



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

LIU CHONG HING

Interim Report 2012

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)

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)*

NOMINATION COMMITTEE

Dr. Liu Lit Mo *(Chairman)*

Dr. Cheng Mo Chi, Moses

Mr. Ng Ping Kin, Peter

Mr. Tong Tsin Ka

Mr. Kho Eng Tjoan, Christopher

Mr. Lee Wai Hung *(Secretary)*

CORPORATE GOVERNANCE COMMITTEE

Dr. Liu Lit Mo *(Chairman)*

Dr. Cheng Mo Chi, Moses

Mr. Tong Tsin Ka

Mr. Liu Kam Fai, Winston

Mr. Liu Kwun Shing, Christopher

Mr. Lee Wai Hung

SOLICITORS

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

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

BANKERS

Chong Hing Bank Limited
Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) 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
Shanghai Pudong Development Bank Company, Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of Tokyo-Mitsubishi UFJ, Limited
The Hong Kong and Shanghai Banking Corporation Limited
Wing Hang Bank, Limited
Wing Lung Bank Limited

REGISTERED OFFICE

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Fax: (86757) 8126 6669

SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

As at 8 August 2012

Annual General Meeting	:	Held on 9 May 2012
Interim Results for six-month ended 30 June 2012	:	Announced on 8 August 2012
Dividends		
Interim cash dividend	:	HK\$0.10 per share
Payable on	:	27 September 2012
Ex-dividend date of interim dividend	:	14 September 2012
Latest time to lodge transfer forms	:	4:30 p.m. on 17 September 2012
Closure of Register of Members	:	From 18 September 2012 to 20 September 2012 (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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Notes	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited) (restated)
Revenue		180,058	177,762
Direct costs		(38,963)	(46,121)
Gross profit		141,095	131,641
Investment income		1,280	977
Other income		5,921	17,769
Administrative and operating expenses		(79,522)	(81,204)
Promotion and selling expenses		(194)	(23)
Gain (loss) on changes in fair value of investments held for trading		553	(28)
Gain on changes in fair value:			
— on an investment property disposed during the period	9	—	99,948
— on other investment properties	9	101,551	28,633
Gain on revaluation of leasehold land and buildings	9	9	141
Gain on disposal of a subsidiary	5	—	51,304
Finance costs		(53,575)	(29,214)
Share of profit of associates		127,568	198,870
Profit before tax		244,686	418,814
Income tax expense	4	(5,135)	(19,940)
Profit for the period	6	239,551	398,874

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Notes	Six months ended 30 June	
		2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited) (restated)
Other comprehensive (expense) income			
Share of other comprehensive income of associates		30,589	495
Fair value (loss) gain on available-for-sale investments		(2,684)	36,379
Gain on revaluation of leasehold land and buildings	9	69	717
Exchange differences arising on translation		(23,817)	42,709
Income tax relating to components of other comprehensive (expense) income		(5,231)	(185)
Other comprehensive (expense) income for the period (net of tax)		(1,074)	80,115
Total comprehensive income for the period		238,477	478,989
Profit for the period attributable to:			
Owners of the Company		241,178	397,079
Non-controlling interests		(1,627)	1,795
		239,551	398,874
Total comprehensive income for the period attributable to:			
Owners of the Company		239,895	476,057
Non-controlling interests		(1,418)	2,932
		238,477	478,989
Basic earnings per share	7	HK\$0.64	HK\$1.05

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Notes	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited) (restated)
Non-current assets			
Investment properties	9	5,559,134	6,138,076
Property, plant and equipment	9	40,803	45,016
Interests in associates		3,419,091	3,340,905
Available-for-sale investments		333,319	319,963
Advances to an investee company		321,703	312,209
Structured deposits — due after one year		21,116	35,744
Deferred tax assets		637	610
		9,695,803	10,192,523
Current assets			
Properties under development for sale		1,152,085	452,382
Properties held for sale		601,931	605,717
Inventories		15,801	14,693
Trade and other receivables	10	113,617	135,204
Available-for-sale investments		23	226
Investments held for trading		7,686	7,139
Structured deposits — due within one year		38,929	38,998
Fixed bank deposits with more than three months to maturity when raised		74,714	10,079
Bank accounts with Chong Hing Bank Limited and its subsidiaries		173,163	146,916
Other bank balances and cash		442,688	396,826
		2,620,637	1,808,180
Current liabilities			
Trade and other payables	11	251,785	316,897
Taxation payable		35,020	29,055
Borrowings — due within one year	12	1,827,804	1,298,377
		2,114,609	1,644,329
Net current assets		506,028	163,851
Total assets less current liabilities		10,201,831	10,356,374

