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

A Continuing Focus on Creating Value

專心一意　創造恆久價值

Shanghai 上海創興金融中心 Chong Hing Finance Centre

Annual Report 2008 年報

The Grand Riviera, Foshan, one of the massive residential development projects of the group, will be developed by phases over the next few years. Construction of first phase has been started and pre-sale is expected to commence in 2009.

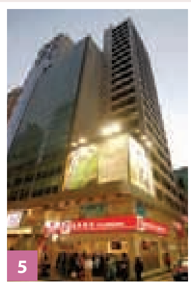
佛山翠湖綠洲為集團未來大規模的住宅發展項目，計劃於未來數年內分期開發。第一期的項目建設已經開始，預計二零零九年底開始預售。

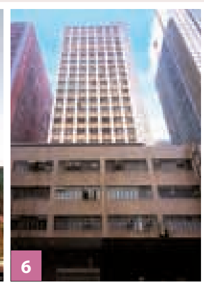

佛山翠湖綠洲
The Grand Riviera
Foshan

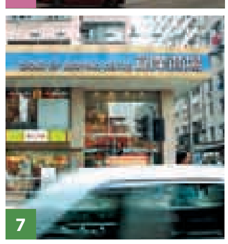
Adopting prudent investment policies and diversified strategies as well as searching endlessly for business opportunities create the values that laid our foundation. Through our development, we continue to focus on creating these values and pass them on.

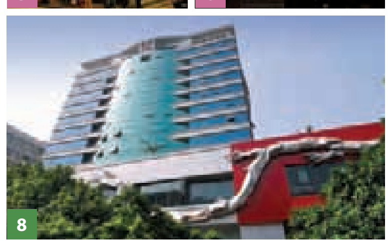
Contents

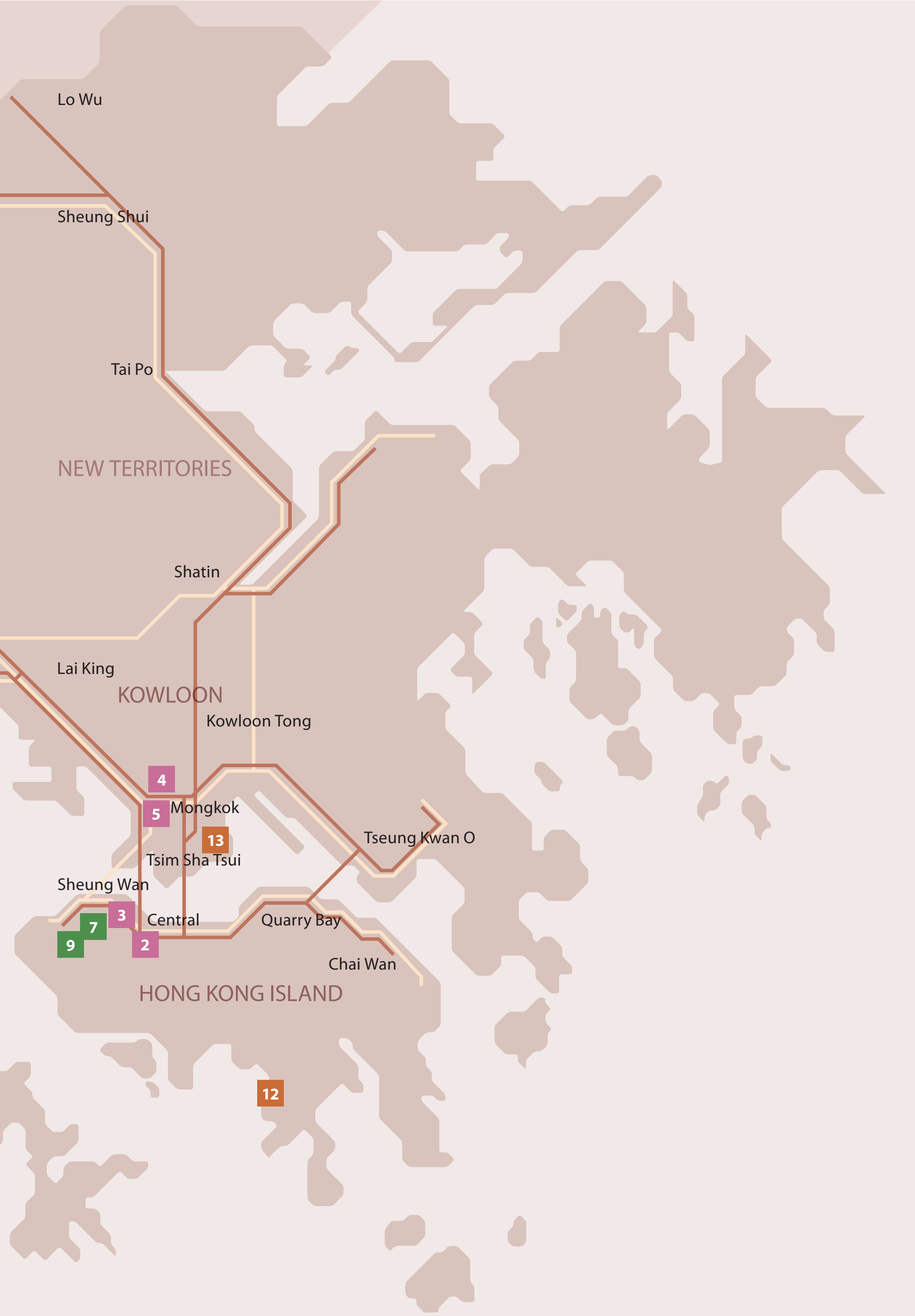
Group's Major Businesses Profile











Office/Commercial & Industrial

1 Chong Hing Finance Centre, Shanghai
2 Chong Hing Bank Centre
3 Western Harbour Centre
4 Chong Hing Square
5 Fung Shun Commercial Building
6 Bonsun Industrial Building

Shopping Centre

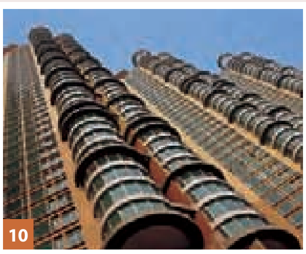
7 Chong Yip Shopping Centre
8 Chong Hing Plaza, Guangzhou
9 The Westwood

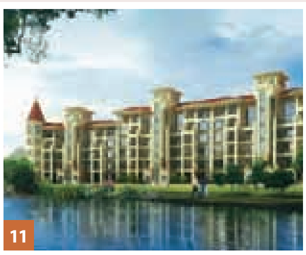
Residential

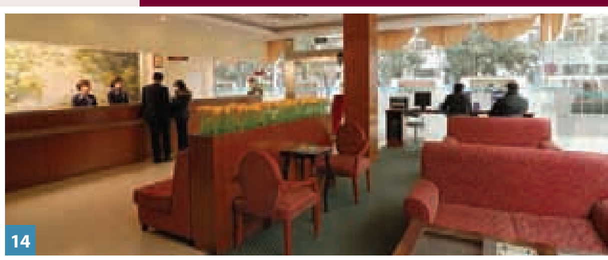
10 Le Palais, Guangzhou
11 The Grand Riviera, Foshan
12 Fairview Court
13 Chatham Garden

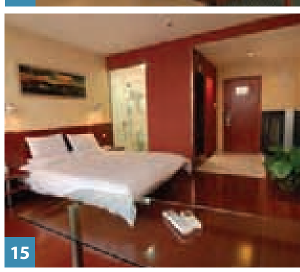
Hotels

14 Hanting Express–Shanghai Shang Nan
15 Hanting Hotel–Shanghai Song Jiang Fang Ta
16 Hanting Express–Beijing Da Guan Yuen









Five-Year Financial Summary

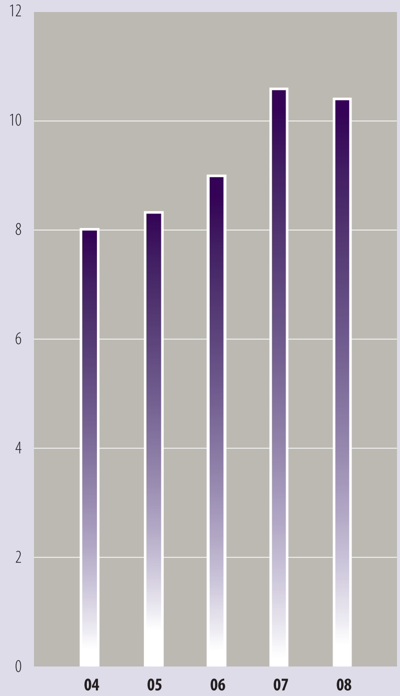
	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000
Total assets (adjusted)	8,047,290	8,361,893	9,022,139	10,617,091	10,413,952
Total liabilities (adjusted)	2,669,295	2,785,592	3,296,232	4,655,117	4,266,413
Total net assets (adjusted)	5,377,995	5,576,301	5,725,907	5,961,974	6,147,539
Net assets value per share (adjusted)	HK$14.14	HK$14.67	HK$15.05	HK$15.67	HK$16.14
Debt-to-equity ratio* (adjusted)	36%	29%	30%	44%	44%
Profit for the year attributable to equity holders of the Company (adjusted)	109,248	143,451	223,141	263,114	209,326
Basic earnings per share (adjusted)	HK$0.29	HK$0.38	HK$0.59	HK$0.69	HK$0.55
Dividend per share	HK$0.17	HK$0.20	HK$0.25	HK$0.28	HK$0.15
Dividend payout ratio (adjusted)	59%	53%	42%	40%	27%

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 year ended 31 December 2004.

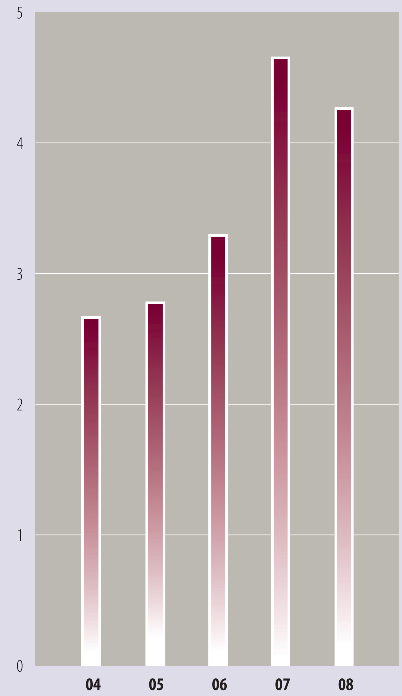
* Debt-to-equity ratio represents bank loans and overdrafts and other long term liabilities, less cash and deposits with banks divided by equity which comprises of shareholders' funds and minority interests.

Five-Year Financial Highlights Charts

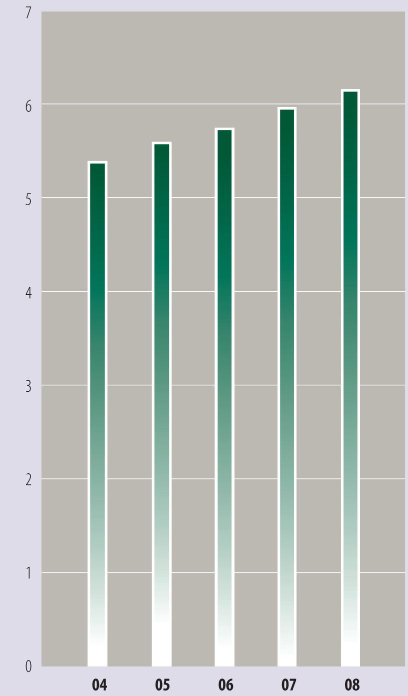
Total Assets
HK$ in Billion



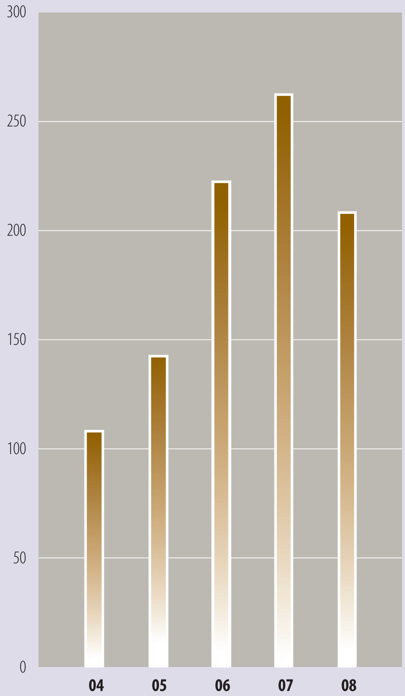
Total Liabilities
HK$ in Billion



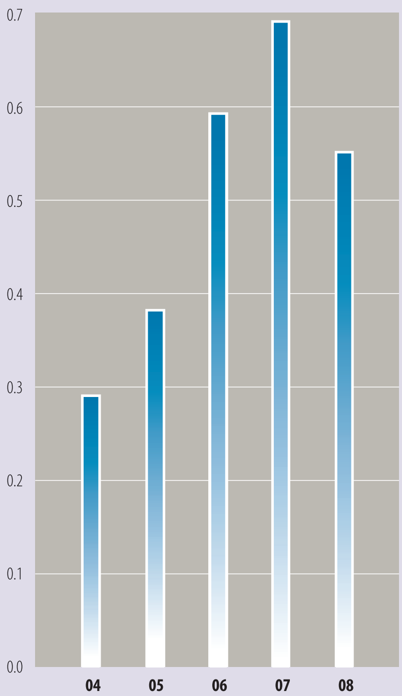
Total Net Assets
HK$ in Billion



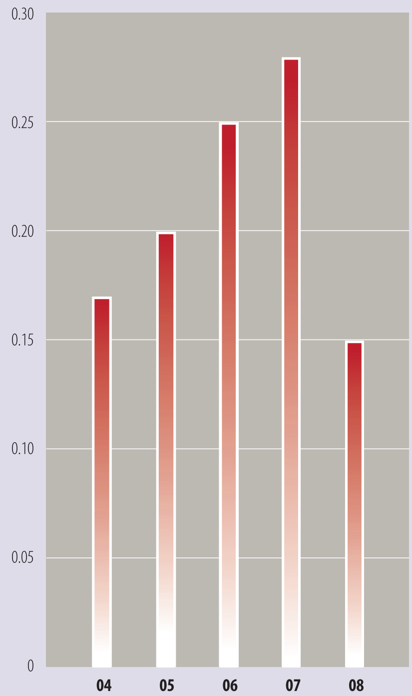
Profit for the Year Attributable to Equity Holders of the Company
HK$ in Million



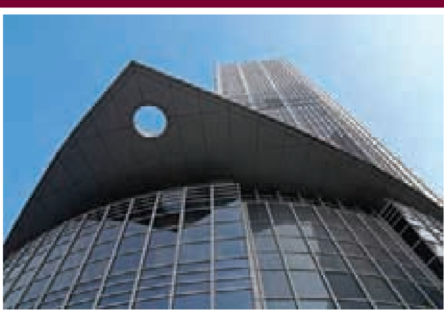
Basic Earnings per Share
HK$

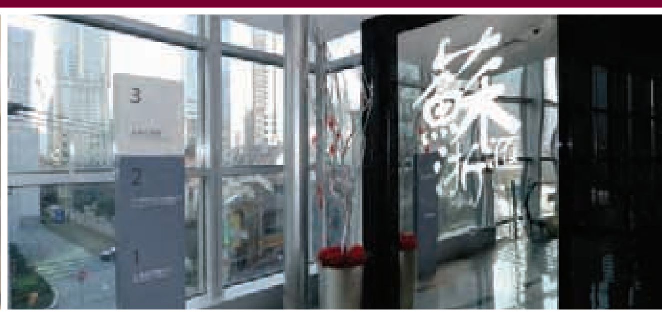


Dividend per Share
HK$



Situated at a prestigious location, this property aims at long-term rental purpose, expecting to bring in generous annual rental revenue.





