



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

2010 INTERIM REPORT

CORPORATE INFORMATION

HONORARY CHAIRMAN

Mr. Liu Lit Man, GBS, J.P., F.I.B.A.

BOARD OF DIRECTORS

Executive Directors

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

(Chairman and 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

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

Mr. Kho Eng Tjoan, Christopher

BES. M. Arch, HKIA, RIBA, ARAIA, MRAIC,

Assoc. AIA, Registered Architect,

AP (Architect)

(appointment effective from 13 August 2010)

COMPANY SECRETARY

Mr. Lee Wai Hung

AUDIT COMMITTEE

Mr. Tong Tsin Ka *(Chairman)*

Mr. Ng Ping Kin, Peter

Dr. Cheng Mo Chi, Moses

Mr. Kho Eng Tjoan, Christopher

Mr. Lee Wai Hung *(Secretary)*

REMUNERATION COMMITTEE

Dr. Cheng Mo Chi, Moses *(Chairman)*

Mr. Ng Ping Kin, Peter

Mr. Tong Tsin Ka

Mr. Kho Eng Tjoan, Christopher

Ms. Cavior Liu *(Secretary)*

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 (Hong Kong) Limited
Bank of Communications Company Limited
China Merchants Bank Hong Kong Branch
CITIC Bank International Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
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

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GUANGZHOU OFFICE

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SHANGHAI OFFICE

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

FOSHAN OFFICE

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

SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

As at 11 August 2010

Annual General Meeting : Held on 28 April 2010
Interim Results for six-month ended 30 June 2010 : Announced on 11 August 2010

Dividends

Interim cash dividend : HK\$0.10 per share
Payable on : 30 September 2010

Ex-dividend date of interim dividend : 16 September 2010

Latest time to lodge transfer forms : 4:30 pm on 17 September 2010

Closure of Register of Members : From 20 September 2010
to 22 September 2010
(both days inclusive)

Share Registrars and transfer office : Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 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 : 194

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>

The Board of Directors of Liu Chong Hing Investment Limited (the "Company") announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010. The interim financial information is prepared on a basis consistent with the accounting policies adopted in 2009 annual report, except for the accounting policy changes made thereafter in adopting a number of new Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 JUNE 2010

	Notes	Six months ended 30 June	
		2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Revenue		165,347	149,253
Direct costs		(37,642)	(27,926)
Gross profit		127,705	121,327
Investment income		815	5,119
Other income		7,518	1,222
Administrative and operating expenses		(75,001)	(64,931)
(Loss) gain on changes in fair value of investments held for trading		(1,267)	4,156
Gain on changes in fair value of investment properties	8	133,853	98,764
Gain on revaluation of leasehold land and buildings	8	118	708
Finance costs		(22,323)	(25,455)
Share of profit of associates		93,433	76,866
Profit before taxation		264,851	217,776
Income tax expense	4	(32,497)	(24,685)
Profit for the period	5	232,354	193,091

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

FOR THE PERIOD ENDED 30 JUNE 2010

	Notes	Six months ended 30 June 2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Other comprehensive income			
Exchange differences arising on translation of foreign operations		21,892	2,172
Fair value gain (loss) on available-for-sale investments		3,797	(2,657)
Gain on revaluation of leasehold land and buildings		1,354	4
Share of other comprehensive income of associates:			
Exchange differences arising on translation of foreign operations		1,132	(4)
Available-for-sale investments:			
Change in fair value		1,748	2,040
Reclassification adjustment upon disposal and impairment		877	11,553
Income tax		(571)	(2,950)
Other comprehensive income for the period (net of tax)		30,229	10,158
Total comprehensive income for the period		262,583	203,249
Profit for the period attributable to:			
Owners of the Company		232,700	193,973
Non-controlling interests		(346)	(882)
		232,354	193,091
Total comprehensive income attributable to:			
Owners of the Company		261,635	204,056
Non-controlling interests		948	(807)
		262,583	203,249
Basic earnings per share	6	HK\$61.5 cents	HK\$51.2 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010