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AS AT 30 June 2012

	Note	30 June 2012 HK\$'000 (unaudited)	31 December 2011 HK\$'000 (audited) (restated)
Non-current liabilities			
Borrowings — due after one year	12	1,826,968	2,057,771
Deferred taxation		173,097	174,393
		2,000,065	2,232,164
		8,201,766	8,124,210
Capital and reserves			
Share capital		378,583	378,583
Reserves		7,818,153	7,712,687
Equity attributable to owners of the Company			
Non-controlling interests		8,196,736	8,091,270
		5,030	32,940
Total equity		8,201,766	8,124,210

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	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			
	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011 (audited)	378,583	75,747	1,450,483	110,532	2,952	375,757	4,670,145	7,064,209	31,513	7,095,722
Adjustments (see note 2)	–	–	261,366	–	–	–	158,412	419,778	–	419,778
At 1 January 2011 (restated)	378,583	75,747	1,711,859	110,532	2,952	375,757	4,828,557	7,483,987	31,513	7,515,500
Profit for the period	–	–	–	–	–	–	397,079	397,079	1,795	398,874
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	397,079	476,057	2,932	478,989
Dividends recognised as distribution	–	–	–	–	–	–	(56,788)	(56,788)	–	(56,788)
At 30 June 2011 (unaudited and restated)	378,583	75,747	1,712,576	145,873	2,952	418,677	5,168,848	7,903,256	34,445	7,937,701
Profit for the period	–	–	–	–	–	–	203,292	203,292	(4,619)	198,673
Other comprehensive income (expense) for the period	–	–	343	(52,359)	–	77,959	4,209	30,152	3,114	33,266
Total comprehensive income (expense) for the period	–	–	343	(52,359)	–	77,959	207,501	233,444	(1,505)	231,939
Dividends recognised as distribution	–	–	–	–	–	–	(45,430)	(45,430)	–	(45,430)
At 31 December 2011 (audited and restated)	378,583	75,747	1,712,919	93,514	2,952	496,636	5,330,919	8,091,270	32,940	8,124,210
Profit for the period	–	–	–	–	–	–	241,178	241,178	(1,627)	239,551
Other comprehensive income (expense) for the period	–	–	69	24,455	–	(25,807)	–	(1,283)	209	(1,074)
Total comprehensive income (expense) for the period	–	–	69	24,455	–	(25,807)	241,178	239,895	(1,418)	238,477
Acquisition of additional interest in a subsidiary	–	(66,284)	–	–	–	–	–	(66,284)	(26,492)	(92,776)
Dividends recognised as distribution	–	–	–	–	–	–	(68,145)	(68,145)	–	(68,145)
At 30 June 2012 (restated)	378,583	9,463	1,712,988	117,969	2,952	470,829	5,503,952	8,196,736	5,030	8,201,766

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 and the period ended 30 June 2012.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Six months ended 30 June	
		2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Net cash from operating activities		27,421	111,001
Net cash (used in) from investing activities			
Dividend received from an associate		74,740	73,864
Withdrawal upon maturity of structured deposits		15,619	—
Refund of capital contributions from investment funds		7,588	—
(Increase) decrease in bank deposits with more than three months to maturity when raised		(64,635)	9,261
Additions of investment properties		(36,801)	—
Additional investments in available-for-sale investments		(25,778)	(7,308)
Advance to an investee company		(5,000)	(53,200)
Purchase of property, plant and equipment		(2,844)	(1,431)
Disposal of a subsidiary	5	—	418,695
Proceeds on disposal of investment properties		—	21,645
Proceeds on disposal of assets held for sale		—	541
		(37,111)	462,067

