



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

# LIU CHONG HING

Interim Report 2011

Stock Code: 194

## CORPORATE INFORMATION

### HONORARY CHAIRMAN

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

### BOARD OF DIRECTORS

#### Executive Directors

Dr. Liu Lit Mo, LL.D., MBE, J.P.

*(Chairman and Managing Director)*

Mr. Liu Lit Chi

Mr. Liu Kam Fai, Winston

*(Deputy Managing Director)*

Mr. Liu Kwun Shing, Christopher

*(also 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

Mr. Kho Eng Tjoan, Christopher

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

Assoc. AIA, Registered Architect,

AP (Architect)

*(re-designation effective from  
25 May 2011)*

#### 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

### 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  
Citibank N.A., Hong Kong  
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 Hong Kong and Shanghai Banking  
Corporation Limited  
The Royal Bank of Scotland  
Wing Hang Bank, Limited  
Wing Lung Bank Limited

**REGISTERED OFFICE**

25th Floor, Chong Hing Bank Centre  
24 Des Voeux Road Central  
Hong Kong  
Tel: (852) 3768 9038  
Fax: (852) 3768 9008

**GUANGZHOU OFFICE**

Basement 1, Le Palais  
1 Yong Sheng Shang Sha  
Donghu Road  
Yue Xiu District  
Guangzhou, P.R.C.  
Tel: (8620) 8375 8993  
Fax: (8620) 8375 8997

**SHANGHAI OFFICE**

Room 3105, Chong Hing Finance Centre  
288 Nanjing Road West  
Shanghai, P.R.C.  
Tel: (8621) 6359 1000  
Fax: (8621) 6327 6299

**FOSHAN OFFICE**

First Phase, The Grand Riviera  
1 Guilong Road  
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 10 August 2011

<b>Annual General Meeting</b>	:	Held on 4 May 2011
<b>Interim Results for six-month ended 30 June 2011</b>	:	Announced on 10 August 2011
<b>Dividends</b>		
Interim cash dividend	:	HK\$0.12 per share
Payable on	:	29 September 2011
<b>Ex-dividend date of interim dividend</b>	:	16 September 2011
<b>Latest time to lodge transfer forms</b>	:	4:30 p.m. on 19 September 2011
<b>Closure of Register of Members</b>	:	From 20 September 2011 to 22 September 2011 (both days inclusive)
<b>Share Registrars and transfer office</b>	:	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong
<b>Share listing</b>	:	The Company's shares are listed on The Stock Exchange of Hong Kong Limited
<b>Stock Code</b>	:	194
<b>Board lot</b>	:	2,000 shares
<b>No. of issued ordinary share</b>	:	378,583,440 shares
<b>Company's e-mail address</b>	:	info@lchi.com.hk
<b>Investors and Shareholders contact</b>	:	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: <a href="http://www.lchi.com.hk">http://www.lchi.com.hk</a>

The Directors of Liu Chong Hing Investment Limited (the “Company”) announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2011. The interim financial information is prepared on a basis consistent with the accounting policies adopted in 2010 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 SIX MONTHS ENDED 30 JUNE 2011

	Notes	Six months ended 30 June	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Revenue		<b>177,762</b>	165,347
Direct costs		<b>(46,121)</b>	(37,642)
Gross profit		<b>131,641</b>	127,705
Investment income		<b>977</b>	815
Other income		<b>17,769</b>	7,518
Administrative and operating expenses		<b>(81,227)</b>	(75,001)
Loss on changes in fair value of investments held for trading		<b>(28)</b>	(1,267)
Gain on changes of fair value:			
— on an investment property disposed during the period	9	<b>99,948</b>	—
— on other investment properties	9	<b>28,633</b>	133,853
Gain on revaluation of leasehold land and buildings	9	<b>141</b>	118
Gain on disposal of a subsidiary	5	<b>51,304</b>	—
Finance costs		<b>(29,214)</b>	(22,323)
Share of profit of associates		<b>198,476</b>	93,433
Profit before tax		<b>418,420</b>	264,851
Income tax expense	4	<b>(25,637)</b>	(32,497)
Profit for the period	6	<b>392,783</b>	232,354

