LIU CHONG HING INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 194)

Announcement of Audited Results for the year ended 31 December 2008

RESULTS

The Board of Directors of Liu Chong Hing Investment Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008 are as follows:

	Notes	**2008** **HK$'000**	2007 HK$'000
Revenue	*2*	**277,849**	290,265
Direct costs		**(64,007)**	(101,929)
Gross profit		**213,842**	188,336
Other income		**17,104**	9,421
Administrative expenses		**(156,953)**	(114,212)
Fair value (loss) gain on investments held for trading		**(7,820)**	8,488
Net fair value gain on investment properties		**380,074**	51,967
(Loss) gain on disposal of available-for-sale investments		**(14,166)**	13,196
Impairment loss on available-for-sale investments		**(63,701)**	—
(Deficit) surplus on revaluation of leasehold land and buildings		**(16,888)**	96
Finance costs		**(104,292)**	(102,892)
Share of results of associates		**45,255**	246,457
Profit before taxation		**292,455**	300,857
Income tax expense	*4*	**(86,572)**	(41,083)
Profit for the year		**205,883**	259,774
Attributable to:			
Equity holders of the Company		**209,326**	263,114
Minority interests		**(3,443)**	(3,340)
		205,883	259,774
Dividends	*5*	**98,431**	102,218
Basic earnings per share	*6*	**HK$0.55**	HK$0.69

CONSOLIDATED BALANCE SHEET

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment properties		**5,486,449**	3,278,504
Property, plant and equipment		**71,089**	50,089
Investment properties under development		**—**	1,648,219
Prepaid lease payments		**51,088**	465,111
Interests in associates		**2,815,218**	2,898,874
Available-for-sale investments		**237,221**	311,439
Advances to investee companies		**118,799**	242,301
Loans receivable — due after one year		**72,178**	60,458
		8,852,042	8,954,995
Current assets			
Properties under development for sale		**626,694**	—
Inventories		**10,375**	12,237
Properties held for sale		**6,518**	6,518
Trade and other receivables	*7*	**92,201**	175,846
Investments held for trading		**3,515**	11,335
Prepaid lease payments		**1,439**	9,139
Loans receivable — due within one year		**15,600**	11,509
Fixed bank deposits with more than three months to maturity when raised		**455,828**	537,346
Bank accounts with Chong Hing Bank Limited and its subsidiaries		**39,297**	31,448
Other bank balances and cash		**308,828**	864,041
Assets held for sale		**1,615**	2,677
		1,561,910	1,662,096
Current liabilities			
Trade and other payables	*8*	**236,847**	142,163
Taxation payable		**10,986**	10,584
Borrowings — due within one year		**960,824**	1,520,320
		1,208,657	1,673,067
Net current assets (liabilities)		**353,253**	(10,971)
Total assets less current liabilities		**9,205,295**	8,944,024

	Notes	**2008** **HK$'000**	2007 HK$'000
Non-current liabilities			
Borrowings — due after one year		**2,573,216**	2,573,521
Deferred taxation		**484,540**	408,529
		3,057,756	2,982,050
		6,147,539	5,961,974
Capital and reserves			
Share capital		**378,583**	378,583
Reserves		**5,731,041**	5,552,676
Equity attributable to equity holders of the Company		**6,109,624**	5,931,259
Minority interests		**37,915**	30,715
Total equity		**6,147,539**	5,961,974

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[6]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

2 Effective for annual periods beginning on or after 1 January 2009

3 Effective for annual periods beginning on or after 1 July 2009

4 Effective for annual periods beginning on or after 1 July 2008

5 Effective for annual periods beginning on or after 1 October 2008

6 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. REVENUE

Revenue represents the aggregate of the following amounts received and receivable during the year. An analysis of the Group's revenue for the year is as follows:

	2008	2007
	HK$'000	*HK$'000*
Proceeds from disposal of properties held for sale	**—**	93,957
Gross rental income	**201,136**	120,700
Sales of goods	**15,446**	21,140
Interest income on loan receivables, bank deposits and bank balances	**40,341**	40,408
Property management and agency fees	**13,720**	14,035
Hotel service income	**7,154**	—
Dividend income from listed investments held for trading	**52**	25
	277,849	290,265

3. SEGMENT INFORMATION

Business Segments

For management purposes, the Group is currently organised into the following operating divisions — property investment, property development, property management, treasury investment, trading and manufacturing and hotel. These divisions are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

Year ended 31 December 2008

	Property investment *HK$'000*	Property development *HK$'000*	Property management *HK$'000*	Treasury investment *HK$'000*	Trading and manufacturing *HK'000*	Hotel *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE								
External sales	**201,136**	**—**	**13,720**	**40,393**	**15,446**	**7,154**	**—**	**277,849**
Inter-segment sales	**—**	**—**	**6,855**	**—**	**—**	**—**	**(6,855)**	**—**
Total revenue	**201,136**	**—**	**20,575**	**40,393**	**15,446**	**7,154**	**(6,855)**	**277,849**

Inter-segment sales are charged at prevailing market rates.