	Notes	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited and restated) HK\$'000
Non-current assets			
Investment properties	8	5,928,059	5,772,823
Property, plant and equipment	8	67,770	71,550
Prepaid lease payments	8	29,969	30,415
Interests in associates		3,017,500	2,919,424
Available-for-sale investments		265,791	276,798
Advances to investee companies		121,677	122,288
Loans receivable — due after one year		15,600	37,440
		9,446,366	9,230,738
Current assets			
Properties under development for sale	8	909,117	762,286
Inventories		10,015	10,816
Properties held for sale		6,518	6,518
Trade and other receivables	9	111,709	77,412
Investments held for trading		3,563	4,830
Prepaid lease payments	8	893	893
Loans receivable — due within one year		62,818	25,378
Fixed bank deposits with more than three months to maturity when raised		52,784	263,312
Bank accounts with Chong Hing Bank Limited and its subsidiaries		193,762	61,503
Other bank balances and cash		450,436	370,642
Assets held for sale		49	268
		1,801,664	1,583,858
Current liabilities			
Trade and other payables	10	181,707	220,612
Taxation payable		13,731	11,660
Borrowings — due within one year	11	1,845,751	1,206,341
		2,041,189	1,438,613
Net current (liabilities) assets		(239,525)	145,245
Total assets less current liabilities		9,206,841	9,375,983

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AS AT 30 JUNE 2010

	Notes	30 June 2010 (unaudited) HK\$'000	31 December 2009 (audited and restated) HK\$'000
Non-current liabilities			
Borrowings — due after one year	11	1,925,501	2,343,184
Deferred taxation		550,291	526,475
		2,475,792	2,869,659
		6,731,049	6,506,324
Capital and reserves			
Share capital		378,583	378,583
Reserves		6,318,867	6,095,090
Equity attributable to owners of the Company		6,697,450	6,473,673
Non-controlling interests		33,599	32,651
Total equity		6,731,049	6,506,324

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Special reserve HK\$'000 (note i)	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Accumulated profits HK\$'000			
At 1 January 2009	378,583	75,747	1,449,637	1,509	2,952	270,168	3,931,028	6,109,624	37,915	6,147,539
Profit for the period	—	—	—	—	—	—	193,973	193,973	(882)	193,091
Other comprehensive income for the period	—	—	4	7,986	—	2,093	—	10,083	75	10,158
Total comprehensive income for the period	—	—	4	7,986	—	2,093	193,973	204,056	(807)	203,249
Dividends recognised as distribution	—	—	—	—	—	—	(18,929)	(18,929)	—	(18,929)
At 30 June 2009	378,583	75,747	1,449,641	9,495	2,952	272,261	4,106,072	6,294,751	37,108	6,331,859
Profit for the period	—	—	—	—	—	—	162,118	162,118	(4,643)	157,475
Other comprehensive income for the period	—	—	27	41,329	—	5,735	—	47,091	186	47,277
Total comprehensive income for the period	—	—	27	41,329	—	5,735	162,118	209,209	(4,457)	204,752
Dividends recognised as distribution	—	—	—	—	—	—	(30,287)	(30,287)	—	(30,287)
At 31 December 2009	378,583	75,747	1,449,668	50,824	2,952	277,996	4,237,903	6,473,673	32,651	6,506,324
Profit for the period	—	—	—	—	—	—	232,700	232,700	(346)	232,354
Other comprehensive income for the period	—	—	1,354	5,851	—	21,730	—	28,935	1,294	30,229
Total comprehensive income for the period	—	—	1,354	5,851	—	21,730	232,700	261,635	948	262,583
Dividends recognised as distribution	—	—	—	—	—	—	(37,858)	(37,858)	—	(37,858)
At 30 June 2010	378,583	75,747	1,451,022	56,675	2,952	299,726	4,432,745	6,697,450	33,599	6,731,049

Note:

- (i) 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Notes	Six months ended 30 June	
		2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Net cash (used in) from operating activities		(170,690)	45,180
Net cash from investing activities			
Decrease in bank deposits with more than three months to maturity when raised		210,528	61,409
Dividend received from an associate		42,028	10,401
Proceeds on disposal of available-for-sale investments		17,822	—
Proceeds on disposal of assets classified as held for sale		562	250
Acquisition of additional interest in an associate		(43,485)	—
Purchase of available-for-sale investments		—	(2,077)
Other investing cash flows		(2,037)	(6,856)
		225,418	63,127
Net cash from (used in) financing activities			
New borrowings raised	11	1,166,432	498,558
Repayments of borrowings		(946,709)	(511,265)
Dividend paid		(37,858)	(18,929)
Interest paid		(26,513)	(28,821)
		155,352	(60,457)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Notes	Six months ended 30 June	
		2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
Net increase in cash and cash equivalents		210,080	47,850
Cash and cash equivalents at the beginning of the period		432,145	348,125
Effect of foreign exchange rate changes		1,973	1,165
Cash and cash equivalents at the end of the period		644,198	397,140
Cash and cash equivalents at the end of the period, represented by:			
Bank accounts with Chong Hing Bank Limited and its subsidiaries		193,762	55,988
Other bank balances and cash		450,436	341,152
		644,198	397,140