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	Six months ended 30 June 2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Net cash from (used in) financing activities			
New borrowings raised	12	794,593	186,639
Repayments of borrowings		(499,134)	(747,335)
Acquisition of additional interest of a subsidiary		(87,843)	—
Dividend paid		(68,145)	(56,788)
Interest paid		(53,575)	(34,966)
		85,896	(652,450)
Net increase (decrease) in cash and cash equivalents		76,206	(79,382)
Cash and cash equivalents at the beginning of the period		543,742	465,399
Effect of foreign exchange rate changes		(4,097)	(4,537)
Cash and cash equivalents at end of the period		615,851	381,480
Cash and cash equivalents at end of the period, represented by:			
Bank accounts with Chong Hing Bank Limited and its subsidiaries		173,163	138,788
Other bank balances and cash		442,688	242,692
		615,851	381,480

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and 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").

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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

Transfer of investment properties to properties under development for sale

For a transfer from investment properties to properties under development for sale which is evidenced by the commencement of development with a view to sale, any difference between the fair value of the property at the date of transfer and its previously carrying amount is recognised in profit or loss. The property's deemed cost for subsequent accounting is the fair value at the date of change in use.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

- amendments to HKFRS 7 *Financial Instruments: Disclosure — Transfer of Financial Assets*; and
- amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*.

Except as described below, the application of the above amendments to 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)

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors reviewed the Group's investment property portfolios in Hong Kong and the People's Republic of China (the "PRC") and concluded that the Group's investment properties in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, while the investment properties in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the presumption set out in the amendments to HKAS 12 is rebutted for investment properties located in the PRC only.

As a result of the application of the amendments to HKAS 12, the Group does not recognise any deferred taxes on changes in fair value of the investment properties located in Hong Kong as the Group is not subject to any income tax on disposal of these investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties based on the tax consequences that would follow from the manner in which the Group expects at the end of the reporting period to recover the carrying amount of the investment properties.

Upon the application of the amendments to HKAS 12, the Group continued to recognise deferred tax on changes in fair value of investment properties in the PRC on the basis that the entire carrying amounts of the properties are expected to be recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities and interests in associates being decreased by HK\$421,624,000 and increased by HK\$4,978,000 as at 31 December 2011 respectively, with the corresponding adjustment being recognised in accumulated profits and property revaluation reserve. In addition, the application of the amendments has resulted in the Group's income tax expense and share of profit of associates for the six months ended 30 June 2012 being reduced by HK\$14,999,000 (2011: HK\$5,697,000) and increased by HK\$310,000 (2011: HK\$394,000) respectively. Hence, the profit for the six months ended 30 June 2012 and 30 June 2011 were increased by HK\$15,309,000 and HK\$6,091,000 respectively.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Summary of the effects of the above change in accounting policy

The effect of change in accounting policy described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated statement of comprehensive income is as follows:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
Increase in share of profit of associates	310	394
Decrease in income tax expense	14,999	5,697
Increase in profit for the period	15,309	6,091

The effect of the change in accounting policy described above on the financial positions of the Group as at the beginning of the comparative period and the end of the immediately preceding financial year, i.e. 1 January 2011 and 31 December 2011, is as follows:

	As at 1 January 2011 (originally stated)		As at 31 December 2011 (originally stated)		As at 31 December 2011 (restated)	
	HK\$'000	Adjustments HK\$'000	HK\$'000	HK\$'000	Adjustments HK\$'000	HK\$'000
ASSETS						
Interests in associates	3,158,365	4,308	3,162,673	3,335,927	4,978	3,340,905
Other assets	8,498,667	—	8,498,667	8,659,798	—	8,659,798
	11,657,032	4,308	11,661,340	11,995,725	4,978	12,000,703
LIABILITIES						
Deferred taxation	572,774	(415,470)	157,304	596,017	(421,624)	174,393
Other liabilities	3,988,536	—	3,988,536	3,702,100	—	3,702,100
	4,561,310	(415,470)	4,145,840	4,298,117	(421,624)	3,876,493
Total effect on net assets	7,095,722	419,778	7,515,500	7,697,608	426,602	8,124,210
CAPITAL AND RESERVES						
Share capital	378,583	—	378,583	378,583	—	378,583
Property revaluation reserve	1,450,493	261,366	1,711,859	1,451,553	261,366	1,712,919
Accumulated profits	4,670,145	158,412	4,828,557	5,165,683	165,236	5,330,919
Other reserves	564,988	—	564,988	668,849	—	668,849
Non-controlling interests	31,513	—	31,513	32,940	—	32,940
Total effect on equity	7,095,722	419,778	7,515,500	7,697,608	426,602	8,124,210