I am pleased to present to the shareholders the Company's operating results for the year 2008.

BUSINESS RESULTS

For the accounting year ended 31 December 2008, the audited profit attributable to equity holders of the Company amounted to HK$209,326,000 (basic earnings per share: HK$0.55), a decrease of 21% over the previous year.

DIVIDENDS

The Board of Directors has proposed to recommend at the forthcoming Annual General Meeting to be held on Wednesday, 29 April 2009, the payment of a final cash dividend of HK$0.05 per share. Together with the interim cash dividend of HK$0.10 per share paid on 25 September 2008, the total cash dividend amounted to HK$0.15 per share for the year 2008.

BUSINESS REVIEW

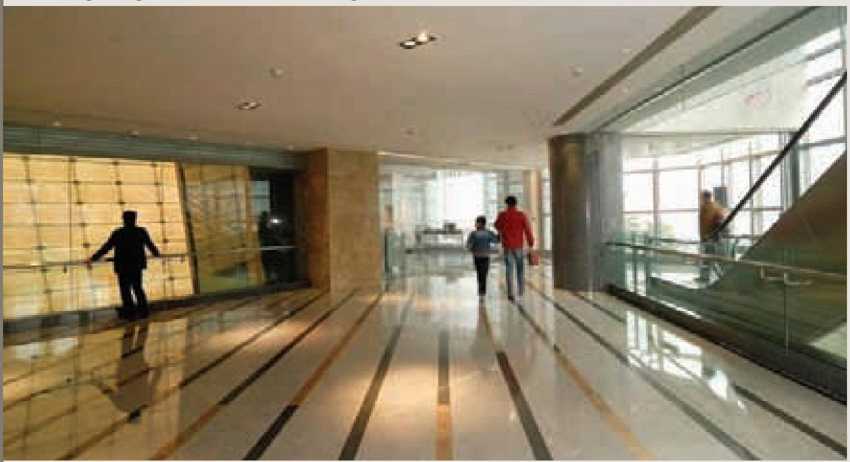
In 2008, the subprime issue in the United States triggered the financial tsunami. By September, a couple of huge financial institutions reached the brink of bankruptcy, thus strengthening the severity of the financial tsunami. Some countries began to feel the pain brought about by massive leveraging. In consequence, production dropped, unemployment rose, demand declined and a vicious cycle was set in motion. The catastrophe soon spread to numerous countries, setting the scene for a financial tsunami on a global scale.

Dragged down by the adversity of the financial tsunami, the United States confirmed that her economy entered into recession since the end of 2007. It is inevitable that Hong Kong cannot avoid the impact. The economy showed clean signs of slowdown. Unemployment rose to near 4%. Hang Seng Index dropped over 48%. The property market turned sluggish on softening prices and reduced turnover.

BANKING

The audited consolidated profit attributable to shareholders of Chong Hing Bank Limited ("the Bank") and its subsidiaries for the year ended 31 December 2008 amounted to HK$61 million, a decrease of 88% over that for the year before. Total customers' deposits decreased 1.5% to HK$59.4 billion. Total loans to customers (after accounting for impairment allowances) increased 3.5% to HK$33.6 billion. Total assets decreased 1% to HK$68.3 billion. Shareholders' funds (before final dividend), compared with the shareholders' funds for the previous year, decreased 5% to HK$6 billion.

Chong Hing Finance Centre, Shanghai



PROPERTY

HONG KONG OPERATION

Investment Properties

- Chong Hing Square, located at the heart of Mongkok, Kowloon, is a ginza type of retail/commercial building widely frequented by the consumers. It provides 184,000 square feet of retailing and entertainment space on 20 floors. It enjoyed an occupancy rate of 93%, with a 5% increase of rental year-on-year ;
- Chong Yip Shopping Centre, one of the favourite shopping centres in the western part of Hong Kong Island with 45,000 square feet of retailing and entertainment area, enjoyed steady rental income on an occupancy rate of 95% ;
- Western Harbour Centre, a 28-storey Grade A office building with a gross floor area of 140,000 square feet located at Connaught Road West, in close proximity to the Western Harbour Tunnel, enjoyed an occupancy rate of 100% 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 15% 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 two blocks of 32-storey residential building on top of a 2-storey commercial complex and carports. Demolition work has been completed and piling works commenced at the end of 2008. The Group owns 10% in the project.

Tai Po Project

In 2007, the Group acquired a plot of land in Tai Po district, New Territories with an area of 240,000 square feet. Consultational studies and planning are being contrived for the redevelopment of this site, with a view to modifying the land usage for residential development.

CHINA OPERATION

1. ***Chong Hing Plaza, Guangzhou***

   In 2006, the Group acquired five floors of the shopping arcade, located at the heart of Guangzhou, with a total area of 180,000 square feet. 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

PRC). Extensive renovation work and adjustment of the mix of tenants have been undertaken so as to enhance rental income. The occupancy rate rose from 75% to 95%, with a 56% increase in rental income. Considerable appreciation of the property has been enjoyed by virtue of appreciation of Renminbi.

Chong Hing Finance Centre, Shanghai

2. ***Chong Hing Finance Centre, Shanghai***

   The building located No. 288 Nanjing Road West, Huang Pu District, Shanghai, opposite the People's Square, completed in early 2008, has been developed into a 36-storey Grade A modern office building with floor area of over 336,000 square feet of lettable office space, 51,000 square feet of lettable commercial space and 198 carparks. Total investment in the project exceeds RMB1.4 billion.

   The Group has retained this building for long term rental purpose. At present, the offices enjoy an occupancy rate of 73%, and the shopping arcade 84%. It is expected the building will generate an annual rental income of RMB100 million.

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

3. ***The Grand Riviera, Foshan***

   In early 2007, the Group acquired at a public government auction from the Foshan Municipal Bureau of State Land and Resources a site located at West of Luocun, Luocun Street, Nanhai District, Foshan, Guangdong Province with an area of 2,600,000 square feet. The allowable usage of the site is for residential units, shops, commercial areas, and public entertainment. The project is named The Grand Riviera, after the concept of forest and green environment. It is planned to complete the development of the project by phases in four to five years, making it one of the landmark projects in the vicinity of Guangzhou/Foshan. We have commissioned The Architectural Design & Research Institute of Tongji University, WY Design International Limited, Belt Collins International (HK) Limited and Davis Langdon & Seah China Limited as our project consultants. The first phase of construction has commenced to produce 180,000 square metres of gross floor area and 1,290 carparks. Pre-sales are scheduled to begin from end of 2009.

4. ***Budget Hotels Project***

The economy in mainland China continues to grow at a respectable rate. And China is one of the favourite destinations for tourists from all over the world. Thus, demand for hotels remain strong because of the surge in the tourist arrivals. Within the hotel sector, demand for budget hotels by the growing number of business travellers is particularly buoyant, resulting in a shortage of supply. The Group believes in the growth potential of the budget hotels in China and has grasped the golden opportunity of low entry cost. In 2008, two hotels were opened in Shanghai and one in Beijing to provide travellers with tidy, comfortable and economical lodging. Another hotel in Guangzhou will begin to generate revenue in 2009. It is expected that China will effectively deal with the challenges brought about by the financial tsunami and keep the growth momentum of her economy. As a result, it is beneficial to grow our hotel business with our own brand so as to maximise shareholders' value.

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 results. The Company was awarded ISO 9001:2000, ISO 14001:2004, OHSAS 18001:1999.

Chong Hing Bank Centre

Fairview Court

Chatham Garden

PROSPECTS

The financial tsunami has dealt a severe blow to the global economy. The economies in advanced countries entered recession, thus plummeting the Asian markets. It is inevitable that Hong Kong will suffer from the negative consequences. To manage the crisis, the Chief Executive of Hong Kong Special Administrative Region formed and personally chaired a "Task Force on Economic Challenges" to aggressively pursue and adopt an expanded credit guarantee scheme to support Small and Medium Enterprises and to utilise the Government's resources to create jobs and to fuel efforts to end the recession. China, the least affected major economy worldwide, has rendered every assistance to Hong Kong so as to maintain the financial stability and firm economic foundation. In consequence, Hong Kong is expected to recover rapidly once the external economic conditions improve.

Western Harbour Centre

The Group will continue to aggressively face the challenges and grasp every opportunity to develop its business with vigor so as to attain better benefits for shareholder. 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

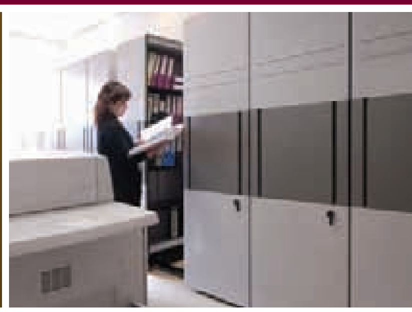
Hong Kong, 4 March 2009

Hong Kong

Chong Hing Bank Centre

香港創興銀行中心

After the redevelopment, the 28-storey modern office building continues to serve as the headquarter, providing good quality of services.



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 2008.

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 44 and 45 to the financial statements respectively.

RESULTS AND STATE OF AFFAIRS

The results of the Group for the year ended 31 December 2008 and the state of the Company's and the Group's affairs at that date are set out on pages 62 to 64 of this annual report.

DIVIDENDS

An interim cash dividend of HK$0.10 per share was paid to shareholders on 25 September 2008. The Directors recommend a final cash dividend of HK$0.05 per share making a total cash dividend of HK$0.15 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 36 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 16 and 30 respectively to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are set out in note 17 to the financial statements.

INVESTMENT PROPERTIES UNDER DEVELOPMENT/ PROPERTIES UNDER DEVELOPMENT FOR SALE

Movements in investment properties under development and properties under development for sale during the year are set out in note 18 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 35 to the financial statements.

Chong Yip Shopping Centre

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.

The Westwood

Chong Hing Square

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

SUBSIDIARIES AND ASSOCIATES

Particulars relating to the subsidiaries and associates are set out in notes 44 and 45 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 32 to the financial statements.

The Group's interest capitalised during the year amounted to HK$22,832,000 (2007: HK$64,133,000).

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. Cheng Mo Chi, Moses, Mr. Liu Chun Ning, Wilfred, Mr. Liu Kam Fai, Winston and Mr. Liu Kwun Shing, Christopher 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 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

	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, *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 and 2)*	182,180,000	48.12%
Mr. Liu Lit Chi	141,668	—	216,723,064 *(Notes 1 and 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%

Notes:

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.
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.
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 (the "Bank")

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
	Number of ordinary shares held				
Mr. Liu Lit Man, *Executive Chairman*	3,447,928	—	248,018,628 *(Note 1)*	251,466,556	57.81%
Dr. Liu Lit Mo, *Vice Chairman*	1,009,650	—	248,018,628 *(Note 1)*	249,028,278	57.25%
Mr. Liu Lit Chi, *Managing Director & Chief Executive Officer*	313,248	—	250,281,839 *(Notes 1 and 2)*	250,595,087	57.61%
Mr. Andrew Liu	165,000	—	—	165,000	0.04%

Notes:

1. The corporate interests in 248,018,628 shares are attributed as follows:

   (i) 208,018,628 shares held by the Company's wholly-owned subsidiary, Liu Chong Hing Estate Company, Limited ("Liu Chong Hing Estate"), in which each of Mr. Liu Lit Man, Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung is deemed under the SFO to be interested through Liu's Holdings Limited, a private company holding approximately 45% of the Company's issued and fully-paid share capital; and

   (ii) 40,000,000 shares held by The Bank of Tokyo-Mitsubishi UFJ, Limited ("BTMU"). Pursuant to an agreement in 1994, BTMU has granted an option to Liu Chong Hing Estate exercisable at any time during the term of that agreement to purchase all such shares and BTMU is required to offer to sell all such shares to Liu Chong Hing Estate in certain circumstances. By virtue of the interests of Mr. Liu Lit Man, Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung in Liu Chong Hing Estate through Liu's Holdings Limited, each of them is deemed under the SFO to be interested in such shares.

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 31 December 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 31 December 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 Shareholder	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 31 December 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.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 42 to the Financial Statements, "Related Party Disclosures", 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

(I) 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.

(II) During the year, the Company entered into a lease agreement with the landlord, a company wholly owned by our managing director, Dr. Liu Lit Mo, and his spouse on 26 February 2008. The Company leased the property for a monthly rent of HK$330,000 with retrospective effect from 1 January 2008 for an initial term of two years. For the year ended 31 December 2008, the aggregate rent paid by the Company to the landlord amounted to HK$3,960,000.

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 2008, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

SHAREHOLDINGS INFORMATION

TOP 10 LARGEST SHAREHOLDERS

According to the register of members of the Company as at 31 December 2008, the top 10 largest shareholders are as follows:

	Name of Shareholder	Number of Shares held	%
1.	Chong Hing (Nominees) Ltd.	135,485,005	35.79
2.	HKSCC Nominees Limited	121,904,166	32.20
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	1,360,000	0.36
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	**356,619,393**	**94.20**

LOCATION OF SHAREHOLDERS

According to the register of members of the Company as at 31 December 2008, 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 2008.

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 24. 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 2008 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.

