



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, 2010**

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

Mok, Hon-sang
(*Appointed as Chairman on 16th July, 2010*)
Lai, Yun-hung
Wong, Tik-tung
(*Ceased as Chairman on 16th July, 2010*)

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

For enquiries relating to investor relations,
please contact:

Investor Relations Manager

Tel: (852) 2866 6999

Fax: (852) 2866 2822

(852) 2866 2833

E-mail: investor.relations@chineseestates.com

CONTENTS	<i>Page</i>
Results	
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Condensed Consolidated Financial Statements	5
Interim Dividend	11
Closure of Register of Members	11
Financial Operation Review	11
Business Review	13
Prospects	13
Directors' and Chief Executive(s)' Interests in the Securities of the Company and Associated Corporations	14
Substantial Shareholders' Interests in the Securities of the Company	14
Purchase, Sale or Redemption of the Company's Listed Securities	15
Review by Audit Committee	15
Disclosure of Advance to an Entity under Rule 13.20 of the Listing Rules	15
Corporate Governance	16
Model Code for Securities Transactions	16
Disclosure of Change of Information of Directors under Rules 13.51(2) and 13.51B(1) of the Listing Rules	16
Appreciation	16

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, 2010 (the “Period”) together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

		Six months ended 30th June,	
		2010	2009
	Notes	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	74,983	15,112
Cost of sales		<u>(17,340)</u>	<u>(2,745)</u>
Gross profit		57,643	12,367
Other revenue	4	3	20
Other income		371	3
Administrative expenses		(2,313)	(2,439)
Fair value changes on investment properties		<u>–</u>	<u>2,325</u>
Profit before taxation	5	55,704	12,276
Income tax expense	6	<u>(8,543)</u>	<u>(1,515)</u>
Profit for the period		47,161	10,761
Other comprehensive income			
– fair value changes on			
available-for-sale financial assets		<u>1,172</u>	<u>3,340</u>
Total comprehensive income for the period		<u>48,333</u>	<u>14,101</u>
Interim dividends	7	<u>3,388</u>	<u>3,388</u>
Earnings per share			
Basic and diluted	8	<u>13.92 cents</u>	<u>3.18 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2010

	<i>Notes</i>	30th June, 2010 HK\$'000 (Unaudited)	31st December, 2009 HK\$'000 (Audited)
Non-current assets			
Investment properties	9	29,400	29,400
Property, plant and equipment		–	–
Available-for-sale financial assets	10	98,273	96,472
		<u>127,673</u>	<u>125,872</u>
Current assets			
Properties held for sale		–	16,504
Debtors, deposits and prepayments	11	1,780	1,850
Loan to a fellow subsidiary		900,000	853,000
Advance to a fellow subsidiary		59	81
Cash and cash equivalents		28,735	9,759
		<u>930,574</u>	<u>881,194</u>
Current liabilities			
Creditors and accruals	12	821	649
Deposits received		211	2,267
Taxation payable		8,853	864
Advances from fellow subsidiaries		239	108
		<u>10,124</u>	<u>3,888</u>
Net current assets		<u>920,450</u>	<u>877,306</u>
Total assets less current liabilities		<u>1,048,123</u>	<u>1,003,178</u>
Equity attributable to owners of the Company			
Share capital	13	3,388	3,388
Share premium		495,160	495,160
Contribution from shareholders		20,719	20,719
Securities investment reserve		6,963	5,791
Retained profits		521,391	477,618
Total equity		<u>1,047,621</u>	<u>1,002,676</u>
Non-current liability			
Deferred taxation liability		502	502
		<u>1,048,123</u>	<u>1,003,178</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30TH JUNE, 2010**