	Property investment *HK$'000*	Property development *HK$'000*	Property management *HK$'000*	Treasury investment *HK$'000*	Trading and manufacturing *HK'000*	Hotel *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
RESULTS								
Segment results	**481,534**	**(156)**	**(6,966)**	**(107,033)**	**(1,566)**	**(14,321)**	**—**	**351,492**
Finance costs								**(104,292)**
Share of results of associates	**107**	**—**	**—**	**45,148**	**—**	**—**	**—**	**45,255**
Profit before taxation								**292,455**
Income tax expense								**(86,572)**
Profit for the year								**205,883**

Year ended 31 December 2007

	Property investment *HK$'000*	Property development *HK$'000*	Property management *HK$'000*	Treasury investment *HK$'000*	Trading and manufacturing *HK'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	120,700	93,957	14,035	40,433	21,140	—	290,265
Inter-segment sales	—	—	5,114	—	—	(5,114)	—
Total revenue	120,700	93,957	19,149	40,433	21,140	(5,114)	290,265

Inter-segment sales are charged at prevailing market rates.

	Property investment *HK$'000*	Property development *HK$'000*	Property management *HK$'000*	Treasury investment *HK$'000*	Trading and manufacturing *HK'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
RESULTS							
Segment results	140,193	25,713	(5,979)	(2,902)	267	—	157,292
Finance costs							(102,892)
Share of results of associates	91	—	—	246,366	—	—	246,457
Profit before taxation							300,857
Income tax expense							(41,083)
Profit for the year							259,774

4. INCOME TAX EXPENSE

	2008	2007
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**6,161**	5,672
Overprovision in prior years	**(60)**	(57)
	6,101	5,615
PRC Enterprise Income Tax		
Current year	**4,460**	17,339
Underprovision in prior years	**—**	1,161
	4,460	18,500
	10,561	24,115
Deferred taxation		
Current year	**99,299**	16,968
Attributable to change in tax rate	**(23,288)**	—
	76,011	16,968
	86,572	41,083

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year. The effect of this decrease has been reflected in the calculation of current and deferred tax balances as at balance sheet date.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and the Implementation Regulations, the Enterprise Income Tax rate of the Group's subsidiaries in PRC was reduced from 33% to 25% from 1 January 2008 onwards.

Taxation arising in PRC is calculated at 25% (2007: 33%) on the estimated assessable profits of those subsidiaries that are subject to Enterprise Income Tax in PRC.

5. DIVIDENDS

	2008	2007
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2007 final dividend paid at HK$0.16		
(2007: 2006 final dividend paid at HK$0.15) per share	**60,573**	56,788
2008 interim dividend paid at HK$0.10		
(2007: 2007 interim dividend paid at HK$0.12) per share	**37,858**	45,430
	98,431	102,218

A final cash dividend of HK$0.05 (2007: HK$0.16) per share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

6. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of HK$209,326,000 (2007: HK$263,114,000) and on 378,583,440 (2007: 378,583,440) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no dilutive potential ordinary shares in issue during the years 2007 and 2008.

7. TRADE AND OTHER RECEIVABLES

The Group's credit policy allows an average credit period of 30–90 days to its trade customers, other than customers for sales of properties, who satisfy the Group's credit evaluation. Proceeds from sales of properties are receivable according to the terms of sale and purchase agreements. The aged analysis of trade receivables of HK$13,199,000 (2007: HK$29,109,000) which are included in trade and other receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**5,717**	10,205
Between 31 days to 90 days	**2,312**	9,992
Over 90 days	**5,170**	8,912
	13,199	29,109

8. TRADE AND OTHER PAYABLES

At the balance sheet date, included in trade and other payables are trade payables of HK$11,938,000 (2007: HK$24,015,000) and the aged analysis of which is as follows:

	2008	2007
	HK$'000	*HK$'000*
Within 30 days	**11,935**	23,777
Between 31 days to 90 days	**3**	238
	11,938	24,015

MANAGEMENT DISCUSSION AND ANALYSIS

Banking operation

For the year ended 2008, the Group's banking associate, Chong Hing Bank Limited (the "Bank"), reported a profit after taxation amounted to HK$61 million, representing a decrease of 88% over that for the year before.