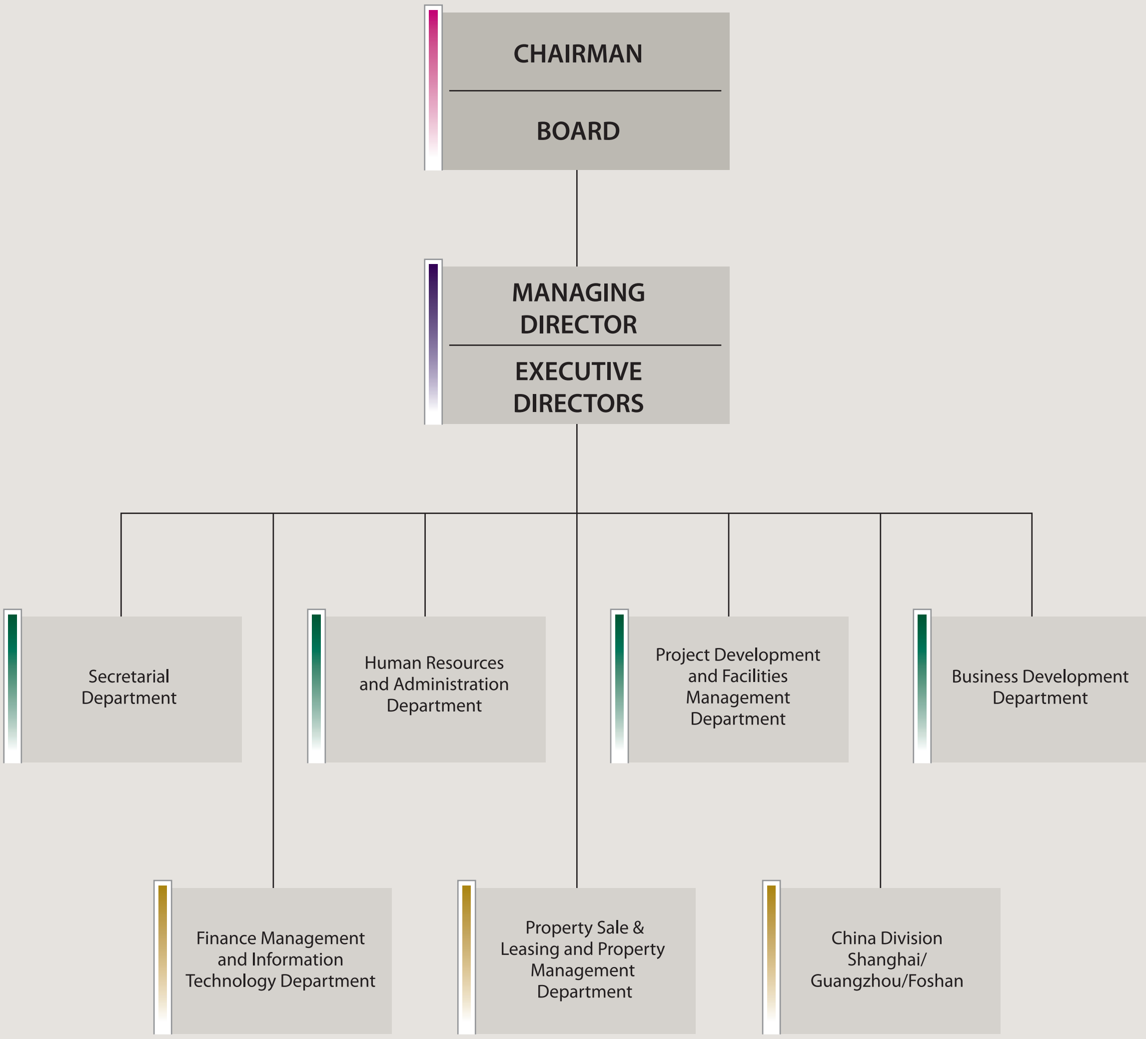
On behalf of the Board

Dr. Liu Lit Mo

Managing Director

Hong Kong, 4 March 2009

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 2008;
3. Remuneration for directors and senior management in the year of 2008;
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 2009; and
7. Remuneration for directors and senior management in the year of 2009.

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 2008.

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, 3 March 2009

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 2008 consolidated financial statements included in the 2008 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 2008 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 2009.

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, 3 March 2009

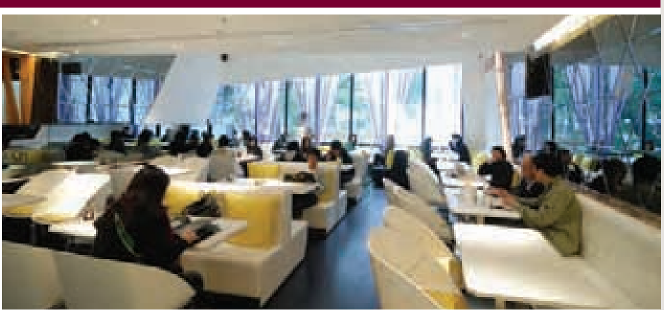
Summary of Financial Highlights

	2008 HK$'000	2007 HK$'000	Change %
Revenue	277,849	290,265	(4.3)
Profit for the year attributable to equity holders of the Company	209,326	263,114	(20.4)
Basic earnings per share	HK$0.55	HK$0.69	(20.3)
Dividend per share			
Interim	HK$0.10	HK$0.12	(16.7)
Final	HK$0.05	HK$0.16	(68.8)
Total	HK$0.15	HK$0.28	(46.4)
Dividend payout ratio	27%	40%	(32.5)
Net assets value per share	HK$16.14	HK$15.67	3.0

Guangzhou

Chong Hing Plaza
廣州創興廣場

Being upgraded after extensive renovation work, this property attracts prestigious retailers as tenants and achieves better rental income.



The directors announce that the consolidated profit attributable to equity holders of the Company of 2008 is HK$209,326,000, representing a decrease of 21% comparing to the previous year.

BANKING OPERATION

For the year ended 2008, the Group's banking associate, Chong Hing Bank Limited (the "Bank"), reported a profit after taxation amounted to HK$61 million, representing a decrease of 88% over that for the year before.

During the year 2008, the world experienced the biggest global financial meltdown in history. Although the root of the problem came from the US, what started out as a fallout in the financial sector quickly spread over to real economies. Countries around the world began to experience a massive deleveraging of debt which lead to a self-reinforcing cycle of reduced output, higher unemployment, and lower demand. With wise governance and prudent state policies, China is the least affected of the world's major economies but inevitably feels the negative effects of reduced demand for its goods and services. Therefore we believe 2009 will be a year of consolidation for China, and likewise for Hong Kong too, as we look forward to recovery in due course.

PROPERTY INVESTMENT

The year 2008 has been a mixed year for Hong Kong's property market. While the first half of the year has seen healthy turnover and strong price levels, the second half of 2008 has seen gradual softening in prices and lower turnover in line with a slowing economy.

HONG KONG

Chong Hing Square

Chong Hing Square, a popular ginza-type retail/commercial development situated in the heart of Mongkok, Kowloon, offers 184,000 square feet of retail and recreational space. This 20-storey building has been 93% let, and its rental revenue increased by 5%.

Chong Yip Shopping Centre

Chong Yip Shopping Centre is located in Western District with 45,000 square feet of retail and recreational space. This 2-storey shopping mall was 95% let in 2008 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 building was 100% let in 2008 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. At 31 December 2008, all units are let out and rental revenue increased by 15%.

PRC

Chong Hing Finance Centre, Shanghai

Chong Hing Finance Centre is located at 288 Nanjing Road West, Huang Pu District, Shanghai. This 36-storey Grade A building had been completed in early 2008, and offers 336,000 square feet of lettable office space, 51,000 square feet of commercial and retail space, and 198 car park spaces at a prestigious location opposite the People's Square. The Group intends to retain this property for long-term rental purpose. Total investment in this property is about RMB1.4 billion. 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 73% let and is expected to bring RMB100 million in annual rental revenue when fully let.

Chong Hing 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 180,000 square feet and the Group has recently completed renovations to upgrade this property so as to achieve better rental income in the long term. The property is currently 95% let.

Chong Hing Plaza, Guangzhou

Chong Hing Plaza, Guangzhou

PROPERTY DEVELOPMENT

HONG KONG

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

The Grand Riviera, 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 The Architectural Design & Research Institute of Tongji University, WY Design International Limited, Belt Collins International (HK) Limited and Davis Langdon & Seah China Limited as the consultants of this project. Construction work of the first phase has begun and pre-sale is expected to commence upon its completion in late 2009.

Budget Hotels Project

The Group has decided to capitalize on China's fast growing hospitality industry by venturing into a Budget Hotels 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. During the course of 2008, the Group has opened 2 hotels in Shanghai and 1 in Beijing. The Group expects business will pick up slowly as the PRC economy gradually recovers from the backlash of the global financial meltdown of 2008.

CAPITAL STRUCTURE

The Group's shareholders' funds as at 31 December 2008 amounted to HK$6,110 million, representing an increase of HK$178 million when compared with 31 December 2007. The increase in shareholders' funds was due to the increase in net profit for the year of HK$209 million, and increase of various investment and revaluation reserves of HK$67.4 million less the dividend of HK$98.4 million paid during the period.

FINANCE AND TREASURY OPERATIONS

BANK BORROWINGS MOVEMENT

As at 31 December 2008, the Group's consolidated borrowings has been decreased by HK$560 million, from HK$4,094 million to HK$3,534 million. The Group's net borrowings after deducting cash and deposits has increased from HK$2,661 million to HK$2,730 million.

CHANGE OF CASH FLOW

The Group's cash flow position has improved in 2008. The improvement was mainly due to the net cash inflow from the lease of Shanghai Chong Hing Finance Centre and Guangzhou Chong Hing Plaza.

Total rental revenue received from Shanghai Chong Hing Finance Centre and Guangzhou Chong Hing Plaza were HK$71.7 million and HK$16.2 million respectively.

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 remained at 44% as in 2007.

BANKING FACILITIES

The total outstanding bank borrowings as at 31 December 2008 was 81% 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 Grand Riviera, Foshan

The Grand Riviera, Foshan

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 2008, the borrowing margins in the money market were raised significantly at the last quarter. Fortunately, the Group had renewed most of the banking facilities with our key relationship banks at the first half of the year.

The Group's weighted average cost of borrowing was increased slightly during the year.

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$628 million as at 31 December 2008.

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 lease of Shanghai Chong Hing Finance Centre and Guangzhou Chong Hing Plaza.

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 29% and 44% 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 2008. 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.

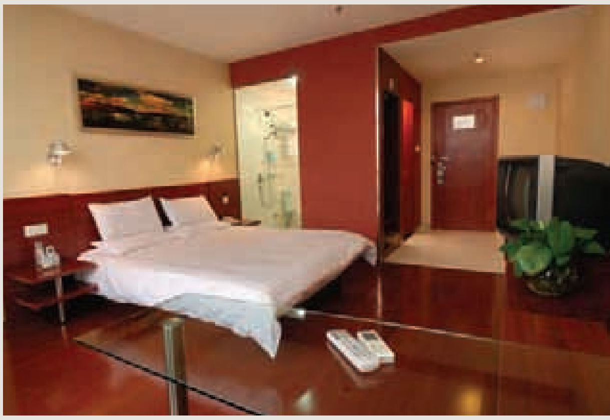
INTEREST RATE EXPOSURE

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 2008, HK$349 million construction loan was converted into Renminbi for construction payment in Shanghai and Foshan projects, which represents 10% of the Group's total borrowings.

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$3,697 million or 35% of the Group's assets.



Hotel Management

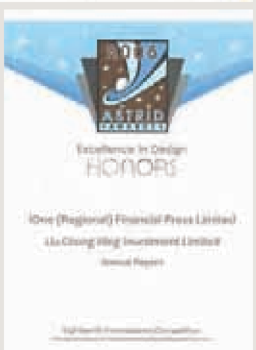
Caring Company

Property Management Services

Property Maintenance Services

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 revenue received from Shanghai Chong Hing Finance Centre, Guangzhou Chong Hing Plaza and Budget Hotels Project could eliminate part of the foreign currency exposure against the payment of construction cost in Shanghai and Foshan project.

2007/08 International Mercury Awards — Gold Winner



2008 International Astrid Awards — Honors Award

EMPLOYEE AND EMOLUMENT POLICY

As at 31 December 2008, the total numbers of employee of the Group was about 300. 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

The Group is aware of the importance of corporate social responsibility and continued to sponsor different charity events in 2008.

The Hong Kong Council of Social Service conferred the Caring Company logo to the Group for another year.

ACHIEVEMENT

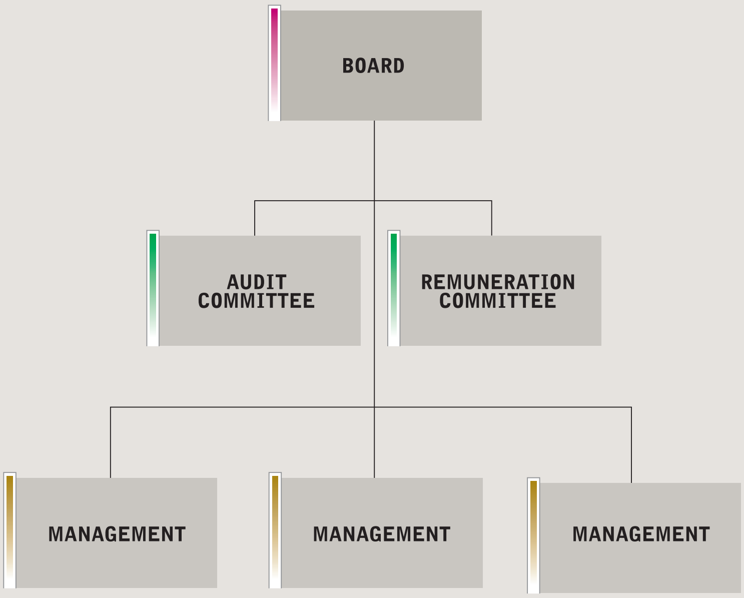
The Group's annual report in 2006 won the Gold Winner of International Mercury Awards and Honors Award of International Astrid Awards. Moreover, the Group's annual report in 2007 won the Silver Award of overall annual report in International Mercury Awards.

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 six Executive Directors (Chairman, Managing Director, Deputy Managing Director and three Executive Directors), three 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 to 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 2008.
- 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' 2008 meetings attendance are set out below:

	Number of meeting attended	Attendance Rate
Executive Directors		
Liu Lit Man, *Chairman*	(4/4)	100%
Liu Lit Mo, *Managing Director*	(3/4)	75%
Liu Lit Chi	(4/4)	100%
Liu Kam Fai, Winston, *Deputy Managing Director*	(4/4)	100%
Liu Kwun Shing, Christopher *(alternate director to Dr. Liu Lit Chung)*	(4/4)	100%
Lee Wai Hung	(4/4)	100%
Non-Executive Directors		
Liu Lit Chung	(0/4)	0%
Andrew Liu	(3/4)	75%
Liu Chun Ning, Wilfred	(1/4)	25%
Independent Non-Executive Directors		
Lee Tung Hai, Leo	(2/4)	50%
Ng Ping Kin, Peter	(4/4)	100%
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 2008 Remuneration Committee meeting attendance are set out below:

	Number of meeting attended	**Attendance Rate**
Members of Remuneration Committee		
Lee Tung Hai, Leo, *Chairman*	(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, *Secretary*	(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 present 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 2008 Audit Committee meetings attendance are set out below:

	Number of meeting attended	Attendance Rate
Members of Audit Committee		
Tong Tsin Ka, *Chairman*	(2/2)	100%
Lee Tung Hai, Leo	(2/2)	100%
Ng Ping Kin, Peter	(2/2)	100%
Cheng Mo Chi, Moses	(2/2)	100%
Lee Wai Hung, *Secretary*	(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$1,883,963 and HK$3,855,500 respectively. All non-audit expenses are tax representative services fees.

