



CHI CHEUNG INVESTMENT COMPANY, LIMITED

至祥置業有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 112)

**Interim Report
For The Six Months
Ended 30th June, 2009**

CORPORATE INFORMATION

Directors

Executive Directors:

Matthew Cheong, Veng-va (*Chairman*)
Teresa Poon, Mun-chie (*Chief Executive Officer*)

Independent Non-executive Directors:

Lai, Yun-hung
Mok, Hon-sang
Wong, Tik-tung

Audit Committee

Wong, Tik-tung (*Chairman*)
Lai, Yun-hung
Mok, Hon-sang

Remuneration Committee

Wong, Tik-tung (*Chairman*)
Lai, Yun-hung
Mok, Hon-sang

Company Secretary

Lam, Kwong-wai

Solicitors

Sit, Fung, Kwong & Shum

Auditors

HLB Hodgson Impey Cheng

Principal Bankers

Chong Hing Bank Limited
Standard Chartered Bank (Hong Kong) Limited

Registered Office

26th Floor, MassMutual Tower
38 Gloucester Road
Wanchai, Hong Kong

Registrar and Transfer Office

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Website

<http://www.chicheung.com>

Stock Code

112

Board Lot

2,000 Shares

Investor Relations

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RESULTS

The board of directors (the “Board”) of Chi Cheung Investment Company, Limited (the “Company”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30th June, 2009 (the “Period”) together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

		Six months ended 30th June,	
		2009	2008
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	15,112	46,096
Cost of sales		<u>(2,606)</u>	<u>(12,121)</u>
Gross profit		12,506	33,975
Other revenue	4	20	3,922
Other income		3	478
Other operating expenses		(139)	–
Administrative expenses		(2,439)	(3,514)
Loss on disposals of investment properties		–	(1,727)
Fair value changes on investment properties		2,325	2,000
Impairment loss recognised in respect of advances to associates		–	(532)
Write-back of allowance for amounts due from former associates		–	256
Share of profit of associates	5	<u>–</u>	<u>23,014</u>
Profit before taxation	6	12,276	57,872
Income tax expense	7	<u>(1,515)</u>	<u>(6,241)</u>
Profit for the period		10,761	51,631
Other comprehensive income – fair value changes on available-for-sale financial assets		<u>3,340</u>	<u>–</u>
Total comprehensive income for the period		<u><u>14,101</u></u>	<u><u>51,631</u></u>
Profit for the period attributable to:			
Equity holders of the Company		10,761	51,631
Minority interest		<u>–</u>	<u>–</u>
		<u><u>10,761</u></u>	<u><u>51,631</u></u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		14,101	51,631
Minority interest		<u>–</u>	<u>–</u>
		<u><u>14,101</u></u>	<u><u>51,631</u></u>
Interim Dividend	8	<u><u>3,388</u></u>	<u><u>–</u></u>
Earnings per share			
Basic and diluted	9	<u><u>3.18 cents</u></u>	<u><u>15.24 cents</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE, 2009**

	<i>Notes</i>	30th June, 2009 HK\$'000 (Unaudited)	31st December, 2008 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Investment properties	<i>10</i>	37,525	35,200
Property, plant and equipment		–	–
Available-for-sale financial assets	<i>11</i>	92,622	89,008
		130,147	124,208
Current assets			
Properties held for sale		16,504	18,576
Debtors, deposits and prepayments	<i>12</i>	1,819	2,031
Loan to a fellow subsidiary		843,000	843,000
Advance to a fellow subsidiary		178	21
Cash and cash equivalents		15,024	9,688
		876,525	873,316
TOTAL ASSETS		1,006,672	997,524
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the Company			
Share capital	<i>13</i>	3,388	3,388
Share premium		495,160	495,160
Contribution from shareholders		20,719	20,719
Securities investment reserve		2,279	(1,061)
Retained profits		473,906	466,533
		995,452	984,739
Non-current liabilities			
Deferred taxation liabilities		745	744
Current liabilities			
Creditors and accruals	<i>14</i>	699	1,898
Deposits received		167	188
Taxation payable		9,440	9,828
Advances from fellow subsidiaries		152	127
Advance from the ultimate holding company		17	–
		10,475	12,041
Total liabilities		11,220	12,785
TOTAL EQUITY AND LIABILITIES		1,006,672	997,524

