disposal of assets held for sale	33	653
Share of taxation of associates (included in share of results of associates)	12,295	25,272
Imputed interest income on non-current interest-free loan to investee companies	(5,894)	(6,578)

Amortisation of prepaid lease payments disclosed above included an amount of HK\$3,867,000 (2007: HK\$446,000) capitalised as cost of properties under development.

6. DIVIDENDS

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Dividends paid or declared in respect of current period:		
Final dividend declared and paid for 2007 — HK\$0.16 (2007: declared and paid for 2006 HK\$0.15) per share	60,573	56,788
Interim dividend declared for 2008 — HK\$0.10 (2007: HK\$0.12) per share	37,858	45,430

On 13 August 2008, the Board of Directors has approved that an interim cash dividend of HK\$0.10 (2007: HK\$0.12) per share, which will be paid to the shareholders of the Company whose names appear in the Register of Members on 19 September 2008.

7. BASIC EARNINGS PER SHARE

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

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Earnings for the period attributable to equity holders of the Company	346,100	152,459
Number of ordinary shares for the purpose of basic earnings per share	378,583,440	378,583,440

8. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT, PROPERTIES UNDER DEVELOPMENT AND PREPAID LEASE PAYMENTS

During the period, properties under development of approximately HK\$2,286,170,000 (2007: nil) were transferred to investment properties upon completion of development of the self-constructed investment properties. The excess of the fair value at the date of transfer over the previous carrying amount of the properties under development of approximately HK\$463,277,000 (2007: nil) has been recognised as income in the condensed consolidated income statement.

The Group's investment properties and leasehold land and building as at 30 June 2008 and the date of completion of development of the self-constructed investment properties were fair valued by Vigers Appraisal & Consulting Ltd. ("Vigers"), an independent firm of professional valuers not connected with the Group. Vigers is a member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at with reference to market evidence of transaction prices for similar properties. The resulting decrease in fair value of investment properties of approximately HK\$29,174,000 (2007: nil) has been recognised directly in the condensed consolidated income statement.

8. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT, PROPERTIES UNDER DEVELOPMENT AND PREPAID LEASE PAYMENTS *(continued)*

The resulting deficit arising on revaluation of leasehold land and building amounting to approximately HK\$16,030,000 (2007: surplus of HK\$52,000) has been dealt with as follows:

- (i) a deficit of approximately HK\$16,034,000 (2007: surplus of HK\$48,000) has been charged to the condensed consolidated income statement; and
- (ii) a surplus of approximately HK\$4,000 (2007: HK\$4,000) has been credited to the property revaluation reserve.

In addition, the Group made prepaid lease payments for land of approximately HK\$88,849,000 (2007: HK\$166,833,000). During the current period, the prepaid lease payments of approximately HK\$533,280,000 (2007: nil), which were regarded as undetermined use at 31 December 2007, were reclassified to properties under development upon conclusion of plan to develop properties held for sales.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 - 90 days to its trade customers, other than customers from sales of properties, who satisfy the credit evaluation. Proceeds receivable for sales of properties are receivable according to the terms of sale and purchase agreements.

At 30 June 2007, deposits paid for a tender in respect of leasehold land in the PRC of approximately HK\$151,200,000 (2008: nil) was included in other receivables and the amounts were subsequently refunded after 30 June 2007.

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

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Within 30 days	8,039	10,205
Between 31 days to 90 days	9,561	9,992
Over 90 days	7,636	8,912
	25,236	29,109

10. TRADE AND OTHER PAYABLES

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

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Within 30 days	13,832	23,777
Between 31 days to 90 days	23	238
	13,855	24,015

11. BORROWINGS

During the period, the Group obtained bank loans of approximately HK\$175,405,000 (2007: HK\$673,383,000). The loans carry interest at variable market rates ranging from 2.54% to 3.19% (2007: 4.53% to 5.27%) per annum and are repayable in instalments over a period of 1 to 3 years. The proceeds were used for general working capital purposes.