(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 2008 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 2008, 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 20 clear business days (exclude Saturdays, Sundays and public holidays in Hong Kong) for consideration prior to the Annual General Meeting. And all other general meetings to be sent at least 10 clear business days (exclude Saturdays, Sundays and public holidays in Hong Kong).
- 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:
  - re-election of Directors;
  - general Mandate to Repurchase Shares;
  - general Mandate to Issue Shares;
  - amendments to the Articles of Association, if any;
  - voting at Annual General Meeting; 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 *(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)*

SENIOR MANAGEMENT

Ms. Eva Liu,	Director of projects and maintenance
Mr. Luk Chi Chung,	Director of finance
Ms. Cavior Liu,	Director of human resources and administration
Mr. Pan Sze Yuen, Cecil,	Director of projects and maintenance
Miss Yan Yuet Lam, Charmaine,	Director of business development
Mr. Lam Shiu Cheung,	Director of china property
Mr. Wong Yuk Chi, Allen	Deputy director of property department (Property Management division)
Mr. Tian Shao Geng,	Deputy general manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited
Ms. Yeung Shui Wah, Hazel	Deputy general manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited

MANAGERS

Ms. Ngan Luen Hing,	Property manager (sales & leasing)
Mr. Tong Tse Hon,	Property manager (sales & leasing)
Ms. Law Yuk Ngor,	Property manager (property management)
Ms. Ho Lai Wah,	Quantity surveyor/Maintenance manager
Mr. Ng Kam Chung,	Project manager
Mr. Jan Kwok Wai,	Project manager
Mr. Cheung Ming Fai,	Maintenance manager

SOLICITORS

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

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

BANKERS

Chong Hing Bank Limited
Bank of China
Bank of Communications
Citic Ka Wah Bank
Dah Sing Bank
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
China Merchants Bank
Nanyang Commercial Bank, Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Royal Bank of Scotland
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

FOSHAN OFFICE

First Phase, The Grand Riviera
West of Luocun, Luocun Street
Nanhai District, Foshan
Guangdong Province, PRC
Tel: (86757) 8126 6688 Fax: (86757) 8126 6669

EXECUTIVE DIRECTORS

MR. LIU LIT MAN

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

aged 79, 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 directorship include in The Hong Kong and China Gas Company 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 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 71, 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 also 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 69, 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 42, was appointed an Executive Director of the Company since 1997 and he was re-designated as the Deputy Managing Director of the Company in August 2008. He holds a Master degree in Economics from the University of London, specializing in Finance and Macro Economic Policy. Mr. Liu oversees the Company's strategic development, project implementation, as well as all aspects of daily business operations. Mr. Liu also serves as a director of a number of subsidiaries of the Company. He is the son of Dr. Liu Lit Mo.

EXECUTIVE DIRECTORS (CONTINUED)

MR. LIU KWUN SHING, CHRISTOPHER

aged 33, was re-designated as an Executive Director of the Company in August 2008 having served as a Non-Executive Director of the Company and Alternate Director to Dr. Liu Lit Chung (who is a Non-Executive Director of the Company) since 2000. He has also been a director of Chong Hing Bank Limited (an associate of the Company) since 2000. A holder of a Master of Arts degree in Jurisprudence from the University of Oxford, Mr. Liu is a qualified solicitor in both Hong Kong and England & Wales. Prior to joining the Company on a full-time basis, he was a partner of Deacons in Hong Kong, with a primary focus in corporate finance, M&A and private equity matters, and currently remains an advisory legal counsel of the international law firm. Mr. Liu currently served as a director of a number of subsidiaries of the Company. He is the son of Dr. Liu Lit Chung.

MR. LEE WAI HUNG

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

age 46, is an Executive Director & 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 twenty 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 59, 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 53, 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 Unitas Capital Pte. Ltd. (formerly known as 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 47, has been appointed as Director of the Company since 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

DR. THE HON. LEE TUNG HAI, LEO

GBM, GBS, LLD, J.P.

aged 87, 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, Founding Permanent Honorary President 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 79, was appointed an Independent Non-Executive Director of the Company since 1972 and he has served as a member of both the Audit Committee and the Remuneration Committee. 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 59, was appointed an Independent Non-Executive Director of the Company in August 1999 and he has served as a member of both the Audit Committee and the Remuneration Committee. Dr. Cheng is the Senior Partner of P.C. Woo & Co., a firm of solicitors and notaries in Hong Kong and qualified as a solicitor in Hong Kong, United Kingdom, Victoria Australia and Singapore. Dr. Cheng was a member of the Legislative Council of Hong Kong between 1991 and 1995 and Chairman of the Council and Court of the Hong Kong Baptist University between 1997 and 2006. He is the Founder Chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus and the Chairman of the Betting and Lotteries Commission. He also serves on the boards of various listed companies as an Independent Non-Executive Director or Non-Executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

MR. TONG TSIN KA

FCA (AUST.), FCPA, FCIS

age 70, 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 MANAGEMENT

MS. EVA LIU

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

aged 45, Director of Projects & Maintenance. 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 41, Director of Finance. 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 44, Director of Human Resources & Administration. 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 45, Director of Projects & Maintenance. Mr. Pan is a Chartered Architect (UK), holding Master of Arts Degree in Architecture from the University of Cambridge, and has over twenty years of experience as a practising architect in both UK and Hong Kong. Mr. Pan joined the Company in 2006.

MISS YAN YUET LAM, CHARMAINE

aged 34, 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 successful real estate projects including The Shanghai Forest Manor, one of the top residential villa projects in Shanghai. In addition, Miss Yan has extensive management and business experience in business club operations both in Beijing and Shanghai. Besides looking for business and investment opportunities for the Company, Miss Yan is in charge of marketing, sales, and leasing of the Company's Guangzhou developments as well as its hotel business in China.

SENIOR MANAGEMENT (CONTINUED)

MR. LAM SHIU CHEUNG

aged 48, Director of China Property. 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. WONG YUK CHI, ALLEN

MSc., MBA, MHIREA, FCIPFM

aged 49, Deputy Director of Property Department (Property Management Division). Mr. Wong joined the Company in 1997. He holds double Master Degrees in Property & Facility Management and Business Administration, and has over twenty years of experience in Property and Facility Management.

MR. TIAN SHAO GENG

aged 71, 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. In the 1960s–1970s, Mr. Tian was in China 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". He is a Member of the Hong Kong-Shanghai Economic Development Association, China Civil Engineering Society, Chinese Ocean Engineering Society, The Architectural Society of Shanghai, Chinese Hydraulic Engineering Society and so on.

MS. YEUNG SHUI WAH, HAZEL

MBA (UK), BBA (Marketing), DBM

aged 51, Deputy General Manager of Shanghai Huang Pu Liu Chong Hing Property Development Company Limited, is in charge of the business for marketing, leasing and property management services. 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 commercial projects in the U.S..

NOTICE IS HEREBY GIVEN that the annual general meeting of Liu Chong Hing Investment Limited (the "Company") for the year 2009 will be held at Mandarin Oriental, Hong Kong, 1st Floor, Function Room, 5 Connaught Road Central, Hong Kong on Wednesday, 29 April 2009 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 2008.

2. To approve the payment of HK$0.05 per share as the final dividend for the year ended 31 December 2008.

3. To re-elect Directors, namely, Dr. Cheng Mo Chi, Moses, Mr. Liu Chun Ning, Wilfred, Mr. Liu Kam Fai, Winston and Mr. Liu Kwun Shing, Christopher and fix the directors' remuneration for the year ending 31 December 2009 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)."

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."

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

SPECIAL RESOLUTION

8. "**THAT** certain Articles of the Articles of Association of the Company be and are hereby amended as follows:

(a) by replacing the words "rules of the Stock Exchange" with the words "Listing Rules" in the definition of "Associates" in Article 1;

(b) by adding the following new definition immediately after the definition of "Dividend" in Article 1:

" "the Listing Rules" means the Rules Governing the Listing of Securities on the Stock Exchange.";

(c) by adding the words ", or in any case such other minimum notice period as may be specified in the Listing Rules from time to time" immediately after the words "not less than fourteen days' Notice in writing" in the fourth line of Article 64;

(d) by adding the words "required under the Listing Rules or is" after the words "unless a poll is" and before the words "duly demanded" in the second line of Article 70;

(e) by adding the words "required under the Listing Rules or is" after the words "unless a poll is" and before the word "demanded" in the first line of Article 71;

(f) by replacing the words "rules of the Stock Exchange" with the words "Listing Rules" in the first line of sub-clause (2) of Article 85;

(g) by adding the following new Article 86A immediately after Article 86:

"86A. If a member of the Company is, or is a nominee of, a recognised clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any general meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation or proxy form shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised shall be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised and shall be entitled to exercise the same power on behalf of the recognised clearing house (or its nominee(s)) which he represents as that clearing house (or its nominee(s)) could exercise if it were an individual member of the Company."; and

(h) by replacing the words "rules of the Stock Exchange" with the words "Listing Rules" in the second line of sub-clause (2) of Article 161."

9. To transact any other business.

By Order of the Board

Dr. Liu Lit Mo
Managing Director

Hong Kong, 27 March 2009

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 Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1806–7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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, 22 April 2009 to Friday, 24 April 2009, (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, 21 April 2009.

4. As at the date hereof, the Board of Directors of the Company comprises Executive Directors: Mr. Liu Lit Man (Chairman), Dr. Liu Lit Mo (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) and Mr. Lee Wai Hung; Non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu and Mr. Liu Chun Ning, Wilfred; 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.

5. The Articles of Association of the Company is written in English and there is no official Chinese translation. The Chinese version of the proposed amendments to the Articles of Association is a translation for reference only. Should there be any discrepancies, the English version will prevail.

FINANCIAL CALENDAR

As at 4 March 2009

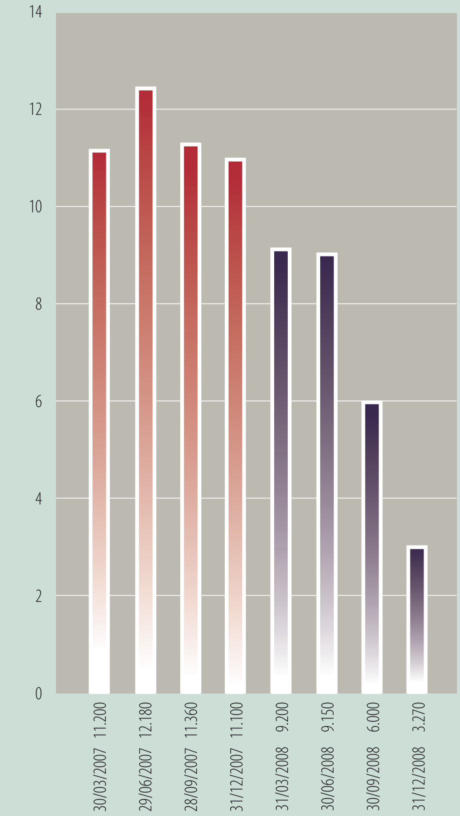
Interim Results for six-month ended 30 June 2008	:	Announced on 13 August 2008
Annual Results for year ended 31 December 2008	:	Announced on 4 March 2009
Annual General Meeting	:	To be held on 29 April 2009
Dividends		
Interim cash dividend	:	HK$0.10 per share
Paid on	:	25 September 2008
Proposed final cash dividend	:	HK$0.05 per share
Payable on	:	30 April 2009
Ex-dividend date of final dividend	:	20 April 2009
Latest time to lodge transfer forms	:	4:30 pm on 21 April 2009
Closure of Register of Members	:	From 22 April 2009 to 24 April 2009 (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 23rd Floor, Chong Hing Bank Centre 24 Des Voeux Road Central, Hong Kong Tel: (852) 3768 9050 Fax: (852) 3768 9009 Website: http://www.lchi.com.hk

Market Price Movement and Market Capitalization Chart

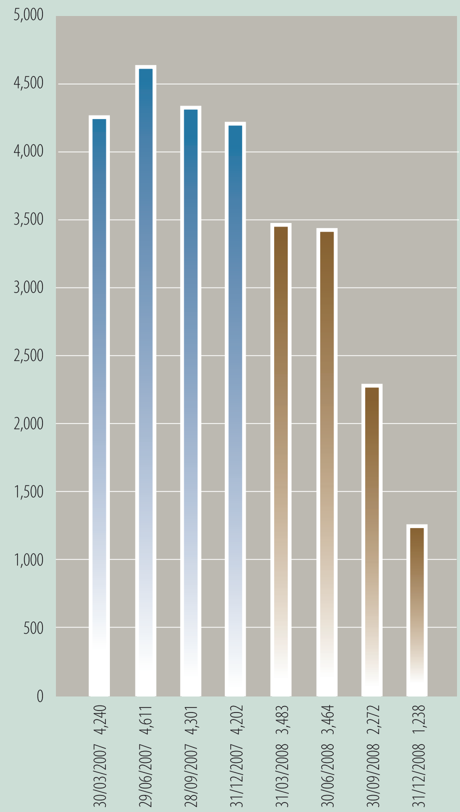
Lasting trading date of each month	Closing Price (HK$)	Marketing Capitalization (HK$ in million)
31/01/2007	10.700	4,051
28/02/2007	11.400	4,316
30/03/2007	11.200	4,240
30/04/2007	11.600	4,392
31/05/2007	12.060	4,566
29/06/2007	12.180	4,611
31/07/2007	12.700	4,808
31/08/2007	11.500	4,353
28/09/2007	11.360	4,301
31/10/2007	11.160	4,225
30/11/2007	10.980	4,157
31/12/2007	11.100	4,202
31/01/2008	9.760	3,695
29/02/2008	10.200	3,862
31/03/2008	9.200	3,483
30/04/2008	9.100	3,445
30/05/2008	10.040	3,801
30/06/2008	9.150	3,464
31/07/2008	8.980	3,400
29/08/2008	7.860	2,976
30/09/2008	6.000	2,272
31/10/2008	2.950	1,117
28/11/2008	2.910	1,102
31/12/2008	3.270	1,238