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The effect of the above change in accounting policy on the Group's basic earnings per share for the current and prior period is as follows:

Impact on basic earnings per share

	Six months ended 30 June	
	2012 HK\$	2011 HK\$
Basic earnings per share before adjustments	0.60	1.03
Adjustments arising from change in the accounting policy in relation to: — application of amendments to HKAS 12 in respect of deferred taxes on investment properties	0.04	0.02
Reported basic earnings per share	0.64	1.05

3. SEGMENT INFORMATION *(continued)* Segment Revenue and Results *(continued)*

Six months ended 30 June 2011

	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	Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000 (restated)
SEGMENT REVENUE									
External sales	133,721	–	6,963	6,177	10,953	19,948	177,762	–	177,762
Inter-segment sales	–	–	3,513	–	–	–	3,513	(3,513)	–
Total	133,721	–	10,476	6,177	10,953	19,948	181,275	(3,513)	177,762
Segment profit (loss)	202,209	(4,342)	(2,396)	5,903	201	(3,721)	197,854	–	197,854
Gain on disposal of a subsidiary									51,304
Finance costs									(29,214)
Share of profit of associates (restated)									196,870
Profit before tax									418,814

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 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 purposes of resources allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

3. SEGMENT INFORMATION *(continued)*

Segment Assets

The following is an analysis of the Group's assets and liabilities by reporting segments:

	30 June 2012 HK\$'000	31 December 2011 HK\$'000 (restated)
Property investment	5,891,362	6,364,069
Property development	1,790,024	1,108,576
Property management	2,011	1,636
Treasury investment	4,532,983	4,422,501
Trading and manufacturing	73,722	74,638
Hotel operation	25,701	28,673
Total segment assets	12,315,803	12,000,093
Deferred tax assets	637	610
Consolidated assets	12,316,440	12,000,703

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000 (restated)
Current tax:		
Hong Kong	6,003	5,432
The PRC Enterprise Income Tax	455	7,679
	6,458	13,111
Underprovision in prior years:		
The PRC Enterprise Income Tax	—	4,630
	6,458	17,741
Deferred taxation	(1,323)	2,199
Income tax expense	5,135	19,940

Hong Kong Profits Tax is calculated at 16.5% (2011: 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% (2011: 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\$11,389,000 (31 December 2011: HK\$9,687,000) 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 an investment property 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 prior period was analysed as follows:

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

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

5. DISPOSAL OF A SUBSIDIARY *(continued)*

Cash flows from Prime Ocean Development Limited:

	Six months ended 30 June 2011 HK\$'000
Net cash flows from operating activities	2,665
Net cash flows from investing activities	(3,703)
Net cash flows	(1,038)

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000 (restated)
Profit for the period has been arrived at after charging (crediting) the following items:		
Amortisation of prepaid lease payments	—	446
Depreciation of property, plant and equipment	6,798	6,925
Share of taxation of associates (included in share of profit of associates)	24,200	34,789
Net exchange loss (gain)	201	(10,775)

7. BASIC EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000 (restated)
Profit for the period attributable to owners of the Company	241,178	397,079
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	
	2012	2011
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2011 — HK\$0.18 per share (2011: declared and paid for 2010 HK\$0.15 per share)	68,145	56,788
Dividend declared in respect of current period:		
Interim dividend declared for 2012 — HK\$0.10 per share (2011: HK\$0.12 per share)	37,858	45,430

On 8 August 2012, the Board of Directors has approved an interim cash dividend of HK\$0.10 per share (2011: HK\$0.12 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 20 September 2012.

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

The Group's investment properties and leasehold land and buildings as at 30 June 2012 and 30 June 2011 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\$101,551,000 (2011: HK\$28,633,000) has been recognised directly in profit or loss. During the current period, there is an addition of investment properties amounting to HK\$36,801,000 (2011: nil).