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	Six months ended 30 June	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
<b>Other comprehensive income</b>			
Exchange differences arising on translation		<b>42,709</b>	21,892
Fair value gain on available-for-sale investments		<b>36,379</b>	3,797
Gain on revaluation of leasehold land and buildings	9	<b>717</b>	1,354
Share of other comprehensive income of associates		<b>495</b>	3,757
Income tax relating to components of other comprehensive income		<b>(185)</b>	(571)
Other comprehensive income for the period (net of tax)		<b>80,115</b>	30,229
Total comprehensive income for the period		<b>472,898</b>	262,583
Profit for the period attributable to:			
Owners of the Company		<b>390,988</b>	232,700
Non-controlling interests		<b>1,795</b>	(346)
		<b>392,783</b>	232,354
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>469,966</b>	261,635
Non-controlling interests		<b>2,932</b>	948
		<b>472,898</b>	262,583
Basic earnings per share	7	<b>HK\$1.03</b>	HK\$0.62

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	30 June 2011 (unaudited) HK\$'000	31 December 2010 (audited) HK\$'000
<b>Non-current assets</b>			
Investment properties	9	5,843,051	6,099,456
Property, plant and equipment	9	49,145	52,871
Prepaid lease payments		29,076	29,522
Interests in associates		3,283,287	3,158,365
Available-for-sale investments		344,242	297,372
Advance to an investee company		173,974	121,964
Loans receivable — due after one year		66,300	42,900
		<b>9,789,075</b>	9,802,450
<b>Current assets</b>			
Properties under development for sale		1,254,556	1,118,029
Inventories		12,118	11,088
Properties held for sale		6,518	6,518
Trade and other receivables	10	119,997	85,761
Available-for-sale investments		39	957
Investments held for trading		8,701	8,729
Prepaid lease payments		893	893
Loans receivable			
— due within one year		15,600	53,040
Bank fixed deposits with more than three months to maturity when raised		94,807	104,068
Bank accounts with Chong Hing Bank Limited and its subsidiaries		138,788	126,623
Other bank balances and cash		242,692	338,776
Assets held for sale		—	100
		<b>1,894,709</b>	1,854,582
<b>Current liabilities</b>			
Trade and other payables	11	162,853	180,708
Deferred income		302,077	134,898
Taxation payable		15,526	11,600
Borrowings — due within one year	12	1,119,637	1,854,297
		<b>1,600,093</b>	2,181,503
<b>Net current assets (liabilities)</b>		<b>294,616</b>	(326,921)
<b>Total assets less current liabilities</b>		<b>10,083,691</b>	9,475,529

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AS AT 30 JUNE 2011

		<b>30 June 2011 (unaudited) HK\$'000</b>	31 December 2010 (audited) HK\$'000
	Notes		
<b>Non-current liabilities</b>			
Borrowings — due after one year	12	<b>1,991,189</b>	1,807,033
Deferred taxation		<b>580,670</b>	572,774
		<b>2,571,859</b>	2,379,807
		<b>7,511,832</b>	7,095,722
<b>Capital and reserves</b>			
Share capital		<b>378,583</b>	378,583
Reserves		<b>7,098,804</b>	6,685,626
<b>Equity attributable to owners of the Company</b>			
		<b>7,477,387</b>	7,064,209
Non-controlling interests		<b>34,445</b>	31,513
<b>Total equity</b>		<b>7,511,832</b>	7,095,722



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Share capital	Special reserve	Property revaluation reserve	Investment revaluation reserve	Capital redemption reserve	Exchange reserve	Accumulated profits			
At 1 January 2010	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 (unaudited)	378,583	75,747	1,451,022	56,675	2,952	299,726	4,432,745	6,697,450	33,599	6,731,049
Profit for the period	–	–	–	–	–	–	275,258	275,258	(4,719)	270,539
Other comprehensive income for the period	–	–	(529)	53,857	–	76,031	–	129,359	2,633	131,992
Total comprehensive income for the period	–	–	(529)	53,857	–	76,031	275,258	404,617	(2,086)	402,531
Dividends recognised as distribution	–	–	–	–	–	–	(37,858)	(37,858)	–	(37,858)
At 31 December 2010 (audited)	378,583	75,747	1,450,493	110,532	2,952	375,757	4,670,145	7,064,209	31,513	7,095,722
Profit for the period	–	–	–	–	–	–	390,988	390,988	1,795	392,783
Other comprehensive income for the period	–	–	717	35,341	–	42,920	–	78,978	1,137	80,115
Total comprehensive income for the period	–	–	717	35,341	–	42,920	390,988	469,966	2,932	472,898
Dividends recognised as distribution	–	–	–	–	–	–	(56,788)	(56,788)	–	(56,788)
<b>At 30 June 2011 (unaudited)</b>	<b>378,583</b>	<b>75,747</b>	<b>1,451,210</b>	<b>145,873</b>	<b>2,952</b>	<b>418,677</b>	<b>5,004,345</b>	<b>7,477,387</b>	<b>34,445</b>	<b>7,511,832</b>