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

Closing Price per Share
March 2007 to December 2008
HK$

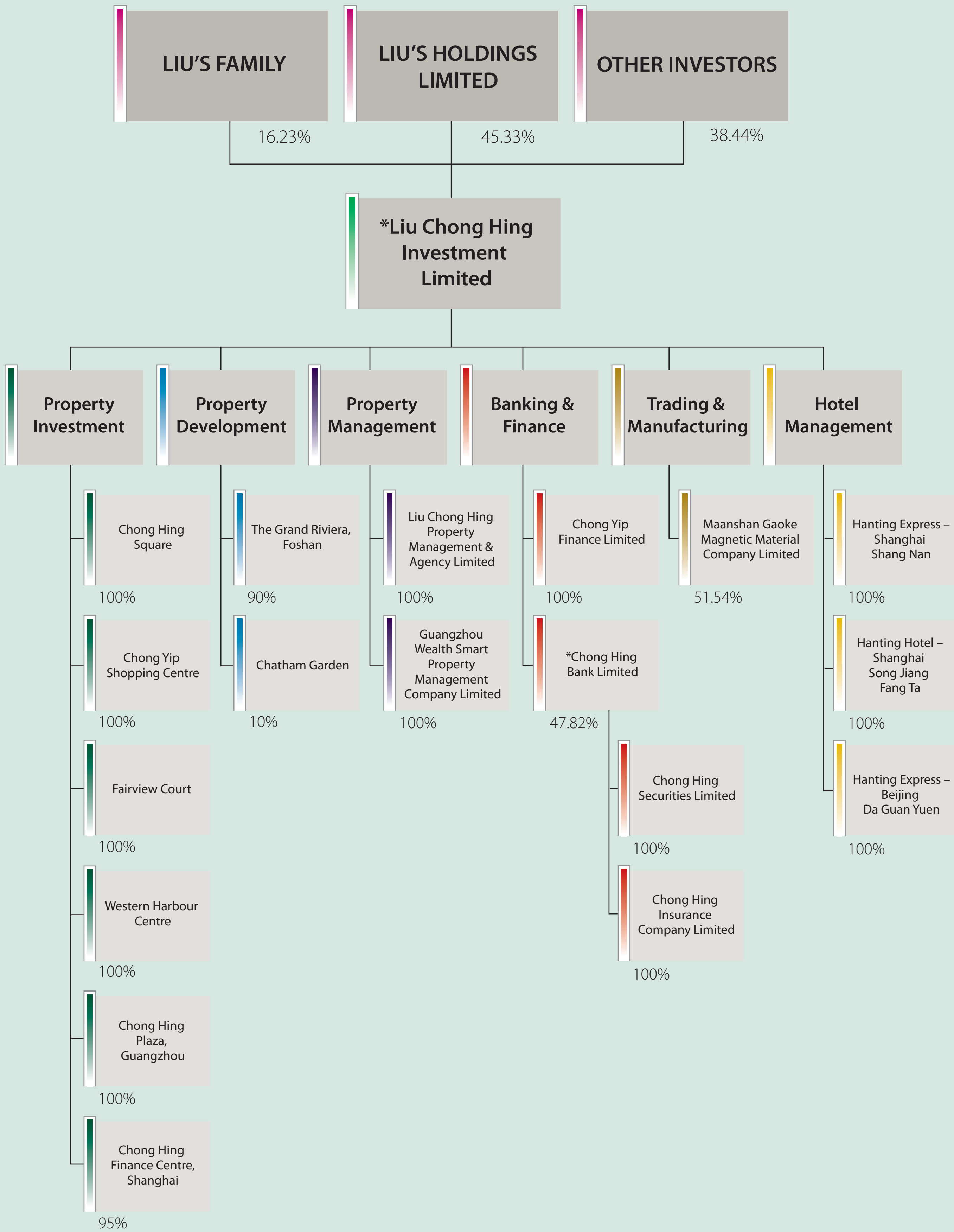


Market Capitalization
March 2007 to December 2008
HK$ in Million



Liu Chong Hing Group Simplified Corporate Structure Chart

As at 31 December 2008



*Listed on The Stock Exchange of Hong Kong Limited.

Schedule of Major Properties Held by the Group and Associates

As at 31 December 2008

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	47.82%	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	47.82%	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. Chong Hing Plaza Nos. 829–831 Renmin Road North Yue Xiu District Guangzhou	100%	46,300	188,261	C
11. 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
			736,000	
		677,800	6,393,903	

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. Various lots in D.D.29, Ting Kok Road, Tai Po	100%		240,000	R		Planning
2. Chatham Garden Redevelopment 424 Chatham Road North Hung Hom Kowloon	10%		305,000 61,000	R C	2010	Planning
			366,000			
People's Republic of China:						
3. The Grand Riviera West of Luocun Luocun Street Nanhai District Foshan	90%	2,757,000	5,840,000 350,000 1,848,000 55,000 342,000	R C P S T	2010 (First-phase)	Foundation works in progress
			8,435,000			

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 62 to 121, which comprise the consolidated and Company balance sheets as at 31 December 2008, 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 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 Hong Kong Institute of Certified Public Accountants. 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 2008 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

4 March 2009

	NOTES	2008 HK$'000	2007 HK$'000
Revenue	7	**277,849**	290,265
Direct costs		**(64,007)**	(101,929)
Gross profit		**213,842**	188,336
Other income		**17,104**	9,421
Administrative expenses		**(156,953)**	(114,212)
Fair value (loss) gain on investments held for trading		**(7,820)**	8,488
Net fair value gain on investment properties	16	**380,074**	51,967
(Loss) gain on disposal of available-for-sale investments		**(14,166)**	13,196
Impairment loss on available-for-sale investments		**(63,701)**	—
(Deficit) surplus on revaluation of leasehold land and buildings	17	**(16,888)**	96
Finance costs	9	**(104,292)**	(102,892)
Share of results of associates	10	**45,255**	246,457
Profit before taxation		**292,455**	300,857
Income tax expense	11	**(86,572)**	(41,083)
Profit for the year	12	**205,883**	259,774
Attributable to:			
Equity holders of the Company		**209,326**	263,114
Minority interests		**(3,443)**	(3,340)
		205,883	259,774
Dividends	14	**98,431**	102,218
Basic earnings per share	15	**HK$0.55**	HK$0.69

	NOTES	THE GROUP 2008 HK$'000	THE GROUP 2007 HK$'000	THE COMPANY 2008 HK$'000	THE COMPANY 2007 HK$'000
Non-current assets					
Investment properties	16	**5,486,449**	3,278,504	**650,000**	660,000
Property, plant and equipment	17	**71,089**	50,089	**2,544**	2,362
Investment properties under development	18	**—**	1,648,219	**—**	—
Prepaid lease payments	19	**51,088**	465,111	**—**	—
Investments in subsidiaries	20	**—**	—	**260,751**	257,463
Interests/investments in associates	21	**2,815,218**	2,898,874	**3**	3
Available-for-sale investments	22	**237,221**	311,439	**87,132**	176,198
Amounts due from subsidiaries	23	**—**	—	**3,215,900**	3,184,078
Advances to investee companies	24	**118,799**	242,301	**—**	—
Loans receivable — due after one year	25	**72,178**	60,458	**70,200**	58,481
		8,852,042	8,954,995	**4,286,530**	4,338,585
Current assets					
Properties under development for sale	18	**626,694**	—	**—**	—
Inventories	26	**10,375**	12,237	**—**	—
Properties held for sale	26	**6,518**	6,518	**2,808**	2,808
Trade and other receivables	27	**92,201**	175,846	**5,849**	9,077
Investments held for trading	28	**3,515**	11,335	**3,515**	11,335
Prepaid lease payments	19	**1,439**	9,139	**—**	—
Loans receivable — due within one year	25	**15,600**	11,509	**15,600**	7,800
Fixed bank deposits with more than three months to maturity when raised	29	**455,828**	537,346	**108,592**	129,482
Bank accounts with Chong Hing Bank Limited and its subsidiaries	29	**39,297**	31,448	**34,382**	29,549
Other bank balances and cash	29	**308,828**	864,041	**213,359**	759,015
Assets held for sale	30	**1,615**	2,677	**—**	—
		1,561,910	1,662,096	**384,105**	949,066

	NOTES	THE GROUP 2008 HK$'000	THE GROUP 2007 HK$'000	THE COMPANY 2008 HK$'000	THE COMPANY 2007 HK$'000
Current liabilities					
Trade and other payables	31	**236,847**	142,163	**18,361**	15,311
Taxation payable		**10,986**	10,584	**—**	—
Borrowings — due within one year	32	**960,824**	1,520,320	**852,618**	1,463,908
		1,208,657	1,673,067	**870,979**	1,479,219
Net current assets (liabilities)		**353,253**	(10,971)	**(486,874)**	(530,153)
Total assets less current liabilities		**9,205,295**	8,944,024	**3,799,656**	3,808,432
Non-current liabilities					
Borrowings — due after one year	32	**2,573,216**	2,573,521	**2,045,005**	1,982,908
Deferred taxation	33	**484,540**	408,529	**58,484**	61,579
Non-interest bearing advances from subsidiaries	34	**—**	—	**55,776**	77,796
		3,057,756	2,982,050	**2,159,265**	2,122,283
		6,147,539	5,961,974	**1,640,391**	1,686,149
Capital and reserves					
Share capital	35	**378,583**	378,583	**378,583**	378,583
Reserves	36	**5,731,041**	5,552,676	**1,261,808**	1,307,566
Equity attributable to equity holders of the Company		**6,109,624**	5,931,259	**1,640,391**	1,686,149
Minority interests		**37,915**	30,715	**—**	—
Total equity		**6,147,539**	5,961,974	**1,640,391**	1,686,149

The consolidated financial statements on pages 62 to 121 were approved and authorised for issue by the Board of Directors on 4 March 2009 and are signed on its behalf by:

Liu Lit Man
CHAIRMAN

Tong Tsin Ka
DIRECTOR

Consolidated Statement of Changes in Equity For the year ended 31 December 2008

	Attributable to equity holders of the Company											
	Share capital HK$'000	General reserve HK$'000 (note i)	Special reserve HK$'000 (note ii)	Regulatory reserve HK$'000 (note iii)	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	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	—	—	—	—	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 foreign 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

	Attributable to equity holders of the Company											
	Share capital HK$'000	General reserve HK$'000 (note i)	Special reserve HK$'000 (note ii)	Regulatory reserve HK$'000 (note iii)	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
Surplus on revaluation of properties	—	—	—	—	40	—	—	—	—	40	—	40
Loss on fair value changes of available-for-sale investments	—	—	—	—	—	(59,242)	—	—	—	(59,242)	—	(59,242)
Share of loss on fair value changes of available-for-sale investments held by associates	—	—	—	—	—	(133,481)	—	—	—	(133,481)	—	(133,481)
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	104,331	—	104,331	7,095	111,426
Share of exchange reserve of associates	—	—	—	—	—	—	—	3,382	—	3,382	—	3,382
Net income and expenses recognised directly in equity	—	—	—	—	40	(192,723)	—	107,713	—	(84,970)	7,095	(77,875)
Release of reserve upon disposal of available-for-sale investments	—	—	—	—	—	14,166	—	—	—	14,166	—	14,166
Release of reserve upon impairment of available-for-sale investments	—	—	—	—	—	63,701	—	—	—	63,701	—	63,701
Share of release of reserve of associates upon disposal of available-for-sale investments	—	—	—	—	—	(51,983)	—	—	—	(51,983)	—	(51,983)
Share of release of reserve of associates upon impairment of available-for-sale investments	—	—	—	—	—	126,556	—	—	—	126,556	—	126,556
Profit for the year	—	—	—	—	—	—	—	—	209,326	209,326	(3,443)	205,883
Total recognised income and expenses for the year	—	—	—	—	40	(40,283)	—	107,713	209,326	276,796	3,652	280,448
Capital contribution from minority shareholders	—	—	—	—	—	—	—	—	—	—	3,548	3,548
Share of accumulated profits earmarked as regulatory reserve of an associate	—	—	—	(23,032)	—	—	—	—	23,032	—	—	—
Dividends paid	—	—	—	—	—	—	—	—	(98,431)	(98,431)	—	(98,431)
At 31 December 2008	378,583	738,495	75,747	140,805	1,449,637	1,509	2,952	270,168	3,051,728	6,109,624	37,915	6,147,539

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 accumulated profits of an associate has been earmarked as regulatory reserve and the Group's share of which at 31 December 2008 was HK$140,805,000 (2007: HK$163,837,000). The regulatory reserve is distributable to equity holders of the associate subject to consultation with the Hong Kong Monetary Authority.

	2008 HK$'000	2007 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**292,455**	300,857
Adjustments for:		
Write off of bad and doubtful debts	**303**	34
Deficit (surplus) on revaluation of leasehold land and buildings	**16,888**	(96)
Amortisation of prepaid lease payments	**5,306**	6,201
Depreciation of property, plant and equipment	**18,284**	11,151
Net fair value gain on investment properties	**(380,074)**	(51,967)
Fair value loss (gain) on investments held for trading	**7,820**	(8,488)
Loss (gain) on disposal of available-for-sale investments	**14,166**	(13,196)
Finance costs	**104,292**	102,892
Release of reserve upon impairment loss recognised in respect of available-for-sale investments	**63,701**	—
Imputed interest income on non-current interest-free loans to investee companies	**(5,895)**	(6,578)
Interest income	**(40,341)**	(40,408)
Gain on disposal of assets held for sale	**(394)**	(34)
Share of results of associates	**(45,255)**	(246,457)
Operating cash flows before movements in working capital	**51,256**	53,911
Increase in investment properties under development/properties under development for sale	**(185,681)**	(243,833)
Increase in loans receivable	**(15,811)**	—
Decrease (increase) in inventories	**1,862**	(2,287)
Decrease in properties held for sale	**—**	62,065
Decrease (increase) in trade and other receivables	**83,342**	(105,783)
Decrease in investments held for trading	**—**	1,521
Increase (decrease) in trade and other payables	**94,684**	(48,245)
Cash generated from (used in) operations	**29,652**	(282,651)
Hong Kong Profits Tax paid	**(7,343)**	(5,444)
The People's Republic of China Enterprise Income Tax paid	**(2,816)**	(17,537)
Interest received	**40,341**	40,408
Dividends paid	**(98,431)**	(102,218)
NET CASH USED IN OPERATING ACTIVITIES	**(38,597)**	(367,442)

	2008 HK$'000	2007 HK$'000
INVESTING ACTIVITIES		
Repayments from investee companies	**125,965**	3,700
Dividend received from an associate	**120,121**	129,665
Decrease (increase) in bank deposits with more than three months to maturity when raised	**81,518**	(165,626)
Proceeds from disposal of available-for-sale investments	**27,977**	43,541
Proceeds from disposal of assets held for sale	**1,701**	78,987
Proceeds from disposal of property, plant and equipment	**366**	—
Additions of prepaid lease payments	**(116,863)**	(447,355)
Purchase of property, plant and equipment	**(51,700)**	(6,227)
Additional investments in an associate	**(46,736)**	(73,945)
Purchase of available-for-sale investments	**(7,882)**	(62,691)
Additional contribution to investee companies	**(1,687)**	(101,515)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**132,780**	(601,466)
FINANCING ACTIVITIES		
Repayments of borrowings	**(1,247,505)**	(416,939)
Interest paid	**(127,124)**	(167,025)
New borrowings raised	**687,704**	1,805,967
Capital contribution from minority shareholders	**3,548**	2,941
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(683,377)**	1,224,944
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(589,194)**	256,036
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**895,489**	615,632
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**41,830**	23,821
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**348,125**	895,489
Cash and cash equivalents at end of the year, represented by:		
Bank accounts with Chong Hing Bank Limited and its subsidiaries	**39,297**	31,448
Other bank balances and cash	**308,828**	864,041
	348,125	895,489

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 "Hong Kong Stock Exchange"). 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 44 and 45 respectively.

In preparing the financial statements, the directors of the Company have given careful consideration to the future liquidity of the Company in light of its net current liabilities of approximately HK$486,874,000 at 31 December 2008. The directors are satisfied that the Company has sufficient funding to be able to meet in full its liabilities as they fall due for the foreseeable future taking into account of dividends to be received from subsidiaries. Accordingly, the financial statements have been prepared on a going concern basis.