12. COMMITMENTS

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Contracted for but not provided in the condensed consolidated financial statements in respect of:		
Capital expenditure:		
— property development expenditure	121,973	142,189
— contributions to the capital of an investee company	139,051	24,125
	261,024	166,314
Other commitments:		
— addition of prepaid lease payments for land	—	95,200
	261,024	261,514



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF LIU CHONG HING INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 19, which comprises the condensed consolidated balance sheet of Liu Chong Hing Investment Limited (the "Company") as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 August 2008

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2008 of HK\$0.10 (2007: HK\$0.12) per share, payable on 25 September 2008 to the shareholders registered on 19 September 2008.

The Register of Members will be closed from 17 September 2008 to 19 September 2008, both days inclusive. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 16 September 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BANKING OPERATION

For the first half of the year 2008, our bank associate Chong Hing Bank Limited (the "Bank") recorded unaudited net profit of HK\$105 million representing 65% decline over the previous period. In effect, the profit shared by the Group was reduced accordingly.

INVESTMENT PROPERTIES

The Group's investment properties maintain an occupancy over 80% for the first half of 2008. Total rental revenue has increased by 61% to HK\$94.2 million, mainly as a result of new rental revenue from the Shanghai Chong Hing Finance Centre.

Chong Hing Square, located in the heart of Mongkok, Kowloon, provides 183,000 sq.ft. of retail and recreational spaces. It is the district's landmark of food and entertainment. This building has completed extensive renovations, thus helping rental revenue of this property to increase by 9% to HK\$32 million compared to the same period last year.

The 45,000 sq.ft. Chong Yip Shopping Centre, situated in the heart of the Western District, Hong Kong, is a key shopping center of the area. This property is currently 93% let.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

INVESTMENT PROPERTIES *(continued)*

Western Harbour Centre, a 28-storey grade-A office tower conveniently situated near the entrance of the Western Harbour Tunnel, provides unobstructed sea views and 140,000 sq.ft. of office space. The property is currently 100% let with stable increase of rental revenue compared to the same period last year.

Fairview Court, this luxury low rise apartment complex in prestigious Repulse Bay is 60% let. With several units undergoing renovation during the first half of the year, the property's rental revenue has declined in line with the vacancy.

SHANGHAI, CHONG HING FINANCE CENTRE

This grade A office/commercial building had completed and started generate rental revenue. As at 30 June 2008, 64% of the office and 83% of the retail space is let.

FOSHAN RESIDENTIAL PROJECT

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

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

According to the development and planning requirements of the property, this composite development project will comprise residential, shops, commercial areas, kindergarten, car parking spaces and public entertainment complex. The Group owns 90% of the project.

This massive property project will be developed by phases over the next few years. Construction of the first phase of the project is expected to begin in the coming months and the Group expects pre-sale will be commenced in 2009. The management is optimistic to this project given the potential in the Mainland's real estate market.



MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

BUDGET HOTEL CHAIN PROJECT

In view of the high demand for affordable travel accommodation, the Group has started a budget hotel chain to enter the hospitality industry. The first two hotels are recently opened in Shanghai and Beijing, with two more to come on stream early next year.

LOOKING AHEAD

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

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

As at 30 June 2008, 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

Name of Director	Number of ordinary shares held			Total Interests	Total Interests as approximate % of the relevant issued share capital
	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)		
Mr. Liu Lit Man, Chairman	4,991,200	—	171,600,000 (Note 1)	176,591,200	46.65%
Dr. Liu Lit Mo, Managing Director	4,580,000	—	177,600,000 (Notes 1 & 2)	182,180,000	48.12%
Mr. Liu Lit Chi	141,668	—	216,723,064 (Notes 1 & 3)	216,864,732	57.28%
Dr. Liu Lit Chung	—	—	171,600,000 (Note 1)	171,600,000	45.33%
Mr. Andrew Liu	600,000	—	—	600,000	0.16%
Mr. Ng Ping Kin, Peter	20,000	—	—	20,000	0.01%

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

(I) LONG POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(continued)*

(a) The Company — Liu Chong Hing Investment Limited *(continued)*

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

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

Note 3: Alba Holdings Limited, of which Mr. Liu Lit Chi and his associates are shareholders, beneficially holds 45,123,064 shares in the Company, and thus is included in the corporate interests of Mr. Liu Lit Chi.