	Share capital HK\$'000	Share premium HK\$'000	Contribution from shareholders HK\$'000	Securities investment reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1st January, 2009 (audited)	3,388	495,160	20,719	(1,061)	466,533	984,739
Profit for the period	-	-	-	-	10,761	10,761
Other comprehensive income for the period	-	-	-	3,340	-	3,340
Total comprehensive income for the period	-	-	-	3,340	10,761	14,101
Final dividend paid	-	-	-	-	(3,388)	(3,388)
At 30th June, 2009 (unaudited)	3,388	495,160	20,719	2,279	473,906	995,452
Profit for the period	-	-	-	-	7,100	7,100
Other comprehensive income for the period	-	-	-	3,512	-	3,512
Total comprehensive income for the period	-	-	-	3,512	7,100	10,612
Interim dividend paid	-	-	-	-	(3,388)	(3,388)
At 31st December, 2009 (audited)	3,388	495,160	20,719	5,791	477,618	1,002,676
Profit for the period	-	-	-	-	47,161	47,161
Other comprehensive income for the period	-	-	-	1,172	-	1,172
Total comprehensive income for the period	-	-	-	1,172	47,161	48,333
Final dividend paid	-	-	-	-	(3,388)	(3,388)
At 30th June, 2010 (unaudited)	3,388	495,160	20,719	6,963	521,391	1,047,621

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30TH JUNE, 2010**

	Six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	62,179	6,399
Net cash (used in) / generated from investing activities	(39,991)	2,441
Net cash used in financing activities	(3,235)	(3,504)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	18,953	5,336
Effect of foreign exchange rate changes	23	–
Cash and cash equivalents at 1 January,	9,759	9,688
	<hr/>	<hr/>
Cash and cash equivalents at 30 June,	28,735	15,024
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	28,735	15,024
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2010

1. Basis of preparation

The unaudited 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 “Stock Exchange”) and with Hong Kong Accounting Standard (the “HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and by the Hong Kong Companies Ordinance.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards (the “HKFRSs”)

A number of new or revised standards, amendments and interpretations are effective for the financial year beginning on 1st January, 2010. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these unaudited condensed consolidated financial statements as were applied in the preparation of the Group’s consolidated financial statements for the year ended 31st December, 2009.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1st January, 2010.

HKFRSs (Amendments)	Improvements to HKFRS 1 and HKFRS 5 as a part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Annual Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
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

The application of HKAS 27 (Revised) “Consolidated and Separate Financial Statements” affects the accounting treatment for changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. HKFRS 3 (Revised) “Business Combinations” affects the accounting for business combination for which the acquisition date is on or after 1st January, 2010.

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. 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.

HKFRSs (Amendments)	Annual Improvements to HKFRSs issued in 2010 ⁵
HKAS 24 (Revised)	Related Party Disclosures ³
HKAS 32 (Amendment)	Classification of Right Issues ¹
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets) ⁴
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ³
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

¹ Effective for annual periods beginning on or after 1st February, 2010

² Effective for annual periods beginning on or after 1st July, 2010

³ Effective for annual periods beginning on or after 1st January, 2011

⁴ Effective for annual periods beginning on or after 1st January, 2013

⁵ Effective for annual periods beginning on or after 1st July, 2010 or 1st January, 2011, as appropriate

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.

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, 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, 2010

	Property development HK\$'000 (Unaudited)	Property leasing HK\$'000 (Unaudited)	Securities investments and finance HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue				
Revenue from external customers	<u>66,430</u>	<u>1,250</u>	<u>7,303</u>	<u>74,983</u>
Segment margin	<u>49,302</u>	<u>1,038</u>	<u>7,303</u>	<u>57,643</u>
Other income	<u>–</u>	<u>–</u>	<u>371</u>	<u>371</u>
Segment results for reportable segments	<u><u>49,302</u></u>	<u><u>1,038</u></u>	<u><u>7,674</u></u>	<u><u>58,014</u></u>

The segment assets and liabilities as at 30th June, 2010

	Property development HK\$'000 (Unaudited)	Property leasing HK\$'000 (Unaudited)	Securities investments and finance HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment assets for reportable segments	<u>178</u>	<u>29,412</u>	<u>999,778</u>	<u>1,029,368</u>
Segment liabilities for reportable segments	<u>243</u>	<u>227</u>	<u>–</u>	<u>470</u>

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

	Property development HK\$'000 (Unaudited)	Property leasing HK\$'000 (Unaudited)	Securities investments and finance HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue				
Revenue from external customers	<u>6,244</u>	<u>1,143</u>	<u>7,725</u>	<u>15,112</u>
Segment margin	<u>3,948</u>	<u>694</u>	<u>7,725</u>	<u>12,367</u>
Interest income	<u>–</u>	<u>–</u>	<u>5</u>	<u>5</u>
Other income	<u>–</u>	<u>–</u>	<u>3</u>	<u>3</u>
Fair value changes on investment properties	<u>–</u>	<u>2,325</u>	<u>–</u>	<u>2,325</u>
Segment results for reportable segments	<u><u>3,948</u></u>	<u><u>3,019</u></u>	<u><u>7,733</u></u>	<u><u>14,700</u></u>