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

In the current year, the Group and the Company have applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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 or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]

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

HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

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

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

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

5 Effective for annual periods beginning on or after 1 October 2008

6 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. 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 (the "Listing Rules") and by the Hong Kong Companies Ordinance.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, purchased investment properties are measured at cost, including any directly attributable expenditure.

When the construction or development of investment properties is completed, it is transferred from investment properties under development at fair value. At the date of transfer, the difference between fair value and its carrying amount is recorded in profit or loss.

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 when there is a change in use, evidenced by commencement of owner-occupation, for a transfer from investment properties to leasehold land and buildings or commencement of development with a view to sale, for a transfer from investment properties to properties held for sale.

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 properties under development) are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 amounts, 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.

INVESTMENTS IN SUBSIDIARIES

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS IN ASSOCIATES (CONTINUED)

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.

A discount on acquisition arising on an acquisition of additional interest in an associate represents the excess of the Group's share of the carrying amount of the net assets attributable to the additional interest in the associate 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 UNDER DEVELOPMENT FOR SALE

Where properties are developed for sale in the ordinary course of business, they are included in current assets at the lower of cost and net realisable value.

INVESTMENT PROPERTIES UNDER DEVELOPMENT

Properties that are being constructed or developed for future use as investment properties are classified as investment properties under development and stated at cost, including borrowing costs capitalised, if any, and direct attributable costs, such as professional fees, less any impairment losses. When the construction or development is completed, it is reclassified as investment property at fair value. At the date of transfer, the difference between fair value and its previous carrying amount is recorded in the profit or 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

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).

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).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS (CONTINUED)

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.

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 ON TANGIBLE ASSETS

At each balance sheet date, the Group reviews the carrying amounts of its tangible 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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***

Income from properties development for sale is recognised when the respective properties have been completed and delivered to the buyers pursuant to the sales agreement and the collectibility of related receivable is reasonably assumed.

(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 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.

(vi) ***Hotel service income***

Hotel service income is recognised when services are provided.

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.

3. 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.

3. 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 except for those that are classified and accounted for as investment properties under the fair value model.

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 exchange 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, 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 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. The carrying amount of trade receivables, loans receivable and advances to investee companies at 31 December 2008 is HK$13,199,000, HK$87,778,000 and HK$118,799,000 (2007: HK$29,109,000, HK$71,967,000, HK$242,301,000) respectively.

ESTIMATED IMPAIRMENT OF INTERESTS IN ASSOCIATES

The Group's investments in associates are stated 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. Determining whether the interest in associates is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the Group to estimate the present value of the estimated future cash flows expected to arise from dividends to be received from the associates and from its ultimate disposal, as well as a suitable discount rate in order to calculate the present value. Where the actual cash flows are less than expected, a material impairment loss may arise. As at 31 December 2008, the carrying value of the Group's interests in the associates was HK$2,815 million (2007: HK$2,899 million).

5. 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 32, 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. 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.

6. FINANCIAL INSTRUMENTS

6A. CATEGORIES OF FINANCIAL INSTRUMENTS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial assets				
Fair value through profit or loss (FVTPL)				
Held for trading	**3,515**	11,335	**3,515**	11,335
Loans and receivables (including cash and cash equivalents)	**1,090,533**	1,911,425	**3,663,554**	4,177,134
Available-for-sale investments	**237,221**	311,439	**87,132**	176,198
Financial liabilities				
Amortised cost	**3,696,131**	4,174,799	**2,960,197**	3,530,944

6B. 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 balances. 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 bank balances, fixed deposits, loans receivable and borrowings, which expose the Group to foreign currency risk.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(i) *Currency risk (Continued)*

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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars ("US$")	**—**	—	**324,376**	126,191
HK dollars ("HK$")	**405,098**	448,267	**—**	—

	THE COMPANY			
	Liabilities		Assets	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**—**	—	**324,376**	126,191

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 1% increase and decrease in HK dollars against US$ and 5% increase and decrease in HK dollars against RMB. The receptive percentages are the sensitivity rates 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 the respective percentages change in the exchange rates. A 1% strengthening of the HK dollars against US$ and 5% strengthening of the HK dollars against RMB will decrease the Group's post-tax profit for the year by the following amount. For 1% weakening of HK dollars against US$ and 5% weakening of HK dollars against RMB, there would be an equal and opposite impact on post-tax profit for the year, and the balances below would be positive.

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$ impact	**(3,243)**	(1,261)	**(3,243)**	(1,261)
HK$ impact	**(20,254)**	(22,413)	**—**	—

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.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(ii) *Interest rate risk*

The Group and the Company are exposed to fair value interest rate risk in relation to fixed-rate loans receivable and fixed bank deposits (see Notes 25 and 29 for details). The Group and the Company currently do not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to its advances to investee companies, variable-rate loans receivable, bank balances, bank borrowings and amounts due to associates and minority shareholders (see Notes 24, 25, 29 and 32 for details of these loans receivable and borrowings). It is the Group's policy to keep its borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

The Company is also exposed to cash flow interest rate risk in relation to its amounts due from subsidiaries, variable-rate loans receivable, bank balances, bank borrowings and amounts due to associates (see Notes 23, 25, 29 and 32 for details of these loans receivable and borrowings). It is the Company's policy to keep its borrowings at floating rates of interest so as to minimise the fair value interest rate risk.

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

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 loans receivable, bank balances, bank borrowings and amounts due to associates and minority shareholders 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 post-tax profit for the year ended 31 December 2008 would decrease/increase by approximately HK$15,855,000 (2007: decrease/increase by HK$15,413,000).
- the Company's post-tax profit for the year ended 31 December 2008 would decrease/increase by approximately HK$4,808,000 (2007: decrease/increase by HK$4,154,000).

(iii) *Other price risk*

The Group and the Company are exposed to equity price risk through their investments in equity securities. The Group is exposed to market price fluctuation through its investments in both listed and unlisted securities. The management manages this exposure by maintaining a diversified investment portfolio. In addition, the Group has appointed a special team to closely monitor the price movement of the securities and regularly review the performance and asset allocation of the portfolio.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk (Continued)

(iii) *Other price risk (Continued)*

The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on unlisted equity instruments.

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 held-for-trading investments had been 5% higher/lower, the Group's and the Company's post-tax profit for the year ended 31 December 2008 would increase/decrease by HK$176,000 (2007: increase/decrease by HK$567,000) as a result of the changes in fair value of held-for-trading investments.

If the prices of the respective available-for-sale investments had been 5% higher, the Group's and the Company's investment revaluation reserve would increase by HK$11,861,000 and HK$4,357,000 (2007: increase by HK$15,571,000 and HK$8,809,000) respectively as a result of the changes in fair value of available-for-sale investments.

If the prices of the respective available-for-sale investments had been 5% lower, the Group's and the Company's post-tax profit for the year ended 31 December 2008 would decrease by HK$11,861,000 and HK$4,357,000 (2007: decrease by HK$15,571,000 and HK$8,809,000) respectively as a result of further impairment loss on available-for-sale investments.

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

Credit risk

As at 31 December 2008, 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 is represented by the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from

- the carrying amount of the respective recognised financial assets as stated in the balance sheet.
- the amount of contingent liabilities in relation to financial guarantee issued by the Company as disclosed in note 43.

The Group has significant concentration of credit risk as 100% (2007: 99%) of the total advances to investee companies was due from the Group's largest investee company as at 31 December 2008.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

The Group has a significant concentration of credit risk because at 31 December 2008, it had advanced approximately HK$119 million (2007: HK$241 million) to a single investee company and its loans receivable portfolio comprised loans of approximately HK$86 million (2007: HK$39 million) to two financial institutions. Because of their significance, management has regular liaison with the borrowers to understand their financial position and to identify any early sign of potential problems. Should any potential default situation arise, management will take prompt actions to safeguard the Group's assets.

The Company has significant concentration of credit risk as 32% (2007: 31%) of the total amounts due from subsidiaries was due from the Company's largest subsidiary as at 31 December 2008.

In order to minimise the credit risk of debts, 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

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance its 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 and the Company rely on bank borrowings as a significant source of liquidity. As at 31 December 2008, the Group and the Company had available unutilised bank loan facilities of approximately HK$628 million (2007: HK$1,103 million). Details of the amounts utilised at the balance sheet date are set out in Note 32.

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. 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$'000	Carrying amount at 31.12.2008 HK$'000
THE GROUP							
2008							
Non-derivative financial liabilities							
Trade and other payables	—	162,088	3	—	—	162,091	162,091
Bank Borrowings							
— variable rate	1.97	100,164	135,664	712,053	2,675,282	3,623,163	3,506,314
Amounts due to associates	—	780	—	—	—	780	780
Amounts due to minority shareholders	—	26,946	—	—	—	26,946	26,946
		289,978	135,667	712,053	2,675,282	3,812,980	3,696,131

	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 GROUP							
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	—	568	—	—	—	568	568
Amounts due to minority shareholders	—	25,327	—	—	—	25,327	25,327
		166,843	238	1,501,818	2,820,998	4,489,897	4,174,799

6. FINANCIAL INSTRUMENTS (CONTINUED)

6B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

Liquidity and interest risk tables (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$'000	Carrying amount at 31.12.2008 HK$'000
THE COMPANY							
2008							
Non-derivative financial liabilities							
Trade and other payables	—	6,798	—	—	—	6,798	6,798
Bank Borrowings							
— variable rate	1.97	100,164	135,664	628,978	2,126,294	2,991,100	2,896,843
Amounts due to associates	—	780	—	—	—	780	780
Non-interest bearing advances from subsidiaries	1.97	—	—	—	57,993	57,993	55,776
		107,742	135,664	628,978	2,184,287	3,056,671	2,960,197

	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	—	568	—	—	—	568	568
Non-interest bearing advances from subsidiaries	4.02	—	—	—	84,177	84,177	77,796
		67,128	—	1,469,280	2,257,788	3,794,196	3,530,944

6. FINANCIAL INSTRUMENTS (CONTINUED)

6C. 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 in 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 from observable current market transactions and dealer quotes for similar instruments;
- the fair value of unlisted available-for-sale investments that are stated at fair value are determined with reference to market values of underlying assets, or arrived at valuation techniques, including market multiple approach and discounted cash flow techniques, which included some assumptions that are not supportable by observable market prices or rates, carried out by CCMP Capital Asia Pte. Ltd., an independent firm of professional valuer 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. In determining the fair value where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates, earnings growth factor and the adjusted discount factor; 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.

7. 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:

	2008 **HK$'000**	2007 HK$'000
Proceeds from disposal of properties held for sale	—	93,957
Gross rental income	**201,136**	120,700
Sales of goods	**15,446**	21,140
Interest income on loans receivable, bank deposits and bank balances	**40,341**	40,408
Property management and agency fees	**13,720**	14,035
Hotel service income	**7,154**	—
Dividend income from listed investments held for trading	**52**	25
	277,849	290,265

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

BUSINESS SEGMENTS

For management purposes, the Group is currently organised into the following operating divisions — property investment, property development, property management, treasury investment, trading and manufacturing and hotel. 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 2008							
	Property investment HK$'000	Property development HK$'000	Property management HK$'000	Treasury investment HK$'000	Trading and manufacturing HK$'000	Hotel HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE								
External sales	201,136	—	13,720	40,393	15,446	7,154	—	277,849
Inter-segment sales	—	—	6,855	—	—	—	(6,855)	—
Total revenue	201,136	—	20,575	40,393	15,446	7,154	(6,855)	277,849

Inter-segment sales are charged at prevailing market rates.

RESULTS								
Segment results	481,534	(156)	(6,966)	(107,033)	(1,566)	(14,321)	—	351,492
Finance costs								(104,292)
Share of results of associates	107	—	—	45,148	—	—	—	45,255
Profit before taxation								292,455
Income tax expense								(86,572)
Profit for the year								205,883

BALANCE SHEET

	As at 31 December 2008						
	Property investment HK$'000	Property development HK$'000	Property management HK$'000	Treasury investment HK$'000	Trading and manufacturing HK$'000	Hotel HK$'000	Consolidated HK$'000
ASSETS							
Segment assets	6,021,023	630,666	2,602	824,686	84,093	35,664	7,598,734
Interests in associates	2,127	—	—	2,813,091	—	—	2,815,218
Consolidated total assets							10,413,952
LIABILITIES							
Segment liabilities	218,002	377	5,515	691	6,310	5,952	236,847
Taxation payable							10,986
Deferred taxation							484,540
Unallocated corporate liabilities							3,534,040
Consolidated total liabilities							4,266,413

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

OTHER INFORMATION

Year ended 31 December 2008

	Property investment HK$'000	Property development HK$'000	Property management HK$'000	Treasury investment HK$'000	Trading and manufacturing HK$'000	Hotel HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	**139,922**	**68**	**27**	**—**	**291**	**25,533**	**958**	**166,799**
Depreciation of property, plant and equipment	**13,541**	**153**	**18**	**—**	**1,093**	**2,662**	**817**	**18,284**
Write-off of bad and doubtful debts	**303**	**—**	**—**	**—**	**—**	**—**	**—**	**303**

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$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE							
External sales	120,700	93,957	14,035	40,433	21,140	—	290,265
Inter-segment sales	—	—	5,114	—	—	(5,114)	—
Total revenue	120,700	93,957	19,149	40,433	21,140	(5,114)	290,265

Inter-segment sales are charged at prevailing market rates.

RESULTS							
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

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

BUSINESS SEGMENTS (CONTINUED)

BALANCE SHEET

	As at 31 December 2007 (Restated)					
	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	6,054,815	—	8,740	1,583,518	71,144	7,718,217
Interests in associates	2,127	—	—	2,896,747	—	2,898,874
Consolidated total assets						10,617,091
LIABILITIES						
Segment liabilities	128,042	—	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

OTHER INFORMATION

	Year ended 31 December 2007 (Restated)						
	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	313,629	—	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

8. 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 investment, property development, trading and manufacturing and hotel businesses are located in the PRC. Others are located in Hong Kong.

The following table provides an analysis of the Group's sales by location of customers, which is consistent with location of assets for revenue from properties and hotel operations:

	Year ended	
	31.12.2008	31.12.2007
	HK$'000	HK$'000
Hong Kong	**148,328**	148,710
PRC	**129,521**	141,555
	277,849	290,265

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and investment 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 investment properties under development	
	As at	As at	**As at**	As at
	31.12.2008	31.12.2007	**31.12.2008**	31.12.2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**3,713,241**	4,278,963	**3,302**	3,799
PRC	**3,885,493**	3,439,254	**163,497**	311,287
	7,598,734	7,718,217	**166,799**	315,086

9. FINANCE COSTS

	2008	2007
	HK$'000	HK$'000
Interest on borrowings wholly repayable within five years:		
Bank loans	**126,145**	167,000
Other borrowings	**979**	25
	127,124	167,025
Less: Amount capitalised as cost of properties under development at a capitalisation rate of 2.97% (2007: 4.78%) per annum	**(22,832)**	(64,133)
	104,292	102,892

10. SHARE OF RESULTS OF ASSOCIATES

	2008 HK$'000	2007 HK$'000
Share of results of associates comprise:		
Share of results of associates	**42,084**	270,034
Share of taxation of associates	**(13,484)**	(23,577)
Discount on acquisition of additional interests in an associate	**16,655**	—
	45,255	246,457

11. INCOME TAX EXPENSE

	2008 HK$'000	2007 HK$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	**6,161**	5,672
Overprovision in prior years	**(60)**	(57)
	6,101	5,615
PRC Enterprise Income Tax		
Current year	**4,460**	17,339
Underprovision in prior years	**—**	1,161
	4,460	18,500
	10,561	24,115
Deferred taxation		
Current year	**99,299**	16,968
Attributable to change in tax rate	**(23,288)**	—
	76,011	16,968
	86,572	41,083

11. INCOME TAX EXPENSE (CONTINUED)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. The effect of this decrease has been reflected in the calculation of current and deferred tax balances as at balance sheet date.