(b) Associate — Chong Hing Bank Limited

Name of Director	Number of ordinary shares held			Total Interests	Total Interests as approximate % of the relevant issued share capital
	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)		
Mr. Liu Lit Man, Executive Chairman	3,447,928	—	243,669,628 (Note 1)	247,117,556	56.81%
Mr. Liu Lit Mo, Vice Chairman	1,009,650	—	243,669,628 (Note 1)	244,679,278	56.25%
Mr. Liu Lit Chi, Managing Director & Chief Executive Officer	313,248	—	245,932,839 (Notes 1 & 2)	246,246,087	56.61%
Mr. Andrew Liu	60,000	—	—	60,000	0.01%

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(Continued)*

(I) LONG POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS *(continued)*

(b) Associate – Chong Hing Bank Limited *(continued)*

Note 1: The corporate interests in 243,669,628 shares are attributed as follows:

- (i) 203,669,628 shares held by the Company's wholly-owned subsidiary, Liu Chong Hing Estate Company, Limited ("Liu Chong Hing Estate"), in which each of Mr. Liu Lit Man, Dr. Liu Lit Mo and Mr. Liu Lit Chi is deemed under the SFO to be interested through Liu's Holdings Limited, a private company holding approximately 45% of the Company's issued and fully-paid share capital; and
- (ii) 40,000,000 shares held by The Bank of Tokyo-Mitsubishi UFJ, Limited ("BTMU"). Pursuant to an agreement in 1994, BTMU has granted an option to Liu Chong Hing Estate exercisable at any time during the term of that agreement to purchase all such shares and BTMU is required to offer to sell all such shares to Liu Chong Hing Estate in certain circumstances. By virtue of the interests of Mr. Liu Lit Man, Dr. Liu Lit Mo and Mr. Liu Lit Chi in Liu Chong Hing Estate through Liu's Holdings Limited, each of them is deemed under the SFO to be interested in such shares.

Note 2: 2,263,211 shares are held by Alba Holdings Limited, shareholders of which include Mr. Liu Lit Chi and his associates. Accordingly, Mr. Liu Lit Chi is deemed under the SFO to be interested in such shares.

(II) SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Other than as stated above, as at 30 June 2008, no director, chief executive nor their associates of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or the underlying shares of equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2008, the following person (other than the directors or the chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company was as follows:

Name of Substantial Shareholders	Capacity	No. of ordinary shares held	% of the issued share capital
Liu's Holdings Limited	Beneficial owner	171,600,000 (Note 1)	45.33%
Alba Holdings Limited	Beneficial owner	45,123,064 (Note 2)	11.92%

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

Note 1: Liu's Holdings Limited, a private company incorporated in Hong Kong, is wholly-owned by Mr. Liu Lit Man, Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung. Such corporate interests are also disclosed in the sub-section under "Directors' Interests in Share Capital of the Company and its Associated Corporations".

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

Save as disclosed above, the Company had not been notified by any person (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company of 5% or more as at 30 June 2008 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.



COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the period under review, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

All directors have confirmed that they complied with the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules throughout the review period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2008, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

REVIEW OF UNAUDITED INTERIM ACCOUNTS

The unaudited interim accounts for the six months ended 30 June 2008 have been reviewed by our auditors, Deloitte Touche Tohmatsu, and audit committee of the Company.

PUBLICATION OF RESULTS ON THE WEBSITE

This Interim Report 2008, containing the relevant information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lchi.com.hk).



BOARD OF DIRECTORS

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

By Order of the Board

Dr. Liu Lit Mo

Managing Director

Hong Kong, 13 August 2008