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2010

1. BASIS OF PREPARATION

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

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of its net current liabilities of approximately HK\$239,525,000 at 30 June 2010. The directors are satisfied that with the Group's existing resources, available banking facilities and future operating cash flows, the Group will have sufficient funding to be able to meet in full its liabilities as they fall due for the foreseeable future. Accordingly, the condensed consolidated financial statements have been prepared on going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Except as described below, the application of the new and revised HKFRSs had no material effect on the Group's consolidated financial statements for the current or prior accounting periods.

Amendment to HKAS 17 "Leases"

As part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The Group reclassified certain leasehold land with undetermined use from prepaid lease payments to investment properties amounted to approximately HK\$21 million as at 1 January 2009 upon the application of the amendment to HKAS 17 "Leases". The effect is further set out below.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

	Investment properties HK\$'000	Prepaid lease payments HK\$'000
As at 1 January 2009 (originally stated)	5,486,449	52,527
Effect of change in accounting policy	20,325	(20,325)
As at 1 January 2009 (restated)	5,506,774	32,202
As at 31 December 2009 (originally stated)	5,752,981	51,150
Effect of change in accounting policy	19,842	(19,842)
As at 31 December 2009 (restated)	5,772,823	31,308

Such a change in accounting policy did not have a significant impact to the Group's reported results for the prior year or the current period. Accordingly, prior year's results have not been restated.

In addition, the Group acquired approximately 0.7% additional interest in its associate for a consideration of approximately HK\$43,485,000. The accounting policy is as follows:

Acquisition of additional interest in an associate carried at cost. Any excess of the cost of acquisition over the Group's share of the net assets attributable to the additional interest in the associate recognised at the date of acquisition is recognised as goodwill.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 “Financial Instruments” introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 “Financial Instruments: Recognition and Measurement” to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group’s financial assets.

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

3. SEGMENT INFORMATION

The Group's operating segments based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment are as follows:

- 1 Property investment — investment and letting of properties
- 2 Property development — development and sale of properties
- 3 Property management — provision of property management services
- 4 Treasury investment — dealings and investments in securities and other financial instruments
- 5 Trading and manufacturing — manufacture and sale of magnetic products
- 6 Hotel operation — management and operations of hotels

Information regarding the above segments is reported below.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by operating segment for the period under review.

Six months ended 30 June 2010

	Property investment	Property development	Property management	Treasury investment	Trading and manufacturing	Hotel operation	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
External sales	123,139	—	7,270	6,800	7,699	20,439	165,347	—	165,347
Inter-segment sales	—	—	3,609	—	—	—	3,609	(3,609)	—
Total	123,139	—	10,879	6,800	7,699	20,439	168,956	(3,609)	165,347
Segment profit (loss)	201,232	(8,862)	(1,876)	5,602	(602)	(1,753)	193,741	—	193,741
Finance costs									(22,323)
Share of profit of associates									93,433
Profit before taxation									264,851

3. SEGMENT INFORMATION *(continued)*

Segment Revenue and Results *(continued)*

Six months ended 30 June 2009

	Property investment	Property development	Property management	Treasury investment	Trading and manufacturing	Hotel operation	Segment total	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
External sales	115,366	—	7,222	10,662	5,902	10,101	149,253	—	149,253
Inter-segment sales	—	—	3,555	—	—	—	3,555	(3,555)	—
Total	115,366	—	10,777	10,662	5,902	10,101	152,808	(3,555)	149,253
Segment profit (loss)	159,546	(2,063)	(634)	14,919	(1,136)	(4,267)	166,365	—	166,365
Finance costs									(25,455)
Share of profit of associates									76,866
Profit before taxation									217,776

Segment profit (loss) represents the profit earned by/loss from each segment without allocation of share of profit of associates and finance costs. In addition, administrative cost incurred by the treasury investment segment on behalf of other segments are allocated to the respective operating segments on the basis of revenues earned by individual operating segments. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Inter-segment sales are charged at prevailing market rate.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	3,846	4,147
The People's Republic of China (the "PRC")		
Enterprise Income Tax	4,788	2,125
	8,634	6,272
Underprovision in prior years:		
Hong Kong	47	—
	8,681	6,272
Deferred taxation:		
Current period	23,816	18,413
Income tax expense	32,497	24,685

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) on the estimated assessable profits of those subsidiaries that are subject to Hong Kong Profits Tax.