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. Under the New Law and the Implementation Regulations, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% from 1 January 2008 onwards.

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.

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

	2008 **HK$'000**	2007 HK$'000
Profit before taxation	**292,455**	300,857
Hong Kong Profits Tax at the rate of 16.5% (2007: 17.5%)	**48,255**	52,650
Tax effect of share of results of associates	**(7,467)**	(43,130)
Tax effect of expenses not deductible for tax purpose	**39,538**	27,901
Tax effect of income not taxable for tax purpose	**(10,393)**	(7,954)
(Over)underprovision in respect of prior years	**(60)**	1,104
Tax effect of tax losses not recognised	**3,194**	3,814
Tax effect of utilisation of tax losses previously not recognised	**(4,256)**	(2,085)
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rates	**(23,288)**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**41,049**	8,783
Tax charge for the year	**86,572**	41,083

12. PROFIT FOR THE YEAR

	2008 HK$'000	2007 HK$'000
Profit for the year has been arrived at after charging:		
Directors' emoluments (Note 13)	**20,598**	17,752
Other staff costs	**25,023**	19,305
Staff retirement scheme contributions, net of HK$58,000 (2007: HK$127,000) forfeited contributions	**2,587**	2,443
Total staff costs	**48,208**	39,500
Amortisation of prepaid lease payments	**5,306**	6,201
Auditors' remuneration	**1,884**	1,837
Depreciation of property, plant and equipment	**18,284**	11,151
Operating lease rentals in respect of land and buildings	**7,582**	7,503
Write-off of bad and doubtful debts	**303**	34
and after crediting:		
Exchange gain	**9,175**	12,904
Gain on disposal of assets held for sale	**394**	34
Gross rental income from investment properties	**201,136**	120,700
Less: direct operating expenses from investment properties that generated rental income during the year	**(32,708)**	(11,120)
	168,428	109,580
Imputed interest income on non-current interest-free loans to investee companies	**5,895**	6,578

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(A) DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 13 (2007: 13) directors were as follows:

		Other emoluments		
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement scheme contributions HK$'000	Total emoluments HK$'000
2008				
Liu Lit Man	**100**	**—**	**—**	**100**
Liu Lit Mo	**50**	**11,559**	**222**	**11,831**
Liu Lit Chi	**50**	**—**	**—**	**50**
Liu Kam Fai, Winston	**50**	**2,987**	**195**	**3,232**
Lee Wai Hung	**50**	**1,852**	**185**	**2,087**
Liu Lit Chung	**50**	**1,818**	**37**	**1,905**
Liu Kwun Shing, Christopher	**—**	**490**	**24**	**514**
Andrew Liu	**50**	**—**	**—**	**50**
Liu Chun Ning, Wilfred	**50**	**345**	**34**	**429**
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**	**19,051**	**697**	**20,598**
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
Liu Kwun Shing, Christopher	—	—	—	—
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

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(B) EMOLUMENTS OF HIGHEST PAID INDIVIDUALS

Of the five individuals with the highest emoluments in the Group, four (2007: 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:

	2008 **HK$'000**	2007 HK$'000
Salaries and other benefits	**1,500**	1,346
Retirement scheme contributions	**103**	90
	1,603	1,436

(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.

14. DIVIDENDS

	2008 **HK$'000**	2007 HK$'000
Dividends recognised as distribution during the year:		
2007 final dividend paid at HK$0.16 (2007: 2006 final dividend paid at HK$0.15) per share	**60,573**	56,788
2008 interim dividend paid at HK$0.10 (2007: 2007 interim dividend paid at HK$0.12) per share	**37,858**	45,430
	98,431	102,218

A final cash dividend of HK$0.05 (2007: HK$0.16) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

15. 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$209,326,000 (2007: HK$263,114,000) and on 378,583,440 (2007: 378,583,440) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue during the years 2007 and 2008.

16. INVESTMENT PROPERTIES

	THE GROUP HK$'000	THE COMPANY HK$'000
FAIR VALUE		
At 1 January 2007	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
Currency realignment	4,978	—
Transfer from properties under development upon completion	1,822,893	—
Net increase (decrease) in fair value recognised in the income statement	380,074	(10,000)
At 31 December 2008	5,486,449	650,000

The fair values of the Group's and the Company's investment properties at 31 December 2008 and 2007 have been 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 was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

All of the Group's property interests held under operating leases to earn long-term 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	
	2008 HK$'000	2007 HK$'000	**2008 HK$'000**	2007 HK$'000
Held under:				
Long leases in Hong Kong	**2,935,800**	2,970,400	**650,000**	660,000
Long-term land use right in the PRC	**302,539**	293,604	**—**	—
Medium-term land use right in the PRC	**2,233,810**	—	**—**	—
Medium-term leases in Hong Kong	**14,300**	14,500	**—**	—
	5,486,449	3,278,504	**650,000**	660,000

17. 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 2007	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
Currency realignment	3,918	2,011	345	6,274
Additions	—	290	51,410	51,700
Disposals	—	(366)	(655)	(1,021)
Deficit on revaluation	(19,602)	—	—	(19,602)
At 31 December 2008	3,170	35,075	106,945	145,190
Comprising:				
At cost	—	35,075	106,945	142,020
At valuation — 2008	3,170	—	—	3,170
	3,170	35,075	106,945	145,190
DEPRECIATION AND AMORTISATION				
At 1 January 2007	—	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
Currency realignment	—	1,340	136	1,476
Charged for the year	2,754	1,093	14,437	18,284
Eliminated on disposals	—	—	(655)	(655)
Deficit on revaluation	(2,754)	—	—	(2,754)
At 31 December 2008	—	23,438	50,663	74,101
CARRYING VALUE				
At 31 December 2008	3,170	11,637	56,282	71,089
At 31 December 2007	18,854	12,135	19,100	50,089

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold land and buildings (note) HK$'000	Furniture, fixtures, motor vehicles and computer equipment HK$'000	Total HK$'000
THE COMPANY			
COST OR VALUATION			
At 1 January 2007	364	10,560	10,924
Additions	—	1,000	1,000
At 31 December 2007	364	11,560	11,924
Additions	—	959	959
Surplus on revaluation	32	—	32
At 31 December 2008	396	12,519	12,915
Comprising:			
At cost	—	12,519	12,519
At valuation — 2008	396	—	396
	396	12,519	12,915
DEPRECIATION AND AMORTISATION			
At 1 January 2007	—	8,824	8,824
Charged for the year	8	738	746
Elimination on revaluation	(8)	—	(8)
At 31 December 2007	—	9,562	9,562
Charged for the year	8	809	817
Elimination on revaluation	(8)	—	(8)
At 31 December 2008	—	10,371	10,371
CARRYING VALUE			
At 31 December 2008	396	2,148	2,544
At 31 December 2007	364	1,998	2,362

Note: The leasehold land is included in property, plant and equipment as the allocation between the land and building element cannot be made reliably.

17. 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	
	2008	2007
	HK$'000	HK$'000
Held under:		
Long-term land use rights	—	15,616
Medium-term land use rights	**3,170**	3,238
	3,170	18,854

The leasehold land and buildings of the Group and the Company were valued on 31 December 2008 (2007: 31 December 2007) by Vigers Appraisal & Consulting Ltd. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. Vigers Appraisal & Consulting Ltd. is not connected with the Group.

The resulting deficit arising on revaluation of the Group amounting to approximately HK$16,848,000 (2007: surplus of HK$104,000) has been dealt with as follows:

(i) a deficit of approximately HK$16,888,000 has been charged to the consolidated income statement (2007: a surplus of approximately HK$96,000 was credited to the consolidated income statement); and

(ii) a surplus of approximately HK$40,000 (2007: HK$8,000) has been credited to the property revaluation reserve.

The resulting surplus arising on revaluation of the Company's land and buildings of HK$40,000 (2007: 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 these assets been carried at historical cost less accumulated depreciation and accumulated impairment loss is approximately HK$9,849,000 and HK$149,000 (2007: HK$12,603,000 and HK$157,000), respectively.

18. INVESTMENT PROPERTIES UNDER DEVELOPMENT/PROPERTIES UNDER DEVELOPMENT FOR SALE

(A) INVESTMENT PROPERTIES UNDER DEVELOPMENT

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
COST		
At beginning of the year	**1,648,219**	1,305,213
Currency realignment	**59,575**	34,147
Additions	**115,099**	308,859
Transfer to investment properties upon completion	**(1,822,893)**	—
At end of the year	**—**	1,648,219

At 31 December, 2007, included in investment properties under development is net interest cost capitalised of approximately HK$380,990,000.

The properties under development at 31 December 2007, which were developed for future use as investment properties, were completed and transferred to the investment properties during the year.

(B) PROPERTIES UNDER DEVELOPMENT FOR SALE

During the year ended 31 December 2008, prepaid lease payments of approximately HK$533,280,000 (2007: nil), the use of which was previously undetermined, were reclassified to properties under development for sale upon conclusion of a plan to develop them into properties held for sales.

The property under development for sale is expected to be recovered more than one year after the balance sheet date.

As 31 December 2008, included in properties under development is net interest cost capitalised of approximately HK$22,832,000.

19. PREPAID LEASE PAYMENTS

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Hong Kong — medium term	**20,325**	20,870
Leasehold land in the PRC — medium term	**32,202**	33,095
Leasehold land in the PRC — long term	**—**	420,285
	52,527	474,250
Analysed for reporting purposes as:		
Current assets	**1,439**	9,139
Non-current assets	**51,088**	465,111
	52,527	474,250

20. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2008	2007
	HK$'000	HK$'000
Cost of unlisted shares/capital contribution	**435,025**	419,781
Less: Impairment loss recognised	**(174,274)**	(162,318)
	260,751	257,463

In view of the accumulated losses and net liabilities position of certain subsidiaries, the directors of the Company consider that the carrying amount of investment in these subsidiaries exceeds its recoverable amount, and therefore have concluded that it is appropriate to make a provision for impairment in value in respect of the investments cost. The recoverable amount of the investments in subsidiaries, upon which impairment loss is arrived at, is determined based on the present value of estimated net future cash flows using a discount rate of 1.06% (2007: 4.02%).

Particulars of the Company's principal subsidiaries as at 31 December 2008 are set out in Note 44.

21. INTERESTS/INVESTMENTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cost of investments in associates				
Listed in Hong Kong	**355,739**	309,003	**—**	—
Unlisted	**3**	3	**3**	3
Share of post-acquisition reserves, net of dividends received	**2,459,476**	2,589,868	**—**	—
	2,815,218	2,898,874	**3**	3
Fair value of listed investments	**1,924,172**	3,771,177	**—**	—

Included in the cost of investment in associates is goodwill of HK$13,150,000 arising on acquisition of additional interests in associates in 2007.

During the year, a discount on acquisition of approximately HK$16,655,000 (2007: nil) arising from the acquisition of additional interests in Chong Hing Bank Limited has been included as income in the determination of the Group's share of profit of associates.

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

	2008	2007
	HK$'000	HK$'000
Total assets	**68,381,813**	69,056,682
Total liabilities	**(62,420,716)**	(62,781,635)
Net assets	**5,961,097**	6,275,047
The Group's share of net assets of associates	**2,850,715**	2,934,371
Revenue	**2,171,644**	3,310,785
Profit for the year	**60,834**	505,214
The Group's share of results of associates for the year	**28,600**	246,457

Particulars of the Group's principal associates as at 31 December 2008 are set out in Note 45.

22. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Available-for-sale investments comprise:				
Equity securities listed outside Hong Kong, at fair value	**278**	1,096	**57**	223
Unlisted equity securities, at fair value	**236,943**	310,343	**87,075**	175,975
	237,221	311,439	**87,132**	176,198

23. AMOUNTS DUE FROM SUBSIDIARIES

THE COMPANY

The amounts due from subsidiaries are unsecured and have no fixed repayment terms. Of the amounts, approximately HK$1,668,441,000 (2007: HK$1,762,547,000) bears interest at HIBOR plus a margin per annum and the remaining balance is non-interest bearing. The effective interest rate is ranged from 2.32% to 5.03% (2007: 4.65% to 5.96%) per annum (repricing semi-annually) and used in calculating the present value of the estimated discounted future cash flows of the non-interest bearing amounts due from subsidiaries is 1.06% (2007: 4.02%).

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. There is no collateral for the amounts due from subsidiaries.

24. ADVANCES TO INVESTEE COMPANIES

The advances are unsecured and have no fixed repayment terms. At 31 December 2007, an amount of HK$105,500,000 bears interest at HIBOR plus a margin per annum and the remaining balance was non-interest bearing. During the year ended 31 December 2008, the interest-bearing advance amount was fully repaid. The advances at 31 December 2008 were non-interest bearing. The effective interest rate is ranged from 3.83% to 6.05% per annum and used in calculating the present value of the estimated discounted future cash flows of the non-interest bearing advances to investee companies is 1.06% (2007: 4.02%).

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. There is no collateral for the advances.

25. LOANS RECEIVABLE

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Fixed-rate loans receivable	**35,100**	—	**35,100**	—
Variable-rate loans receivable	**52,678**	71,967	**50,700**	66,281
	87,778	71,967	**85,800**	66,281
Analysed for reporting purposes:				
Current assets	**15,600**	11,509	**15,600**	7,800
Non-current assets	**72,178**	60,458	**70,200**	58,481
	87,778	71,967	**85,800**	66,281

The exposure of the Group's fixed-rate loans receivable to interest rate risks and their contractual maturity dates are as follows:

	2008	2007
	HK$'000	HK$'000
Fixed-rate loans receivable:		
In more than two years but not more than five years	**35,100**	—
Variable-rate loans receivable:		
Within one year	**—**	7,800
In more than two years but not more than five years	**52,678**	64,167
	52,678	71,967

In addition, the Group and the Company had loans receivable of HK$52,678,000 and HK$50,700,000 (2007: HK$71,967,000 and HK$66,281,000) respectively which carries interest rates at HIBOR plus a margin per annum. Interest rate is repriced every quarterly.

The ranges of effective interest rates on the Group's and the Company's loans receivable are as follows:

	2008	2007
Effective interest rate:		
Fixed-rate loans receivable	**3.8% to 4%**	—
Variable-rate loans receivable	**3.9% to 5.1%**	4.3% to 5.59%

Interest rate on variable-rate loans is repriced quarterly.