Note: 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 2011

		<b>Six months ended 30 June</b>	
		<b>2011</b>	2010
		<b>(unaudited)</b>	(unaudited)
		<b>HK\$'000</b>	HK\$'000
	Notes		
Net cash from (used in) operating activities		<b>111,001</b>	(170,690)
Net cash from investing activities			
Disposal of a subsidiary	5	<b>418,695</b>	—
Dividend received from an associate		<b>73,864</b>	42,028
Proceeds on disposal of investment properties		<b>21,645</b>	—
Decrease in bank deposits with more than three months to maturity when raised		<b>9,261</b>	210,528
Advance to an investee company		<b>(53,200)</b>	—
Additional investments in available-for-sale investments		<b>(7,308)</b>	—
Purchase of property, plant and equipment		<b>(1,431)</b>	(2,037)
Proceeds on disposal of available-for-sale investments		—	17,822
Proceeds on disposal of assets held for sale		<b>541</b>	562
Additional investment in an associate		—	(43,485)
		<b>462,067</b>	225,418
Net cash (used in) from financing activities			
Repayments of borrowings		<b>(747,335)</b>	(946,709)
Dividend paid		<b>(56,788)</b>	(37,858)
Interest paid		<b>(34,966)</b>	(26,513)
New borrowings raised	12	<b>186,639</b>	1,166,432
		<b>(652,450)</b>	155,352

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Notes	Six months ended 30 June	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Net (decrease) increase in cash and cash equivalents		<b>(79,382)</b>	210,080
Cash and cash equivalents at the beginning of the period		<b>465,399</b>	432,145
Effect of foreign exchange rate changes		<b>(4,537)</b>	1,973
Cash and cash equivalents at end of the period		<b>381,480</b>	644,198
Cash and cash equivalents at end of the period, represented by:			
Bank accounts with Chong Hing Bank Limited and its subsidiaries		<b>138,788</b>	193,762
Other bank balances and cash		<b>242,692</b>	450,436
		<b>381,480</b>	644,198

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

### 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 34, *Interim Financial Reporting*.

### 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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, the following new and revised standards and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

- *Improvements to HKFRSs* issued in 2010
- HKAS 24 (as revised in 2009) *Related Party Disclosure*
- Amendments to HKAS 32 *Classification of Rights Issues*
- Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
- HK(IFRIC)-Int 19 *Extinguishing Financial Liabilities with Equity Instruments*

The application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and are not yet effective:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>1</sup>
HKFRS 10	Consolidated Financial Statements <sup>2</sup>
HKFRS 11	Joint Arrangements <sup>2</sup>
HKFRS 12	Disclosures of Interests in Other Entities <sup>2</sup>
HKFRS 13	Fair Value Measurement <sup>2</sup>
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income <sup>3</sup>
HKAS 19 (as revised in 2011)	Employee Benefits <sup>2</sup>
HKAS 27 (as revised in 2011)	Separate Financial Statements <sup>2</sup>
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures <sup>2</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2011*

<sup>2</sup> *Effective for annual periods beginning on or after 1 January 2013*

<sup>3</sup> *Effective for annual periods beginning on or after 1 July 2012*

The five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements in accordance with their effective dates and the potential impact is described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. The directors of the Company is currently assessing the impact of adoption on its consolidated financial statements.

Other than disclosed above, the directors of the Company anticipate that the application of these new or revised standards and interpretations will have no material impact on the results and financial position of the Group.