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE, 2009**

	Equity attributable to equity holders of the Company								
	Share capital	Share premium	Contribution from shareholders	Exchange reserve	Securities investment reserve	Retained profits	Total	Minority interest	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2008	3,388	495,160	104,225	9	-	266,341	869,123	(1,084)	868,039
Exchange difference on translation of foreign operations	-	-	-	(7)	-	-	(7)	-	(7)
Profit for the period and total comprehensive income for the period	-	-	-	-	-	51,631	51,631	-	51,631
At 30th June, 2008	3,388	495,160	104,225	2	-	317,972	920,747	(1,084)	919,663
Exchange difference on translation of foreign operations	-	-	-	(2)	-	-	(2)	-	(2)
Release upon completion of disposal of subsidiaries	-	-	(83,506)	-	-	83,506	-	1,084	1,084
Fair value changes on available-for-sale financial assets	-	-	-	-	(1,061)	-	(1,061)	-	(1,061)
Profit for the period	-	-	-	-	-	65,055	65,055	-	65,055
Total comprehensive income for the period	-	-	-	-	(1,061)	65,055	63,994	-	63,994
At 31st December, 2008 and 1st January, 2009	3,388	495,160	20,719	-	(1,061)	466,533	984,739	-	984,739
Final dividend paid	-	-	-	-	-	(3,388)	(3,388)	-	(3,388)
Fair value changes on available-for-sale financial assets	-	-	-	-	3,340	-	3,340	-	3,340
Profit for the period	-	-	-	-	-	10,761	10,761	-	10,761
Total comprehensive income for the period	-	-	-	-	3,340	10,761	14,101	-	14,101
At 30th June, 2009	3,388	495,160	20,719	-	2,279	473,906	995,452	-	995,452

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2009**

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	6,399	36,627
Net cash generated from investing activities	2,441	20,805
Net cash (used in) generated from financing activities	(3,504)	695
	<hr/>	<hr/>
Net increase in cash and cash equivalents	5,336	58,127
Effect on foreign exchange rate changes	–	14
Cash and cash equivalents at beginning of the period	9,688	274,224
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	15,024	332,365
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	15,024	332,365
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the financial statements include applicable disclosures required by Appendix 16 to 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.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial assets, financial liabilities and investment properties, which are measured at their fair values.

2. Significant accounting policies

The accounting policies adopted in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2008 except as described below.

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to its operation and effective for current accounting period of the Group. The new HKFRSs adopted by the Group in the condensed consolidated financial statements are set out as follows:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2008*
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosure about Financial Instruments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate

* Except for the amendments to HKFRS 5 will be applied from 1st January, 2010.

HKFRS 8, “Operating Segments”, was early adopted by the Group in 2008. HKFRS 8 replaces HKAS 14, “Segment Reporting”. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

The application 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 except the presentation requirements of HKAS 1 (Revised). Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009 ²
HKFRS 1 (Revised)	First-time Adoption of HKFRS ¹
HKFRS 3 (Revised)	Business Combinations ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HK(IFRIC) 9 & HKAS 39 (Amendments)	Embedded Derivatives ³
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) – Int 18	Transfers of Assets from Customers ¹

¹ Effective for annual periods beginning on or after 1st July, 2009

² Effective for annual periods beginning on or after 1st January, 2010 (unless specified)

³ Effective for annual periods ending on or after 30th June, 2009

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009.

3. Segment information

The management has determined the operating segments based on the revenue nature of the Group.