During the period ended 30 June 2012, the Group transferred an investment property located in Hong Kong amounting to HK\$702,200,000 to properties under development for sale as the Group has obtained the approval from the government to redevelop the land as a residential project for sale. The carrying amount of the properties as at the date of transfer approximates to the fair value of the properties.

For the Group's investment property disposed of as a result of the disposal of Prime Ocean Development Limited (note 5), a gain of change in fair value amounting to HK\$99,948,000 was recognised in profit or loss for the period ended 30 June 2011.

A surplus of approximately HK\$78,000(2011: HK\$858,000) arising on revaluation of leasehold land and building has been dealt with as follows:

- (i) a surplus of approximately HK\$9,000 (2011: HK\$141,000) has been recognised as income; and
- (ii) a surplus of approximately HK\$69,000 (2011: HK\$717,000) has been credited to the property revaluation reserve.

10. TRADE AND OTHER RECEIVABLES

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Trade receivables	14,635	28,157
Deposits for construction costs	37,516	36,784
Other deposits, prepayments and receivables	61,466	70,263
	113,617	135,204

The Group allows a 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, normally within 60 days from the date of agreement.

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

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Within 30 days	3,941	2,836
Between 31 days to 90 days	3,256	3,082
Over 90 days	7,438	22,239
	14,635	28,157

11. TRADE AND OTHER PAYABLES

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Trade payables	10,920	10,829
Construction cost payables	141,041	199,415
Deposits received and receipt in advance in respect of rental of investment properties	80,950	84,032
Other payables	18,874	22,621
	251,785	316,897

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

12. BORROWINGS

During the current period, the Group obtained bank loans of approximately HK\$794,593,000 (2011: HK\$186,639,000) and repaid bank loans of approximately HK\$499,134,000 (2011: HK\$747,335,000). As at 30 June 2012, the loans carried interest at variable market rates ranging from 0.98% to 8.28% (2011: 0.66% to 5.90%) per annum and were repayable in instalments over a period of 1 to 4 years. The proceeds were used for general working capital purposes.

13. CAPITAL COMMITMENTS

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of contributions to the capital of investment funds	163,250	179,252



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF LIU CHONG HING INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Liu Chong Hing Investment Limited (the "Company") and its subsidiaries set out on pages 4 to 24, which comprises the condensed consolidated statement of financial position as of 30 June 2012 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

8 August 2012

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2012 of HK\$0.10 per share (2011: HK\$0.12 per share), payable on 27 September 2012 to the Company's shareholders registered on 20 September 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 18 September 2012 to Thursday, 20 September 2012, 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 for registration 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 Monday, 17 September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

BANKING OPERATION

For the first half of year 2012, our banking associates, Chong Hing Bank Limited (the "Bank") recorded unaudited net profit of approximately HK\$260 million, representing 36% decrease comparing to the corresponding period of 2011. In effect, the Bank's profit after taxation shared by the group was decreased by approximately HK\$71.3 million, from approximately HK\$198.9 million in 2011 to approximately HK\$127.6 million in 2012 accordingly.

If excluding the provision written back in relation to the Lehman Brothers minibonds repurchase scheme of HK\$235 million booked in June 2011, the Bank's profit had increased by 49% from approximately HK\$175 million to approximately HK\$260 million.

INVESTMENT PROPERTIES

Overall results

The Group's core rental business continued to record sustainable growth. For the first half of 2012, it recorded total rental revenue of approximately HK\$133.1 million from their investment properties.

Increase of rental revenue from Shanghai Chong Hing Finance Centre (10% up) and Chong Hing Square at Mongkok (16% up) was partially offset by the decrease of rental revenue from Guangzhou Chong Hing Plaza, which generated annual rental revenue over HK\$20 million was disposed in May 2011. The Group's rental revenue was further affected by the redevelopment of the Western Harbour Centre at 181–183 Connaught Road West since all tenants had moved out from this office building by May 2012.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

INVESTMENT PROPERTIES *(continued)*

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 2012, this property recorded an increase of rental revenue of 16% with 96% occupancy as at 30 June 2012.