3. Segment information (cont'd)

The segment assets and liabilities as at 31st December, 2009

	Property development HK\$'000 (Audited)	Property leasing HK\$'000 (Audited)	Securities investments and finance HK\$'000 (Audited)	Consolidated HK\$'000 (Audited)
Segment assets for reportable segments	16,595	29,504	950,961	997,060
Segment liabilities for reportable segments	2,337	191	90	2,618

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

	Six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Segment results for reportable segments	58,014	14,700
Interest income	1	–
Other revenue	2	15
Unallocated corporate expenses	(2,313)	(2,439)
Profit before taxation	55,704	12,276
Income tax expense	(8,543)	(1,515)
Profit for the period	47,161	10,761

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

	30th June,	31st December,
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Segment assets for reportable segments	1,029,368	997,060
Debtors, deposits and prepayments	85	166
Advance to a fellow subsidiary	59	81
Cash and cash equivalents	28,735	9,759
Consolidated total assets	1,058,247	1,007,066

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

	30th June,	31st December,
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Segment liabilities for reportable segments	470	2,618
Creditors and accruals	562	298
Taxation payable	8,853	864
Advances from fellow subsidiaries	239	108
Deferred taxation liability	502	502
Consolidated total liabilities	10,626	4,390

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

3. Segment information (cont'd)

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

	Six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Property rental income	1,250	1,143
Sales of properties held for sale	66,430	6,244
Interest income from available-for-sale financial assets	2,489	2,604
Loan interest income from a fellow subsidiary	4,814	5,121
	<u>74,983</u>	<u>15,112</u>

Geographical segments

For the period ended 30th June, 2010, 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,	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
Property rental income	1,250	1,143
Sales of properties held for sale	66,430	6,244
Interest income from available-for-sale financial assets	2,489	2,604
Loan interest income from a fellow subsidiary	4,814	5,121
	<u>74,983</u>	<u>15,112</u>
Other revenue		
Interest income from bank deposits	1	5
Other income	-	14
Sundry income	2	1
	<u>3</u>	<u>20</u>

5. Profit before taxation

	Six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit before taxation is stated after charging:		
Auditors' remuneration	105	115
Staff costs (excluding directors' remuneration)		
– salaries and allowances	1,505	1,593
– retirement benefit costs	68	74
	<u>1,573</u>	<u>1,767</u>
and after crediting:		
Exchange gain	371	3
Gross rental income from properties	1,250	1,143
Less: direct operating expenses from properties that generated rental income during the period	(123)	(129)
direct operating expenses from properties that did not generate rental income during the period	(89)	(320)
	<u>1,038</u>	<u>694</u>

6. Income tax expense

	Six months ended 30th June,	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax		
– Hong Kong	8,543	1,514
Deferred tax	–	1
	<u>8,543</u>	<u>1,515</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for both periods.

7. Interim dividends

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, 2010 (period ended 30th June, 2009: HK1 cent per share). The interim dividends are declared after the interim reporting dates and have not been recognised as liabilities at the end of the respective reporting periods.

At the annual general meeting held on 28th May, 2010, a final dividend of HK1 cent per share amounted to HK\$3.4 million for the year ended 31st December, 2009 (year ended 31st December, 2008: HK1 cent per share) was approved and paid on 18th June, 2010, which had been reflected as appropriations of retained profits for the six months ended 30th June, 2010.

8. Earnings per share

The calculation of the basic and diluted earnings per share is based on the profit attributable to owners of the Company for the Period of HK\$47,161,000 (period ended 30th June, 2009: HK\$10,761,000) and the weighted average number of 338,765,987 (period ended 30th June, 2009: 338,765,987) ordinary shares in issue during the Period.

For the periods ended 30th June, 2010 and 30th June, 2009, diluted earnings per share is the same as the basic earnings per share as there were no diluting events during these periods.