The management considers the business nature from product perspective. The reportable operating segments derive their revenue primarily from the property development and sales of properties, property leasing and securities investments and finance.

Principal activities are as follows:

Property development	–	Property development and sales of properties
Property leasing	–	Property rental
Securities investments and finance	–	Securities investments and financing activities

Segment information about these businesses is presented below:

The segment results for the period ended 30th June, 2009

	Property development (Unaudited) HK\$'000	Property leasing (Unaudited) HK\$'000	Securities investments and finance (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue				
Revenue from external customers	6,244	1,143	7,725	15,112
Segment margin	4,087	694	7,725	12,506
Interest income	–	–	5	5
Other revenue	–	–	3	3
Fair value changes on investment properties	–	2,325	–	2,325
Other operating expenses	(139)	–	–	(139)
Segment results for reportable segments	3,948	3,019	7,733	14,700

The segment assets and liabilities as at 30th June, 2009

	Property development (Unaudited) HK\$'000	Property leasing (Unaudited) HK\$'000	Securities investments and finance (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment assets for reportable segments	16,504	37,618	937,264	991,386
Segment assets for reportable segments include:				
Additions to non-current assets (other than financial instruments and deferred tax assets)	–	–	–	–
Segment liabilities for reportable segments	88	167	–	255

3. Segment information (cont'd)

The segment results for the period ended 30th June, 2008

	Property development (Unaudited) HK\$'000	Property leasing (Unaudited) HK\$'000	Securities investments and finance (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
Segment revenue				
Revenue from external customers	<u>44,703</u>	<u>1,393</u>	<u>-</u>	<u>46,096</u>
Segment margin	33,533	442	-	33,975
Interest income	-	1,678	2,721	4,399
Amortisation of prepaid lease payments	(7)	-	-	(7)
Fair value changes on investment properties	-	2,000	-	2,000
Loss on disposals of investment properties	(1,357)	(370)	-	(1,727)
Impairment loss recognised in respect of advances to associates	-	(532)	-	(532)
Write-back of allowance for amounts due from former associates	-	256	-	256
Share of profit of associates	-	23,014	-	23,014
Segment results for reportable segments	<u>32,169</u>	<u>26,488</u>	<u>2,721</u>	<u>61,378</u>

The segment assets and liabilities as at 31st December, 2008

	Property development (Audited) HK\$'000	Property leasing (Audited) HK\$'000	Securities investments and finance (Audited) HK\$'000	Consolidated (Audited) HK\$'000
Segment assets for reportable segments	<u>18,576</u>	<u>35,287</u>	<u>933,938</u>	<u>987,801</u>
Segment assets for reportable segments include:				
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Segment liabilities for reportable segments	<u>1,394</u>	<u>313</u>	<u>50</u>	<u>1,757</u>

A reconciliation of segment results for reportable segments to profit for the period is provided as follows:

	Six months ended 30th June,	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Segment results for reportable segments	14,700	61,378
Amortisation of prepaid lease payments	-	(10)
Depreciation	-	(9)
Unallocated corporate income	15	1
Unallocated corporate expenses	(3,954)	(9,729)
Profit for the period	<u>10,761</u>	<u>51,631</u>

3. Segment information (cont'd)

A reconciliation of segment assets for reportable segments to consolidated total assets is provided as follows:

	30th June, 2009 (Unaudited) HK\$'000	31st December, 2008 (Audited) HK\$'000
Segment assets for reportable segments	991,386	987,801
Unallocated corporate assets	<u>15,286</u>	<u>9,723</u>
Consolidated total assets	<u><u>1,006,672</u></u>	<u><u>997,524</u></u>

A reconciliation of segment liabilities for reportable segments to consolidated total liabilities is provided as follows:

	30th June, 2009 (Unaudited) HK\$'000	31st December, 2008 (Audited) HK\$'000
Segment liabilities for reportable segments	255	1,757
Unallocated corporate liabilities	<u>10,965</u>	<u>11,028</u>
Consolidated total liabilities	<u><u>11,220</u></u>	<u><u>12,785</u></u>

Revenue from external customers is from sales of properties, rental income from properties holding and interest income earned from securities investments and finance.