### 3. SEGMENT INFORMATION *(continued)*

#### Segment Revenue and Results *(continued)*

Six months ended 30 June 2010

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000	Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Reportable segment total HK\$'000	Eliminations HK\$'000	Consolidated 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)	–
<b>Total</b>	<b>123,139</b>	<b>–</b>	<b>10,879</b>	<b>6,800</b>	<b>7,699</b>	<b>20,439</b>	<b>168,956</b>	<b>(3,609)</b>	<b>165,347</b>
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 tax									264,851

Segment profit (loss) represents the profit earned by/loss incurred from each segment without allocation of gain on disposal of a subsidiary, 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 reportable 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 performance assessment.

Inter-segment sales are charged at prevailing market rate.

#### 4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	5,432	3,846
The People's Republic of China (the "PRC")		
Enterprise Income Tax	7,679	4,788
	13,111	8,634
Underprovision in prior years:		
Hong Kong	—	47
The PRC Enterprise Income Tax	4,630	—
	4,630	47
	17,741	8,681
Deferred taxation:		
Current period	7,896	23,816
Income tax expense	25,637	32,497

Hong Kong Profits Tax is calculated at 16.5% (2010: 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% (2010: 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 PRC subsidiaries from 1 January 2008 onwards. Deferred taxation 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 amounting to HK\$7,446,000 (31 December 2010: HK\$5,331,000) 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. DISPOSAL OF A SUBSIDIARY

On 23 May 2011, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Prime Ocean Development Limited that held investment properties in the PRC. The purpose of the disposal is to generate cash for the expansion of the Group's other businesses. The disposal was completed on 23 May 2011, on which date the Group no longer has any equity interest in Prime Ocean Development Limited.

The profit from Prime Ocean Development Limited for the current and prior periods is analysed as follows:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period	110,300	14,517

The net assets of Prime Ocean Development Limited at the date of disposal were as follows:

	HK\$'000
Net assets disposed of	367,391
Gain on disposal	51,304
Total consideration	418,695
Satisfied by:	
Cash	418,695
Cash inflow arising on disposal:	
Total cash consideration received	418,695

Cash flows from Prime Ocean Development Limited:

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Net cash flows from operating activities	2,665	870
Net cash flows to investing activities	(3,703)	—
Net cash flows from financing activities	—	119
Net cash flows	(1,038)	989

## 6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of prepaid lease payments	446	446
Depreciation of property, plant and equipment	6,925	6,595
Share of taxation of associates (included in share of profit of associates)	35,183	16,873
Net exchange gain	(10,775)	(4,487)

## 7. 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	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period attributable to owners of the Company	390,988	232,700
Number of ordinary shares for the purpose of basic earnings per share	378,583,440	378,583,440

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

## 8. DIVIDENDS

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2010 — HK\$0.15 per share (2010: declared and paid for 2009 HK\$0.10 per share)	<b>56,788</b>	37,858
Dividend declared in respect of current period:		
Interim dividend declared for 2011 — HK\$0.12 per share (2010: HK\$0.10 per share)	<b>45,430</b>	37,858

On 10 August 2011, the Board of Directors has approved that an interim cash dividend of HK\$0.12 per share (2010: HK\$0.10 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 22 September 2011.

## 9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's investment properties and leasehold land and buildings as at 30 June 2011 and 30 June 2010 were fair valued by Vigers Appraisal & Consulting Ltd. ("Vigers"), an independent firm of professional valuers not connected with the Group. The directors of Vigers are members of the Institute of Valuers. 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\$28,633,000 (2010: HK\$133,853,000) has been recognised directly in profit or loss.

For the Group's investment property disposed of as a result of the disposal of Prime Ocean Development Limited, a gain of change in fair value amounting to HK\$99,948,000 has been recognised in profit or loss.

The resulting surplus arising on revaluation of leasehold land and building amounting to approximately HK\$858,000 (2010: HK\$1,472,000) has been dealt with as follows:

- (i) a surplus of approximately HK\$141,000 (2010: HK\$118,000) has been recognised as income; and
- (ii) a surplus of approximately HK\$717,000 (2010: HK\$1,354,000) has been credited to the property revaluation reserve.

**10. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2011 HK\$'000</b>	31 December 2010 HK\$'000
Trade receivables	<b>7,772</b>	10,849
Deposits for construction costs	<b>35,125</b>	13,991
Other deposits, prepayments and receivables	<b>77,100</b>	60,921
	<b>119,997</b>	85,761

The Group allows an average credit period of 30–90 days to its trade customers, other than customers from sales of properties which the proceeds are settled in accordance with the sale and purchase agreement.