9. Investment properties

Fair value	HK\$'000
At 1st January, 2009	35,200
Disposals	(9,725)
Fair value changes recognised in consolidated statement of comprehensive income	<u>3,925</u>
At 31st December, 2009 and 30th June, 2010	<u><u>29,400</u></u>

The fair value of the Group's investment properties at 30th June, 2010 has been arrived at on the basis of valuation carried out on that date by B.I. Appraisals Limited ("B.I. Appraisals"), independent qualified professional valuers not connected with the Group. B.I. Appraisals has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation, which conformed to The Hong Kong Institute of Surveyors Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors, was based on market value basis.

10. Available-for-sale financial assets

	30th June, 2010 HK\$'000 (Unaudited)	31st December, 2009 HK\$'000 (Audited)
Floating rate notes	22,777	22,469
Fixed rate notes	<u>75,496</u>	<u>74,003</u>
	<u><u>98,273</u></u>	<u><u>96,472</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. These floating and fixed rate notes will mature from February 2011 to March 2016.

11. Debtors, deposits and prepayments

There was no trade debtors included in debtors, deposits and prepayments as at 30th June, 2010 and 31st December, 2009.

12. Creditors and accruals

There was no trade payables included in creditors and accruals as at 30th June, 2010 and 31st December, 2009.

13. Share capital

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1st January, 2009, 31st December, 2009 and 30th June, 2010	<u>50,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1st January, 2009, 31st December, 2009 and 30th June, 2010	<u>338,765,987</u>	<u>3,388</u>

14. Related party transactions

During the Period, the Group had the following transaction with a related party:

	Six months ended 30th June, 2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Loan interest income from a fellow subsidiary (Note)	<u>4,814</u>	<u>5,121</u>

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

15. 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 an interim dividend of HK one cent per share for the Period (period ended 30th June, 2009: HK one cent per share) to be paid on or about 4th October, 2010 to the shareholders as registered at the close of business on 10th September, 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 8th September, 2010 to 10th September, 2010, 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 7th September, 2010.

FINANCIAL OPERATION REVIEW

Results

Revenue for the Period increased to HK\$75.0 million (period ended 30th June, 2009: HK\$15.1 million). Gross profit for the Period jumped to HK\$57.6 million (period ended 30th June, 2009: HK\$12.4 million). Profit attributable to owners of the Company for the Period was HK\$47.2 million compared to HK\$10.8 million with the corresponding period last year.

The property development segment generated a revenue of HK\$66.4 million during the Period (period ended 30th June, 2009: HK\$6.2 million). For property leasing, rental income for the Period amounted to HK\$1.3 million (period ended 30th June, 2009: HK\$1.1 million). No fair value changes on investment properties was recorded for the Period as compared to a fair value gain of HK\$2.3 million in the corresponding period last year.

Earnings per share for the Period recorded at HK13.92 cents (period ended 30th June, 2009: HK3.18 cents).

Net Asset Value

As at 30th June, 2010, the Group's net assets attributable to owners of the Company amounted to HK\$1,047.6 million, representing an increase of HK\$44.9 million or 4.5% compared to HK\$1,002.7 million in preceding year. The increase was due to profit retained for the Period. Net asset value per share to owners of the Company was HK\$3.09 (31st December, 2009: HK\$2.96).

Debt and Gearing

The Group continued to maintain a strong capital and cash position for the Period. As at 30th June, 2010, cash and bank balances amounted to HK\$28.7 million (31st December, 2009: HK\$9.8 million).

The Group did not have any bank borrowings as at 30th June, 2010 (31st December, 2009: Nil). The Group's income for the Period was denominated in Hong Kong dollars and United States dollars and no hedging for non-Hong Kong dollars assets or investments had 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 or United States dollars and no hedging has been made during the Period.

Pledge of Assets

As at 30th June, 2010 and 31st December, 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, 2010 and 31st December, 2009.

Financial and Interest Income/Expenses

Interest income for the Period decreased slightly to HK\$7.3 million (period ended 30th June, 2009: HK\$7.7 million) within which included imputed interest income from fixed and floating rate notes of HK\$0.3 million (period ended 30th June, 2009: HK\$0.3 million).

No interest expenses were recorded for the periods ended 30th June, 2010 and 30th June, 2009.

Remuneration Policies and Share Option Scheme

As at 30th June, 2010, the Group employed a total of 7 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.