The breakdown of the revenue from all external customers is as follows:

	Six months ended 30th June, 2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Property rental income	1,143	1,393
Sales of properties held for sale	6,244	44,703
Interest income from available-for-sale financial assets	2,604	-
Loan interest income from a fellow subsidiary	<u>5,121</u>	<u>-</u>
	<u><u>15,112</u></u>	<u><u>46,096</u></u>

Geographical segments

For the period ended 30th June, 2009, all the Group's operations are located in Hong Kong. The Group's revenue is all derived from Hong Kong for both periods.

4. Revenue and other revenue

Revenue represents the aggregate amounts received and receivable, analysed as follows:

	Six months ended 30th June,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue		
Property rental income	1,143	1,393
Sales of properties held for sale	6,244	44,703
Interest income from available-for-sale financial assets	2,604	–
Loan interest income from a fellow subsidiary	5,121	–
	<u>15,112</u>	<u>46,096</u>
Other revenue		
Interest income from bank deposits	5	2,721
Interest income on advances to associates	–	1,200
Other income	14	–
Sundry income	1	1
	<u>20</u>	<u>3,922</u>

5. Share of profit of associates

	Six months ended 30th June,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Operating income	–	7,385
Gain on disposal of investment properties	–	588
Fair value changes on investment properties	–	14,773
Less: deferred tax arising from fair value changes on investment properties	–	(2,437)
	–	12,336
Current tax	–	(1,559)
Deferred tax attributable to a change in tax rate	–	3,889
Other deferred tax	–	375
	<u>–</u>	<u>23,014</u>

6. Profit before taxation

	Six months ended 30th June,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Profit before taxation is stated after charging :		
Auditors' remuneration	115	222
Depreciation	–	9
Amortisation of prepaid lease payments	–	17
Staff costs (excluding directors' remuneration)		
– salaries and allowances	1,593	1,900
– retirement benefit costs	74	82
	<u>115</u>	<u>222</u>
and after crediting:		
Imputed interest income relating to interest-free advance to an associate	–	478
Exchange gain	3	–
	<u>–</u>	<u>478</u>
Gross rental income from properties	1,143	1,393
Less: direct operating expenses from properties that generated rental income during the period	(129)	(145)
direct operating expenses from properties that did not generate rental income during the period	(320)	(806)
	<u>694</u>	<u>442</u>

7. Income tax expense

	Six months ended 30th June,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Current tax		
– Hong Kong	1,514	5,629
– The PRC	–	766
	<u>1,514</u>	<u>6,395</u>
Deferred tax	1	(154)
	<u>1,515</u>	<u>6,241</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. Interim dividend

The Board declares the payment of an interim dividend of HK1 cent per share amounted to HK\$3.4 million for the period ended 30th June, 2009 (period ended 30th June, 2008: Nil).

At the annual general meeting held on 27th May, 2009, a final dividend of HK1 cent per share amounted to HK\$3.4 million for the year ended 31st December, 2008, was approved and paid on 26th June, 2009, which had been reflected as appropriations of retained profits for the six months ended 30th June, 2009.

9. Earnings per share

The calculation of the basic earnings per share is based on the profit attributable to the ordinary equity holders of the Company for the Period of HK\$10,761,000 (period ended 30th June, 2008: HK\$51,631,000) and the weighted average number of 338,765,987 (period ended 30th June, 2008: 338,765,987) ordinary shares in issue during the Period.

For the periods ended 30th June, 2009 and 30th June, 2008, diluted earnings per share is the same as the basic earnings per share as there were no diluting events during these periods.