The following is an analysis of trade receivables by age, presented based on the invoice date:

	<b>30 June 2011 HK\$'000</b>	31 December 2010 HK\$'000
Within 30 days	<b>2,461</b>	3,984
Between 31 days to 90 days	<b>3,245</b>	4,243
Over 90 days	<b>2,066</b>	2,622
	<b>7,772</b>	10,849

## 11. TRADE AND OTHER PAYABLES

	<b>30 June 2011 HK\$'000</b>	31 December 2010 HK\$'000
Trade payables	<b>21,042</b>	10,565
Construction cost payables	<b>20,653</b>	22,691
Deposits received and receipt in advance in respect of rental of investment properties	<b>87,317</b>	74,416
Other payables	<b>33,841</b>	73,036
	<b>162,853</b>	180,708

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

## 12. BORROWINGS

During the period, the Group obtained bank loans of approximately HK\$186,639,000 (2010: HK\$1,166,432,000). As at 30 June 2011, the loans carry interest at variable market rates ranging from 0.63% to 1.98% (2010: 0.48% to 2.14%) per annum and are repayable in instalments over a period of 1 to 3 years. The proceeds were used for general working capital purposes.

## 13. CAPITAL COMMITMENTS

	<b>30 June 2011 HK\$'000</b>	31 December 2010 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
— property development expenditure	<b>141,859</b>	230,368
— contributions to the capital of investment funds	<b>147,227</b>	152,977
	<b>289,086</b>	383,345



## **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 20, which comprises the condensed consolidated statement of financial position of Liu Chong Hing Investment Limited (the "Company") and its subsidiaries as of 30 June 2011 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

10 August 2011

## INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2011 of HK\$0.12 per share (2010: HK\$0.10 per share), payable on 29 September 2011 to the Company's shareholders registered on 22 September 2011.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 20 September 2011 to 22 September 2011, 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 Share 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 19 September 2011.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BANKING OPERATION

For the first half of year 2011, our banking associate, Chong Hing Bank Limited (the "Bank"), recorded unaudited net profit of HK\$409 million, representing 111% increase over the corresponding period of 2010. In effect, the Bank's profit after taxation shared by the Group was increased accordingly.

## INVESTMENT PROPERTIES

### Overall results

The Group's investment properties continued to record sustainable growth in the first half of 2011. Total rental revenue had increased by HK\$10.6 million to HK\$133.7 million from HK\$123.1 million, representing an increase of 9%.

### Hong Kong properties

#### Chong Hing Square

Chong Hing Square, a 20-storey popular ginza-type retail/commercial development situated in the heart of Mongkok, Kowloon, offers 184,000 square feet of retail and recreational space. For the first half of 2011, this property recorded an increase of rental revenue of 13% with 97% occupancy as at 30 June 2011.



## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **INVESTMENT PROPERTIES** *(continued)*

#### **Hong Kong properties** *(continued)*

##### Chong Yip Shopping Centre

Chong Yip Shopping Centre is located at 402–404 Des Voeux Road West, it provides 45,000 square feet of retail and entertainment facilities. For the period under review, this shopping centre maintained a 97% occupancy with stable rental revenue.

##### Western Harbour Centre

Western Harbour Centre, a grade A office building, located at 181–183 Connaught Road West, proximity to the Western Harbour Tunnel, provides over 140,000 square feet of lettable office spaces. This office building continued to maintain 100% occupancy and stable rental revenue for the first half of 2011.

##### Fairview Court

Fairview Court, located at 94 Repulse Bay Road, with 5 units of luxury low rise apartment was recorded 100% occupancy for the period under review.

#### **PRC properties**

##### Shanghai Chong Hing Finance Center

Shanghai Chong Hing Finance Center is located at No. 288 Nanjing Road West, Huang Pu District, Shanghai. This grade A office/commercial building, completed in 2007, provides over 510,000 square feet of office and commercial space for lease. As at 30 June 2011, 87% office space and 100% commercial area were let and recorded a 16% increase of rental revenue.