25. LOANS RECEIVABLE (CONTINUED)

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 2008	85,800
As at 31 December 2007	66,281

26. INVENTORIES/PROPERTIES HELD FOR SALE

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
The Group's inventories comprise:		
Raw materials	**1,337**	1,589
Work in progress	**1,700**	1,533
Finished goods	**7,338**	9,115
	10,375	12,237

The cost of inventories and properties held for sale recognised as an expense during the year amounted to approximately HK$13,440,000 (2007: HK$17,461,000) and nil (2007: HK$70,222,000) respectively.

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

27. TRADE AND OTHER RECEIVABLES

The Group's credit policy allows an average credit period of 30–90 days to its trade customers, other than customers for sales of properties, who satisfy the Group's credit evaluation. Proceeds from sales of properties are receivable according to the terms of sale and purchase agreements. The aged analysis of trade receivables of HK$13,199,000 (2007: HK$29,109,000) which are included in trade and other receivables is as follows:

	THE GROUP	
	2008	2007
	HK$'000	HK$'000
Within 30 days	**5,717**	10,205
Between 31 days to 90 days	**2,312**	9,992
Over 90 days	**5,170**	8,912
	13,199	29,109

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

All of the Group's trade receivables are denominated in functional currency of its individual entities' of the Group.

Before accepting any new customer, the Group assesses 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 an aggregate carrying amount of HK$770,000 (2007: HK$6,513,000) which were past due at the reporting date for which the Group has not provided for impairment loss because management considers that the fundamental credit quality of these customers has not deteriorated. The Group does not hold any collateral over these balances.

AGEING OF TRADE RECEIVABLES WHICH ARE PAST DUE BUT NOT IMPAIRED

	2008	2007
	HK$'000	HK$'000
Over 90 days	**770**	6,513

28. INVESTMENTS HELD FOR TRADING

These are equity securities listed on The Hong Kong Stock Exchange and were stated at fair value at the balance sheet date.

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

Bank balances carry interest at market rates which range from 0.05% to 0.8% (2007: 2.95% to 4.1%) per annum. The fixed deposits carry fixed interest rates ranging from 0.15% to 2.8% (2007: 3.02% to 3.67%) per annum.

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

	Denominated in US$
As at 31 December 2008	238,576
As at 31 December 2007	59,910

30. ASSETS HELD FOR SALE

	THE GROUP HK$'000
At 1 January 2007	76,307
Currency realignment	5,323
Disposals	(78,953)
At 31 December 2007	2,677
Currency realignment	245
Disposals	(1,307)
At 31 December 2008	1,615

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

31. TRADE AND OTHER PAYABLES

At the balance sheet date, included in trade and other payables are trade payables of HK$11,938,000 (2007: HK$24,015,000) and the aged analysis of which is as follows:

	THE GROUP	
	2008 HK$'000	2007 HK$'000
Within 30 days	**11,935**	23,777
Between 31 days to 90 days	**3**	238
	11,938	24,015

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 settled within the credit timeframe.

32. BORROWINGS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank loans				
Secured	**699,167**	621,698	**89,696**	—
Unsecured	**2,807,147**	3,446,248	**2,807,147**	3,446,248
Total bank borrowings	**3,506,314**	4,067,946	**2,896,843**	3,446,248
Amounts due to associates (note (i))	**780**	568	**780**	568
Amounts due to minority shareholders (note (ii))	**26,946**	25,327	**—**	—
	3,534,040	4,093,841	**2,897,623**	3,446,816

The maturity of borrowings is as follows:

	THE GROUP 2008 HK$'000	THE GROUP 2007 HK$'000	THE COMPANY 2008 HK$'000	THE COMPANY 2007 HK$'000
Bank borrowings				
On demand or within one year	**933,098**	1,494,425	**851,838**	1,463,340
More than one year but not exceeding two years	**1,020,177**	839,254	**925,380**	777,084
More than two years but not exceeding three years	**1,553,039**	1,614,526	**1,119,625**	1,086,083
More than three years but not exceeding four years	**—**	119,741	**—**	119,741
Total bank borrowings	**3,506,314**	4,067,946	**2,896,843**	3,446,248
Amounts due to associates	**780**	568	**780**	568
Amounts due to minority shareholders	**26,946**	25,327	**—**	—
	3,534,040	4,093,841	**2,897,623**	3,446,816
Less: Amount due within one year shown under current liabilities				
— Bank borrowings	**(933,098)**	(1,494,425)	**(851,838)**	(1,463,340)
— Amounts due to associates	**(780)**	(568)	**(780)**	(568)
— Amounts due to minority shareholders	**(26,946)**	(25,327)	**—**	—
	(960,824)	(1,520,320)	**(852,618)**	(1,463,908)
Amounts due after one year				
— Bank borrowings	**2,573,216**	2,573,521	**2,045,005**	1,982,908

32. BORROWINGS (CONTINUED)

Notes:

(i) These borrowings are unsecured, bear interest at HIBOR plus a margin per annum. The effective interest rate is ranged from 0.8% to 3.2% (2007: 2.95% to 4.1%) per annum (repriced monthly) and repayable on demand.

(ii) These borrowings are unsecured 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 2008	405,098
As at 31 December 2007	448,267

All of the bank loans are variable-rate borrowings which carry interest at HIBOR plus a margin per annum. The effective interest rate is ranged from 1.28% to 5.03% (2007: 3.48% to 6.89%) per annum. Interest rates are repriced monthly. Details of assets pledged are set out in Note 38.

As at 31 December 2008, amounts due to minority shareholders of HK$18,027,000 bears interest at HIBOR plus a margin per annum. The effective interest rate is ranged from 1.06% to 5% per annum (repriced monthly), while the remaining amounts are non-interest bearing. As at 31 December 2007, all these borrowings were non-interest bearing.

33. DEFERRED TAXATION

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

	THE GROUP			
	Accelerated tax depreciation	**Revaluation of properties**	**Tax losses**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2007	21,813	373,470	(3,722)	391,561
Charge (credit) to income statement for the year	(98)	17,749	(683)	16,968
At 31 December 2007	21,715	391,219	(4,405)	408,529
Charge (credit) to income statement for the year	3,436	96,931	(1,068)	99,299
Effect of change in tax rate	(1,241)	(22,299)	252	(23,288)
At 31 December 2008	23,910	465,851	(5,221)	484,540

33. DEFERRED TAXATION (CONTINUED)

	THE COMPANY		
	Accelerated tax depreciation	**Revaluation of properties**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2007	27,199	32,200	59,399
Charge to income statement for the year	2,180	—	2,180
At 31 December 2007	29,379	32,200	61,579
(Credit) charge to income statement for the year	(1,226)	1,650	424
Effect of change in tax rate	(1,679)	(1,840)	(3,519)
At 31 December 2008	26,474	32,010	58,484

At the balance sheet date, the Group had unused tax losses of HK$359 million (2007: HK$365 million) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$32 million (2007: HK$25 million) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$333 million (2007: HK$340 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.

Under the New Law of PRC, withholding tax is imposed on dividends declared in respects of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation amounting to HK$370,000 has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries 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.

34. NON-INTEREST BEARING ADVANCES FROM SUBSIDIARIES

The amounts are unsecured, non-interest bearing and have no fixed repayment terms. The effective interest rate used in calculating the present value of the estimated discounted future cash flows of these advances is 1.06% (2007: 4.02%) per annum. The Company has unconditional rights to defer settlement for at least twelve months from the balance sheet date and, accordingly, the amounts have been classified as non-current liabilities.

35. SHARE CAPITAL

	2008 & 2007
	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

36. 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 2007	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
Surplus on revaluation of properties	40	—	—	—	40
Loss on fair value changes of available-for-sale investments	—	(68,971)	—	—	(68,971)
Net income and expenses recognised directly in equity	40	(68,971)	—	—	(68,931)
Release of reserve upon disposal of available-for-sale investments	—	14,166	—	—	14,166
Release of reserve upon impairment of available-for-sale investments	—	62,981	—	—	62,981
Profit for the year	—	—	—	44,457	44,457
Total recognised income for the year	40	8,176	—	44,457	52,673
Dividends paid	—	—	—	(98,431)	(98,431)
At 31 December 2008	264	—	2,955	1,258,589	1,261,808

The Company's reserves available for distribution to shareholders at 31 December 2008 amounted to HK$1,258,589,000 (2007: HK$1,312,563,000), being its accumulated profits at that date.

37. SHARE OPTION SCHEME

The Company's existing share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 25 April 2002, 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.

Without prior approval from the Company's shareholders, 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. 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.

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.

38. 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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
CARRYING VALUE				
Investment properties	**3,422,750**	1,163,723	**650,000**	660,000
Properties under development	**—**	1,648,219	**—**	—
Prepaid lease payments	**32,202**	33,095	**—**	—
	3,454,952	2,845,037	**650,000**	660,000

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

39. COMMITMENTS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Contracted for but not provided in the financial statements in respect of:				
Capital expenditure:				
— property development expenditure	**448,837**	142,189	**—**	—
— contributions to the capital of an investee company	**137,218**	24,125	**137,218**	24,125
	586,055	166,314	**137,218**	24,125
Other commitments:				
— addition of prepaid lease payments for land	**—**	95,200	**—**	—
	586,055	261,514	**137,218**	24,125

40. 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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**17,758**	7,110	**4,152**	7,110
In the second to fifth year inclusive	**58,493**	—	**80**	—
In more than five years	**127,542**	—	**—**	—
	203,793	7,110	**4,232**	7,110

Operating lease payments represent rentals payable for certain of the Group's office, hotel premises and staff quarters. Leases are negotiated for a term ranging from one to sixteen years and rentals are fixed throughout the leases period.

40. OPERATING LEASE COMMITMENTS (CONTINUED)

THE GROUP AS LESSOR

Property rental income earned by the Group during the year amounted to approximately HK$201 million (2007: HK$121 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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**237,066**	152,145	**14,964**	15,206
In the second to fifth year inclusive	**397,649**	304,278	**12,750**	9,659
In more than five years	**20,836**	—	**—**	—
	655,551	456,423	**27,714**	24,865

41. RETIREMENT BENEFITS SCHEMES

For its eligible employees in Hong Kong, the Group operates two defined contribution schemes — the scheme registered under the Occupational Retirement Schemes Ordinances (the "ORSO Scheme") and the scheme registered under the Mandatory Provident Fund Scheme (the "MPF Scheme"). The ORSO Scheme is closed to new entry and newly eligible employees are required to join only the MPF Scheme.

Contributions payable by the Group to both the ORSO Scheme and the MPF Scheme are determined based on the rules underlying the respective schemes and are charged to income statement. The assets of both schemes are held separately from those of the Group, in funds under the control of trustees.

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.

42. 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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Income received and receivable from associates				
Rental income	**11,439**	10,596	**11,439**	10,596
Management and other service fee income	**5,404**	5,231	**5,404**	5,231
Interest income	**1,033**	2,544	**1,033**	2,544
	17,876	18,371	**17,876**	18,371
Expenses paid and payable to an associate				
Interest expenses	**13**	25	**13**	25
Rental expenses	**3,875**	3,875	**3,875**	3,875
	3,888	3,900	**3,888**	3,900
Income received and receivable from subsidiaries				
Management and other service fee income	**—**	—	**2,284**	1,584
Interest income	**—**	—	**113,902**	101,511
	—	—	**116,186**	103,095
Expenses paid and payable to subsidiaries Management fee expenses	**—**	—	**264**	264
Expenses paid and payable to a related company (note)				
Rental expenses	**3,960**	—	**3,960**	—
Expenses paid and payable to minority shareholders				
Interest expenses	**936**	—	**—**	—
Income received and receivable from investee company				
Interest income	**1,687**	1,515	**—**	—
Imputed interest income	**5,894**	6,578	**—**	—
	7,581	8,093	**—**	—

42. RELATED PARTY DISCLOSURES (CONTINUED)

(A) RELATED PARTY TRANSACTIONS (CONTINUED)

Note: Dr. Liu Lit Mo, Managing Director of the Company and his spouse, had interest in these transactions as they holds 100% share interests of the related company.

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$609 million (2007: HK$622 million) as at 31 December 2008.

(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 2008, are set out in the balance sheets and Notes 23, 24, 29, 32 and 34.

(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	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Short-term benefits	**19,901**	17,101	**19,901**	17,101
Post-employment benefits	**697**	651	**697**	651
	20,598	17,752	**20,598**	17,752

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

43. CONTINGENT LIABILITIES

As at 31 December 2008, the Company issued financial guarantees to banks in respect of banking facilities granted to a subsidiary. The aggregate amounts that could be required to be paid if the guarantees were called upon in entirety amounted to HK$662,766,000 (2007: HK$662,766,000), of which full amount has been utilised by the subsidiary with an outstanding balance of HK$609,471,000 (2007: HK$621,698,000) has been recognised in the balance sheet as liabilities.

44. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2008 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 Directly %	Indirectly %	Principal activities
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
EC Architecture & Design Company Limited (note)	Hong Kong	HK$100	—	90	Property development consultancy
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

44. 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 Directly %	Indirectly %	Principal activities
Foshan Nanhai Hugh Glory Property Development Company Limited ("Foshan Hugh Glory")	PRC	RMB500,000,000	—	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	HK$1,000,000	—	100	Property management
Maanshan Gaoke Magnetic Material Company Limited ("Maanshan Gaoke")	PRC	RMB65,370,000	—	51.5	Manufacturing of magnetic materials
Shanghai Huang Pu Liu Chong Hing Property Development Company Limited ("Shanghai Huang Pu")	PRC	US$34,600,000	—	95	Property investment
Shanghai Truegrow Hotel Management Company Limited ("Shanghai Truegrow") (note)	PRC	RMB27,607,596	—	100	Hotel operation and management
Angel Face Consultants Limited (note)	British Virgin Islands/ Hong Kong	US$200	90	—	Investment holding
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

Note: These companies were newly incorporated during the year ended 31 December 2008.

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, Guangzhou Wealth Smart and Shanghai Truegrow 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.

45. PRINCIPAL ASSOCIATES

Particulars of the Group's principal associates as at 31 December 2008 and 2007 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operations	Class of share held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities
Chong Hing Bank Limited (listed in Hong Kong)	Incorporated	Hong Kong	Ordinary	47.82% (2007: 46.76%)	47.82% (2007: 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.

46. COMPARATIVE FIGURES

Certain comparative figures in segment information have been reclassified to conform with the current year's presentation.

Renowned local and international enterprises being our anchor tenants in Chong Hing Finance Centre, Shanghai.

上海創興金融中心的主要租戶為本地及國際聞名的企業。

This report is printed on environmental paper 03/2009

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

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

25/F Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong
Tel: (852) 3768 9038
Fax: (852) 3768 9008
E-mail: info@lchi.com.hk
Website: www.lchi.com.hk
Stock Code: 0194

香港德輔道中二十四號
創興銀行中心二十五樓
電話：(852) 3768 9038
傳真：(852) 3768 9008
電郵：info@lchi.com.hk
網址：www.lchi.com.hk
股份代號：0194