10. Investment properties

	HK\$'000
At 1st January, 2009	35,200
Fair value changes recognised in the statement of comprehensive income	<u>2,325</u>
At 30th June, 2009	<u><u>37,525</u></u>

The fair value of investment properties of the Group has been arrived at on the basis of valuation carried out as at 30th June, 2009 by independent qualified professional properties surveyors. The valuation report was prepared on a similar basis as the report of the Group as at 31st December 2008. The net increase gave rise in fair value gain of HK\$2.3 million which has been credited to the statement of comprehensive income for the Period.

11. Available-for-sale financial assets

	30th June, 2009 (Unaudited) HK\$'000	31st December, 2008 (Audited) HK\$'000
Floating rate notes	21,133	18,922
Fixed rate notes	<u>71,489</u>	<u>70,086</u>
	<u><u>92,622</u></u>	<u><u>89,008</u></u>

The floating and fixed rate notes are unlisted securities and carry floating interest at LIBOR plus 0.23% to 0.25% per annum or fixed interest at 4.75% to 7.00% per annum, payable quarterly or half-yearly, which carry effective interest rate range from 3.89% to 6.98% per annum. These floating and fixed rate notes will mature from February 2011 to March 2016.

12. Debtors, deposits and prepayments

There were no trade debtors included in debtors, deposits and prepayments as at 30th June, 2009 and 31st December, 2008.

13. Share capital

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31st December, 2008 and 30th June, 2009	<u>50,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 31st December, 2008 and 30th June, 2009	<u>338,765,987</u>	<u>3,388</u>

14. Creditors and accruals

There were no trade payables included in creditors and accruals as at 30th June, 2009 and 31st December, 2008.

15. Related party transactions

During the Period, the Group had the following transactions with related parties:

	Six months ended 30th June,	
	2009	2008
	HK\$'000	HK\$'000
Interest income on loan to a fellow subsidiary (Note)	5,121	–
Rental paid to a fellow subsidiary	–	63
Interest income on advances to associates	–	1,200
Imputed interest income relating to interest-free advance to an associate	<u>–</u>	<u>478</u>

Note: Interest was charged on outstanding balance during the Period.

16. Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.

INTERIM DIVIDEND

The Board now declares the payment of interim dividend of HK one cent per share for the six months ended 30th June, 2009 (period ended 30th June, 2008: Nil) to be paid on or about 30th October, 2009 to the shareholders as registered at the close of business on 16th September, 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 14th September, 2009 to 16th September, 2009, both days inclusive. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, namely Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 11th September, 2009.

FINANCIAL OPERATION REVIEW

Results

Revenue for the Period decreased to HK\$15.1 million (period ended 30th June, 2008: HK\$46.1 million). Gross profit for the Period dropped to HK\$12.5 million (period ended 30th June, 2008: HK\$34 million). Profit attributable to equity holders of the Company for the Period was HK\$10.8 million compared to HK\$51.6 million with the corresponding period last year.

The property development segment generated a revenue of HK\$6.2 million during the Period (period ended 30th June, 2008: HK\$44.7 million). For property leasing, rental income for the Period amounted to HK\$1.1 million (period ended 30th June, 2008: HK\$1.4 million). Fair value changes on investment properties for the Period amounted to HK\$2.3 million, increased slightly as compared to HK\$2 million in the corresponding period last year.

No share of profit of associates recorded for the Period (period ended 30th June, 2008: HK\$23 million) as all of the associates were disposed of through the disposal of subsidiaries under the asset transaction which completed in September 2008.

Earnings per share for the Period recorded at HK3.18 cents (period ended 30th June, 2008: HK15.24 cents).

Net Asset Value

As at 30th June, 2009, the Group's net assets attributable to equity holders of the Company amounted to HK\$995.5 million, representing an increase of HK\$10.8 million or 1.1% compared to HK\$984.7 million in preceding year. The increase was due to profit retained for the Period. Net assets value per share to equity holders of the Company was HK\$2.94 (31st December, 2008: HK\$2.91).