##### Disposal of Guangzhou Chong Hing Plaza

On 23 May 2011, the Group entered into a Sale and Purchase Agreement with an independent third party for selling the share capital of Prime Ocean Development Limited (“Prime Ocean”) at cash consideration of RMB350 million (or approximately HK\$418.7 million). Prime Ocean was an investment holding company and its main asset was holding Guangzhou Chong Hing Plaza. The transaction was completed and the cash consideration was fully received by the Group. After the completion of the disposal, the Group could record a gain of approximately HK\$51.3 million and the sale proceeds was used for general working capital purpose.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **INVESTMENT PROPERTIES** *(continued)*

#### **PRC properties** *(continued)*

##### The Grand Riviera, Foshan

In 2007, the Group acquired a plot of land with site area of over 260,000m<sup>2</sup> in Foshan through government land auction at a cash consideration of RMB476 million. This is a comprehensive development and will be developed by phases. The first phase development will construct 12 blocks of 6–15 storey high class residential flat above the ground. A total of 847 residential flat units with sizes ranging from 55m<sup>2</sup> to 350m<sup>2</sup> will be provided. It also provides retail and commercial areas of approximately 8,800m<sup>2</sup> and a stand-alone clubhouse of approximately 6,000m<sup>2</sup>, if including other recreational facilities areas and 1,246 car parking spaces mainly built in the basement level, the total construction areas is over 181,000m<sup>2</sup>.

As at 30 June 2011, a total of 389 flat units were successfully sold out generating cash proceeds of RMB296 million. The sale of flat units was representing 46% of the total units of phase 1 or 61% of the first batch of total units put up for pre-sale.

#### **BUDGET HOTEL PROJECT**

For the period under review, the Group continued to operate its budget hotels project, including two budget hotels in Shanghai, one in Beijing and one in Guangzhou. Both of the operating revenues and occupancies of these hotels 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 2011, 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)		
Dr. 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 2011, 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 2011, 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, of which Dr. Liu Lit Mo, Mr. Liu Lit Chi and Dr. Liu Lit Chung are amongst its shareholders. 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 2011 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 followings:

### **CHAIRMAN AND MANAGING DIRECTOR: CLEAR DIVISION OF RESPONSIBILITIES**

The roles of Chairman and the Managing Director of the Company have not been segregated as required by the code provision A.2.1 of the Code. The Board considers this arrangement is in the best interest of the Company that by nature of the group’s business which requires considerable market expertise and Dr. Liu Lit Mo, with his profound expertise in the property and banking business, shall continue in his dual capacity as the Chairman and Managing Director.

### **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.

Code A.4.2 stipulates that every director shall be subject to retirement by rotation at least once every three years. Under the existing Company’s articles of association, all directors are subject to retirement by rotation except the Managing Director who shall not be subject to retirement by rotation under Articles 107 of the Companies 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 2010 Annual Report:

### **Directors' Updated Information**

**Dr. Cheng Mo Chi, Moses**, an independent non-executive director, had resigned as an independent non-executive director of China COSCO Holdings Company Limited with effect from 17 May 2011.

**Mr. Kho Eng Tjoan, Christopher**, an independent non-executive director, had been re-designated as a non-executive director of the Company with effect from 25 May 2011.

**Mr. Liu Chun Ning, Wilfred**, a non-executive director, had resigned as an independent non-executive director and a member of the audit committee and remuneration committee of Seamless Green China (Holdings) Limited with effect from 29 July 2011.

### **Directors' Emoluments**

As the directors' fee for 2011 were reviewed and approved by shareholders at the 2011 Annual General Meeting which was held on 4 May 2011, the directors' emoluments for the year ending 31 December 2011 have been changed. The Chairman director's fee for 2011 has been changed from HK\$120,000 to HK\$150,000; each of the Independent Non-executive Directors' fees for 2011 has been changed from HK\$100,000 to HK\$150,000; and each of the non-executive directors and other directors for 2011 has been changed from HK\$70,000 to HK\$100,000.

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 2011, 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 2011 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 HKExnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.lchi.com.hk](http://www.lchi.com.hk)). The company's interim report for 2011 will be dispatched to the shareholders of the Company and available on the above websites on or about 26 August 2011.

## **BOARD OF DIRECTORS**

As the date of this announcement, the Board comprises the following 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 (also alternate director to Dr. Liu Lit Chung) and Mr. Lee Wai Hung; the following Non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu, Mr. Liu Chun Ning, Wilfred and Mr. Kho Eng Tjoan, Christopher and the following 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, 10 August 2011