Taxation arising in the PRC is calculated at 25% (2009: 25%) on the estimated assessable profits of those subsidiaries that are subject to Enterprise Income Tax in the PRC.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries. Deferred tax has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to accumulated profits of the PRC subsidiaries since 1 January 2008 amounting to HK\$3,655,000 (30 June 2009: HK\$1,307,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of prepaid lease payments	446	447
Depreciation of property, plant and equipment	6,595	9,304
Share of taxation of associates (included in share of profit of associates)	16,873	13,464
Net exchange gain	(4,487)	(157)

6. BASIC EARNINGS PER SHARE

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

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Earnings for the period attributable to owners of the Company	232,700	193,973
Number of ordinary shares for the purpose of basic earnings per share	378,583,440	378,583,440

No diluted earning per share has been presented as there were no potential ordinary shares in issue during both periods.

7. DIVIDENDS

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Dividends paid or declared in respect of current period:		
Final dividend declared and paid for 2009		
— HK\$0.10 per share (2009: declared and paid for 2008 HK\$0.05 per share)	37,858	18,929
Interim dividend declared for 2010		
— HK\$0.10 per share (2009: HK\$0.08 per share)	37,858	30,287

On 11 August 2010, the Board of Directors has approved an interim cash dividend of HK\$0.10 (2009: HK\$0.08) per share, which will be paid to the shareholders of the Company whose names appear in the Register of Members on 22 September 2010.

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties and leasehold land and buildings as at 30 June 2010 and 30 June 2009 were fair valued by Vigers Appraisal & Consulting Ltd. ("Vigers"), an independent firm of professional valuers not connected with the Group. Vigers is a member of the Institute of Valuers, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

The resulting increase in fair value of investment properties of approximately HK\$133,853,000 (2009: HK\$98,764,000) has been recognised directly in profit or loss.

The resulting gain arising on revaluation of leasehold land and building amounting to approximately HK\$1,472,000 (2009: HK\$712,000) has been dealt with as follows:

- (i) a gain of approximately HK\$118,000 (2009: HK\$708,000) has been credited to profit or loss; and
- (ii) a gain of approximately HK\$1,354,000 (2009: HK\$4,000) has been credited to other comprehensive income.

9. TRADE AND OTHER RECEIVABLES

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Trade receivables	9,165	6,671
Deposits for construction costs	41,168	11,416
Other deposits, prepayments and receivables	61,376	59,325
	111,709	77,412

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

The following is an aged analysis of trade receivables at the end of the reporting period:

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Within 30 days	3,769	3,961
Between 31 days to 90 days	2,833	1,640
Over 90 days	2,563	1,070
	9,165	6,671

10. TRADE AND OTHER PAYABLES

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Trade payables	12,596	9,957
Construction cost payable	27,369	65,902
Deposits received and receipt in advance in respect of rental of investment properties	69,014	64,308
Other payables	72,728	80,445
	181,707	220,612

The trade payables at the end of the reporting period are aged within 30 days.

11. BORROWINGS

During the period, the Group obtained bank loans of approximately HK\$1,166,432,000 (2009: HK\$498,558,000). The loans carry interest at variable market rates ranging from 0.48% to 2.14% (2009: 1.42% to 2.98%) per annum and are repayable in instalments over a period of 1 to 3 years. The proceeds were used for general working capital purposes.

12. CAPITAL COMMITMENTS

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
— property development expenditure	372,218	367,985
— contributions to the capital of an investee company	151,949	138,832
	524,167	506,817



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

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 21, which comprises the condensed consolidated statement of financial position of Liu Chong Hing Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

11 August 2010

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2010 of HK\$0.10 (2009: HK\$0.08) per share, payable on 30 September 2010 to the shareholders registered on 22 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 20 September 2010 to 22 September 2010, both days inclusive. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 17 September 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BANKING OPERATION

For the first half of year 2010, our banking associate Chong Hing Bank Limited (the "Bank") recorded unaudited net profit of HK\$193 million, representing 20% increase over the previous period. In effect, the profit shared by the Group was increased accordingly.

INVESTMENT PROPERTIES

The Group's investment properties continued to record sustainable growth in the first half of 2010. Total rental revenue has increased by 7% to HK\$123 million.

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 97% let and rental revenue has remained stable.