Chong Yip Shopping Centre

Chong Yip Shopping Centre is located at 402–404 Des Voeux Road West, it provides more than 73,400 square feet of retail and entertainment facilities. For the period under review, this shopping centre maintained a 96% occupancy with 10% increase of rental revenue.

Western Harbour Centre

Western Harbour Centre, 181–183 Connaught Road West, a grade A office building, located at close proximity to the Western Harbour Crossing, provides over 200,000 square feet of office spaces. This office building continued to maintain 100% occupancy and stable rental revenue to the group for the first half of 2012.

The management had decided to redevelop this office building in order to maximize the property potential and shareholders value.

Fairview Court

Fairview Court, located at 94 Repulse Bay Road, with 5 units luxury low rise apartment was recorded 60% occupancy for the period under review.

PRC properties

Shanghai Chong Hing Finance Centre

Shanghai Chong Hing Finance Centre, 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 office and commercial space for lease. As at 30 June 2012, 87% office space and 100% commercial area were let and recorded a 10% increase of rental revenue.

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 over 256,107 square meter 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 1,367 residential flat units with size ranging from 55 square meter to 400 square meter will be provided. It also provides retails and commercial areas of approximately 8,721 square meter and a stand-alone clubhouse of approximately 5,861 square meter, if including other recreational facilities areas and 1,246 car parking spaces mainly built in the basement level, the total construction areas is over 181,706 square meter.

As at 30 June 2012, a total of 399 flat units were successfully sold out generating cash proceeds of approximately RMB303 million. The sale of flat units was representing 48% of the total units of phase 1 put up for sale. The construction of phase 1 was completed and the flat units were handover to buyers by the end of 2011.

The management envisaged that the on-going tightening policy to mainland real estate market would not be loosen in the short term, it would definitely slow down the sale of this residential project.

BUDGET HOTEL PROJECT

For the period under review, the Group continued to operate its budget hotels projects, including two budget hotels in Shanghai, one in Beijing and one in Guangzhou. All the hotels had shown improvement both in business revenue, occupancies and average room rate.

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 2012, 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	795,600	—	171,840,189 (Notes 1 & 2)	172,635,789	45.60%
Mr. Liu Lit Chi	141,668	—	210,963,253 (Notes 1 & 3)	211,104,921	55.76%
Mr. Liu Kam Fai, Winston Deputy Managing Director	3,320,400	—	—	3,320,400	0.87%
Dr. Liu Lit Chung	—	—	165,840,189 (Note 1)	165,840,189	43.81%
Mr. Andrew Liu	3,479,905	—	—	3,479,905	0.92%
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: 165,840,189 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	1,002,450	—	253,543,628 (Note 1)	254,546,078	58.52%
Mr. Liu Lit Chi, Managing Director & Chief Executive Officer	313,248	—	255,806,839 (Notes 1 & 2)	256,120,087	58.88%
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 253,543,628 shares are attributed as follows:

- (i) 213,543,628 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 43.81% 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 2012, 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 2012, 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	165,840,189 (Note 1)	43.81%
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 2012 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 CORPORATE GOVERNANCE CODE

During the period under review, the Company had substantially complied with the provisions of the Corporate Governance Code (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.4.2 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 2011 Annual Report:

Directors' Updated Information

Dr. Cheng Mo Chi, Moses, an independent non-executive director, had resigned as an independent non-executive director of Hong Kong Exchanges and Clearing Limited with effect from 23 April 2012.

Directors' Emoluments

As the directors' fee for 2012 were reviewed and approved by shareholders at the 2012 Annual General Meeting which was held on 9 May 2012, the directors' emoluments for the year ending 31 December 2012 have been changed. The Chairman director's fee for 2012 has been changed from HK\$150,000 to HK\$200,000; directors' fee for 2012 on each of the Independent Non-executive Directors' and the Non-executive Director with committee responsibilities has been changed from HK\$150,000 to HK\$200,000; and each of the Executive directors for 2012 has been changed from HK\$100,000 to HK\$150,000.

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 2012, 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 2012 have been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, 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 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) and the website of the Company (www.lchi.com.hk). The company's interim report for 2012 will be dispatched to the shareholders of the Company and available on the above websites on or about 24 August 2012.

BOARD OF DIRECTORS

As the date of this interim report, 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, 8 August 2012