Debt and Gearing

The Group continued to maintain a strong capital and cash position for the Period. As at 30th June, 2009, cash and bank balances amounted to HK\$15 million (31st December, 2008: HK\$9.7 million).

The Group did not have any bank borrowings (31st December, 2008: Nil). The majority of the Group's income for the Period was denominated in Hong Kong dollars and no hedging for non-Hong Kong dollars assets or investments have been made during the Period.

FINANCIAL OPERATION REVIEW (cont'd)

Foreign Exchange Exposure

The Group's income, assets and liabilities are mainly denominated in Hong Kong dollars and no hedging has been made.

Pledge of Assets

As at 30th June, 2009, no assets were pledged by the Group to secure any banking facilities and the Group did not have any obligations under banking facility documentation.

Capital Commitments and Contingent Liabilities

The Group did not have any material capital commitments and contingent liabilities as at 30th June, 2009.

Financial and Interest Income

Interest income for the Period increased to HK\$7.7 million (period ended 30th June, 2008: HK\$4.4 million) within which, no imputed interest income is included (period ended 30th June, 2008: HK\$0.5 million).

Post Balance Sheet Event

The Group did not have any post balance sheet event after the balance sheet date.

Remuneration Policies and Share Option Scheme

As at 30th June, 2009, the Group employed a total of 8 staff. Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary and year-end discretionary bonus based on market conditions and individual performance. The directors of the Company (the "Directors") continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance.

No share option scheme was adopted for the Period.

BUSINESS REVIEW

The investment returns from the loan to the Chinese Estates Group and certain long term fixed and floating rates notes became the substantial source of income of the Group, whereas the income from sale of properties and carparking licence rentals became the secondary source during the Period under review.

Securities Investment and Finance

As at 30th June 2009, a total sum of HK\$843 million had been lent to the Chinese Estates Group under the three-year revolving loan facility at the interest rate of HIBOR plus 1% per annum. The Group has recorded an interest income from the revolving loan facility in the sum of HK\$5.1 million during the Period.

During the Period, the Group continued to invest in long term fixed and floating rates notes (the "FRN"), with the aggregate principal amount of US\$12 million. As at 30th June, 2009, the fair value of the FRN is amounted to HK\$92.6 million, with an increment of HK\$3.6 million or 4% as compared to HK\$89 million as at 31st December, 2008. Interest income contributed from the FRN investments during the six months ended 30th June, 2009 is approximately HK\$2.6 million (period ended 30th June, 2008: Nil).

BUSINESS REVIEW (cont'd)

Investment Properties and Properties Held for Sale

During the Period under review, the Group had sold a unit in Gemstar Tower, Hunghom, Kowloon. The decline in sales of units was mainly attributable to stagnant market condition in non-residential property sector under the adverse global financial tsunami.

The rental income from the carparking spaces in Gemstar Tower amounted to about HK\$1.1 million for the Period.

As at 30th June, 2009, the Group held 5 godown units on various floors of Gemstar Tower with a total gross floor area of approximately 27,455 square feet and 50 carparking spaces.

PROSPECTS

The local economic condition for the first half year was stagnant and full of uncertainties. The unemployment rate continues to stand high. The local consumption power does not show substantial improvement. Economic uncertainties are increasing under the shallow of continuing worldwide spread of human swine flu pandemic. Although there are signs of improving stock market performance, they do not give substantial help in improving the competitive edge of Hong Kong and the overall business environment. Notwithstanding that the local residential properties market showed signs of stabilization with rather satisfactory sales results in the first half year, the local economy is still saturated with challenges. The infrastructural development led by the HKSAR Government needs time for planning and completion and cannot resolve the economic problems instantly. In light of the business environment, the Company continued to consolidate its business and streamline its cost of operation. The Company considers that it is still not an ideal time to attempt to carry out any new business or to make substantial investment decision as the market trend is not a promising one. To honour its contractual obligation, the Company will continue to commit to lend the short term revolving loan up to the sum of HK\$900 million to the Chinese Estates Group in return for a reasonably secured and continuous interest return to the Company. This business strategy is regarded as reasonable and prudent in the best interest of the Company and the shareholders as a whole in this difficult period. The carpark rental income from the Gemstar Tower, the overall interest income from the revolving loan and various FRN will remain stable and positive barring any unforeseeable adverse elements in future.