Chong Yip Shopping Centre is located at Western District with 45,000 square feet of retail and recreational space. This property is currently 95% let.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

INVESTMENT PROPERTIES *(continued)*

Western Harbour Centre, a Grade-A office building, is located at close proximity to the Western Harbour Tunnel. The building remained 100% leased for the first half of 2010.

Fairview Court, this luxury low rise apartment building in prestigious Repulse Bay is 80% let.

SHANGHAI, CHONG HING FINANCE CENTRE

This Grade-A office building, completed in 2007, offers 413,000 square feet of lettable office space and 103,000 square feet of commercial and retail space. As at 30 June 2010, 91% of the office and 100% of the retail area were let. Rental revenue increased by 15% to HK\$53 million.

THE GRAND RIVIERA, FOSHAN

In 2007, the Group acquired a plot of land in Foshan through government land auction at a consideration of RMB476,000,000. This comprehensive development will be developed by phases. Construction work of the first phase has begun and expect to complete by end of next year.

BUDGET HOTELS PROJECT

The Group operated two budget hotels in Shanghai and one in Beijing since the end of year 2008. Another hotel in Guangzhou was open in the second half of 2009. Both of operating revenue and occupancies had been improving.

LOOKING AHEAD

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

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

As at 30 June 2010, the long/short positions of each of the directors and chief executives and their associates in the shares and underlying shares of the Company or any of the Company's associated corporations (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")), as recorded in the register required to be kept under Section 352 of Part XV of the SFO, are set out below:

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

(a) The Company – Liu Chong Hing Investment Limited

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

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

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

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

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

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

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

(b) Associate — Chong Hing Bank Limited

Name of Director	Number of ordinary shares held			Total Interests	Total Interests as approximate % of the relevant issued share capital
	Personal Interests (held as beneficial owner)	Family Interests (Interests of spouse or child under 18)	Corporate Interests (Interests of controlled corporation)		
Mr. Liu Lit Mo, Chairman	1,009,650	—	251,040,628 (Note 1)	252,050,278	57.94%
Mr. Liu Lit Chi, Managing Director & Chief Executive Officer	313,248	—	253,303,839 (Notes 1 & 2)	253,617,087	58.30%
Mr. Andrew Liu	177,000	—	—	177,000	0.04%

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

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

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

Note 1: The corporate interests in 251,040,628 shares are attributed as follows:

- (i) 211,040,628 shares held by the Company's wholly-owned subsidiary, Liu Chong Hing Estate Company, Limited ("Liu Chong Hing Estate"), in which each of 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 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.

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

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

Other than as stated above, as at 30 June 2010, no director, chief executive nor their associates of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or the underlying shares of equity derivatives of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2010, the following person (other than the directors or the chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company was as follows:

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

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

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

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

Save as disclosed above, the Company had not been notified by any person (other than the directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company of 5% or more as at 30 June 2010 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the period under review, the Company had complied with the provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), saved for the following:

Board Composition appointment, re-election and removal

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Although the non-executive directors and the independent non-executive directors of the Company are not appointed for a specific term, all directors of the Company are subject to retirement by rotation at least once every three years in accordance with Article 99 of the Company’s Articles of Association.

CHANGES OF DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Below are the changes of directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2009 Annual Report:

Dr. Lee Tung Hai, Leo, an independent non-executive director of the Company, passed away on 8 June 2010.

Mr. Cheng Mo Chi, Moses, an independent non-executive director of the Company, was appointed as the Chairman of the Remuneration Committee of the Company on 11 August 2010.

The Board of Directors of the Company had approved the appointment of Mr. Kho Eng Tjoan, Christopher as an independent non-executive director with effective from 13 August 2010.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

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

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2010, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

REVIEW OF UNAUDITED INTERIM ACCOUNTS

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report. In addition, the condensed consolidated financial statements of the Company for the six months ended 30 June 2010 have been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements No. 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and an unqualified review report is issued.

PUBLICATION OF RESULTS ON THE WEBSITE

This results announcement, containing the relevant information required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lchi.com.hk). The company's interim report for 2010 will be dispatched to the shareholders of the company and available on the above websites on or about 27 August 2010.

BOARD OF DIRECTORS

As the date of this announcement, the Board of Directors of the Company comprises Executive Directors: Dr. Liu Lit Mo (Chairman and 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: Mr. Ng Ping Kin, Peter, Dr. Cheng Mo Chi, Moses and Mr. Tong Tsin Ka.

By Order of the Board

Dr. Liu Lit Mo

Chairman and Managing Director

Hong Kong, 11 August 2010