Property Valuation

A property valuation has been carried out by B.I. Appraisals Limited, independent qualified professional valuers, in respect of the Group's investment properties as at 30th June, 2010 and that valuation was used in preparing 2010 interim results. The Group's investment properties was valued at HK\$29.4 million, remain unchanged as compared with 31st December, 2009.

BUSINESS REVIEW

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

Investment Properties and Properties Held for Sale

During the period under review, the Group had sold four godown units in Gemstar Tower, Hungghom, Kowloon which generated a revenue of HK\$66.4 million. All the godown units in Gemstar Tower had been sold out.

The rental income from the 50 car parking spaces in Gemstar Tower amounted to about HK\$1.3 million for the Period in comparison with some HK\$1.1 million of the last corresponding period.

Finance and Securities Investment

As at 30th June, 2010, a total sum of HK\$900 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. During the Period, the revolving loan had been increased from HK\$853 million to HK\$900 million which was the agreed maximum amount of loan. The Group has accrued an interest income from the revolving loan in the sum of HK\$4.8 million during the Period.

The investment in long term fixed and floating rates notes with the aggregate principal sum of US\$12 million (the “FRN”) brought an interest income of HK\$2.5 million to the Group during the Period. The fair value of the FRN amounted to HK\$98.3 million as at 30th June, 2010, representing an increment of HK\$1.8 million or 1.9% as compared to HK\$96.5 million as at 31st December, 2009.

PROSPECTS

Beginning from December 2008, the Company keeps benefited from the interest income generated from the short term three-year HK\$900 million revolving loan to the Chinese Estates Group. During the first half of this year, the local economy has been rebound from the last year’s economic turmoil but is still facing certain fluctuations which are mainly attributed from external environmental elements like the general fear on the economic stability of certain European countries. Besides, the Hong Kong Government’s recent additional executive measures on control of the sales descriptions and banning confirmor transactions of uncompleted residential units as well as reducing the maximum mortgage loan-to-value ratio to 60% against the luxurious properties (the “Executive Measures”) have certain effects upon property investment which have alarmed the local real estates developers and investors. The Hong Kong Government has also expressed its concerns and intention to have legislative controls on sale of uncompleted residential units in case the Executive Measures fail to curb the heat of the property market properly and effectively. As a result, the property developers tend to be prudent on future development of real estates market in Hong Kong. Our group of companies as one of the local property developers shared with the prudence of other land developers. We therefore inclined to continue last year’s prudent investment policy and in short term, we will continue in the current business strategy of lending the fund to the Chinese Estates Group. Overall, the Company holds the optimistic view in the economic prospect in Hong Kong.

The Company will strive to keep a balance on the current business needs on the one hand and the long term business goal on the other hand. The current lending to the Chinese Estates Group as well as the car parking spaces in Gemstar Tower will steadily bring positive returns to the Company. At the same time, the Company is streamlining its business operation to prepare for future challenges.

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

As at 30th June, 2010, 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, 2010, 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 interests 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)	Interests of controlled corporations	6.15%
Hutchison Whampoa Limited	20,827,142 (Note 4)	Interests of controlled corporations	6.15%
Hutchison International Limited	20,827,142 (Note 4)	Interests 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 74.82% 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, 2010, 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 had 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, which 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, 2010, pursuant to Rule 13.20 of the Listing Rules, the Group had made advance of HK\$900 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 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

Mr. Wong, Tik-tung, an Independent Non-executive Director of the Company, ceased to be an independent non-executive director, the chairman of the audit committee and the remuneration committee of China Energy Development Holdings Limited, a listed company in Hong Kong, with effect from 30th July, 2010. He also ceased as the chairman of the remuneration committee of the Company on 16th July, 2010.

Mr. Mok, Hon-sang, an Independent Non-executive Director of the Company was elected as the chairman of the remuneration committee of the Company on 16th July, 2010.

Mr. Lai, Yun-hung, an Independent Non-executive Director of the Company, became the managing director of Lai & C.K. Wong CPA Limited upon its commencement of business as certified public accountants on 1st May, 2010.

Save as those changes mentioned above, there is no change of information of each director that is required to be disclosed under Rules 13.51(2) and 13.51B(1) of the Listing Rules, since publication of the 2009 annual report of the Company.

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.

On behalf of the Board
Matthew Cheong, Veng-va
Chairman

Hong Kong, 24th August, 2010