With the continuous support from the mainland China, the local economy is now trying to return to the right orbit of development. Hopefully, the twilight of economic recovery could be sooner and bring new investment opportunity to the Group but in the short term, the Company will closely monitor its operation in line with the economic trend and will take the prudent business strategy to preserve the fund for future investment purpose.

DIRECTORS' AND CHIEF EXECUTIVE(S)' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 30th June, 2009, none of the Directors or chief executive(s) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). During the Period, none of the Directors or chief executive(s) of the Company nor their spouses or children under the age of 18 years were granted or had exercised any rights to subscribe for any securities of the Company or its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30th June, 2009, so far as are known to any Director or chief executive of the Company, the following parties (other than a Director or chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company:

Name	Number of Shares (ordinary share)	Capacity	Percentage of Issued Share Capital
Billion Up Limited	209,931,186 (Note 1)	Beneficial owner	61.96%
Lucky Years Ltd.	209,931,186 (Note 1)	Interests in controlled corporation	61.96%
Chinese Estates Holdings Limited	209,931,186 (Note 1)	Interests in controlled corporation	61.96%
Mr. Joseph Lau, Luen-hung	209,931,186 (Note 2)	Interests in controlled corporation	61.96%
Global King (PTC) Ltd.	209,931,186 (Note 3)	Trustee	61.96%
GZ Trust Corporation	209,931,186 (Note 3)	Trustee and beneficiary of a trust	61.96%
Mr. Li Ka-shing	20,827,142 (Notes 4 & 5)	Founder of discretionary trusts and interest of controlled corporations	6.15%
Li Ka-Shing Unity Trustcorp Limited	20,827,142 (Notes 4 & 5)	Trustee and beneficiary of a trust	6.15%
Li Ka-Shing Unity Trustee Corporation Limited	20,827,142 (Notes 4 & 5)	Trustee and beneficiary of a trust	6.15%
Li Ka-Shing Unity Trustee Company Limited	20,827,142 (Notes 4 & 5)	Trustee	6.15%
Cheung Kong (Holdings) Limited	20,827,142 (Notes 4 & 5)	Interest of controlled corporations	6.15%
Hutchison Whampoa Limited	20,827,142 (Note 4)	Interest of controlled corporations	6.15%
Hutchison International Limited	20,827,142 (Note 4)	Interest of a controlled corporation	6.15%
Primetek Holdings Limited	20,827,142 (Note 4)	Beneficial owner	6.15%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY (cont'd)

Notes:

1. Billion Up Limited is a wholly-owned subsidiary of Lucky Years Ltd., which in turn is a wholly-owned subsidiary of Chinese Estates Holdings Limited ("Chinese Estates"). By virtue of the SFO, Lucky Years Ltd. and Chinese Estates were deemed to be interested in the 209,931,186 shares of the Company held by Billion Up Limited.
2. Mr. Joseph Lau, Luen-hung, by virtue of his approximately 71.48% interests in the issued share capital of Chinese Estates, was deemed to be interested in the same interests stated against Chinese Estates under the SFO.
3. GZ Trust Corporation as trustee of a discretionary trust held units in a unit trust of which Global King (PTC) Ltd. is the trustee. Global King (PTC) Ltd. is entitled to exercise more than one-third of the voting power at the general meetings of Chinese Estates. Accordingly, Global King (PTC) Ltd. and GZ Trust Corporation were deemed to be interested in the same interests stated against Chinese Estates by virtue of the SFO.
4. Primetek Holdings Limited ("Primetek") is a wholly-owned subsidiary of Hutchison International Limited ("HIL"), which in turn is a wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL"). By virtue of the SFO, HWL and HIL were deemed to be interested in the 20,827,142 shares of the Company held by Primetek.
5. Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited ("TUT1"). TUT1 as trustee of The Li Ka-Shing Unity Trust ("UT1"), together with certain companies which TUT1 as trustee of UT1 is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited ("CKH"). Subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in the UT1.

By virtue of the SFO, Mr. Li Ka-shing, being the settlor of DT1 and DT2 may be regarded as a founder of DT1 and DT2 and for the purpose of the SFO, each of Mr. Li Ka-shing, TDT1, TDT2, TUT1 and CKH was deemed to be interested in the 20,827,142 shares of the Company held by Primetek.

All the interests stated above represent long positions. As at 30th June, 2009, no short positions were recorded in the register kept by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW BY AUDIT COMMITTEE

The interim results for the Period are unaudited and not reviewed by the auditors of the Company. The audit committee of the Company, comprised all the independent non-executive directors of the Company, has reviewed with management the accounting principles and practices adopted by the Group and the unaudited consolidated financial statements for the Period.

DISCLOSURE OF ADVANCE TO AN ENTITY UNDER RULE 13.20 OF THE LISTING RULES

As at 30th June, 2009, pursuant to Rule 13.20 of the Listing Rules, the Group had made advance of HK\$843 million at HIBOR plus 1% per annum to Longman Limited, a wholly-owned subsidiary of Chinese Estates Holdings Limited (“Chinese Estates”), the holding company of the Company. The loan had been granted for the capital expenditure and general working capital of Chinese Estates and its subsidiaries. The loan is a three-year revolving facility, with Chinese Estates acting as the guarantor, but is unsecured, and repayable on demand with maturity date on 3rd November, 2011.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in order to ensure high transparency and protection of interests of the shareholders and the Company as a whole. Since 2005, the Company adopted the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (the “Code”) under Appendix 14 to the Listing Rules.

Upon review of the corporate governance practices of the Company, the Board believed that the Company has applied the principles in the Code and complied with the Code throughout the Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by the Directors. The Company has also adopted a code of conduct regarding securities transactions by the relevant employees on terms no less exacting than the required standard set out in the Model Code (the “Employees’ Code”). Having made specific enquiry of all Directors and the relevant employees, all Directors and relevant employees confirmed that they have complied with the required standard set out in the Model Code and the Employees’ Code throughout the Period.

DISCLOSURE OF CHANGE OF INFORMATION OF DIRECTORS UNDER RULES 13.51(2) AND 13.51B(1) OF THE LISTING RULES

In early July 2009, the Remuneration Committee and the Board of the Company had carried out a review on the remuneration of the executive directors and the independent non-executive directors respectively. After review, each of the executive directors (namely Mr. Matthew Cheong, Veng-va and Ms. Teresa Poon, Munchie) has agreed to receive a remuneration of HK\$10,000 per annum on nominal basis without making reference to the prevailing market condition. Judging from the increasingly importance of the role of independent non-executive directors in the listed company and their contribution to the Company, with reference to the prevailing market condition, the Board of the Company has determined to increase the annual remuneration of each independent non-executive director (namely Mr. Lai, Yun-hung, Mr. Mok, Hon-sang and Mr. Wong, Tik-tung) from HK\$160,000 to HK\$180,000 per annum for the financial year ending 31st December, 2009.

APPRECIATION

I would like to take this opportunity to thank our shareholders for their continuous support and my fellow Directors and staff for their contributions to the Group.

By Order of the Board
Matthew Cheong, Veng-va
Chairman

Hong Kong, 21st August, 2009