During the year 2008, the world experienced the biggest global financial meltdown in history. Although the root of the problem came from the US, what started out as a fallout in the financial sector quickly spread over to real economies. Countries around the world began to experience a massive deleveraging of debt which lead to a self-reinforcing cycle of reduced output, higher unemployment, and lower demand. With wise governance and prudent state policies, China is the least affected of the world's major economies but inevitably feels the negative effects of reduced demand for its goods and services. Therefore we believe 2009 will be a year of consolidation for China, and likewise for Hong Kong too, as we look forward to recovery in due course.

Property investment

The year 2008 has been a mixed year for Hong Kong's property market. While the first half of the year has seen healthy turnover and strong price levels, the second half of 2008 has seen gradual softening in prices and lower turnover in line with a slowing economy.

Hong Kong

Chong Hing Square

Chong Hing Square, a popular ginza-type retail development situated in the heart of Mongkok, Kowloon, offers 184,000 square feet of retail and recreational space. This 20-storey building has been 93% let, and its rental revenue increased by 5%.

Chong Yip Shopping Centre

Chong Yip Shopping Centre is located in Western District with 45,000 square feet of retail and recreational space. This 2-storey shopping mall was 95% let in 2008 and rental revenue has remained stable.

Western Harbour Centre

Western Harbour Centre, a Grade-A office building at 181 Connaught Road West, Hong Kong, is conveniently located close to the Western Harbour Tunnel. This 28-storey 140,000 square feet development was 100% let in 2008 and rental revenue increased by 6% over the previous year.

Fairview Court

Fairview Court is a 6-unit luxury low-rise apartment building in Repulse Bay, Hong Kong, of which the Group owns 5 units. At 31 December, 2008, all units are let out and rental revenue increased by 15%.

PRC

Chong Hing Finance Centre, Shanghai

Chong Hing Finance Centre is located at 288, Nanjing Road West, in Huang Pu District, Shanghai. This 36-storey Grade-A building had been completed in early 2008, and offers 336,000 square feet of lettable office space, 51,000 square feet of commercial and retail space, and 198 car park spaces at a prestiguous location opposite People's Square. The Group intends to retain this property for long-term rental purpose. Total investment in this project is about RMB1,400 million. The Group owns 95% of this property and the remaining 5% is owned by a subsidiary of the Municipal Government of Huang Pu District, Shanghai. This property is currently 73% let and is expected to bring RMB100 million in annual rental revenue when fully let.

Chong Hing Plaza, Guangzhou

The Group acquired this well located 5-storey shopping mall in the central of Guangzhou in 2006. The shopping mall has a gross floor area of 180,000 square feet and the Group has recently completed renovations to upgrade this property so as to achieve better rental income in the long term. The property is currently 95% let.

Property development

Hong Kong

Tai Po, New Territories

In early 2007, the Group acquired a 240,000 square feet plot of land in Tai Po district, New Territories. Initial consultational studies and planning has begun, and the Group intends to seek eventual conversion of this land for future residential use.

PRC

The Grand Riviera, Foshan

In early 2007, the Group acquired a plot of land in Foshan, Guangzhou PRC. This 2,600,000 square feet land has been acquired through government land auction at a consideration of RMB476,000,000 and its use is intended for composite development including both residential and retail. The Group intends to develop this project in several phases over a period of 4–5 years and will seek to make this into a landmark project in the Foshan vicinity of Guangzhou. The Group has appointed Architectural Design & Research Institute Of Tongji University, WY Design, Belt Collins International (HK) Limited, and Davis Langdon & Seah Hong Kong Limited as the consultants of this project. Construction work of the first phase has begun and pre-sale is expected to commence upon its completion in late 2009.

Budget Hotel Project

The Group has decided to capitalize on China's fast growing hospitality industry by venturing into a Budget Hotel Project. With strong demand for affordable hotel accommodation and a relative lack of such hotels for many business travelers, we believe this sector of the hotel industry offers strong growth aspects in the coming years. During the course of 2008, the Group has opened 2 hotels in Shanghai and 1 in Beijing. The Group expects business will pick up slowly as the PRC economy gradually recovers from the backlash of the global financial meltdown of 2008.

FINAL DIVIDEND

The Board of Directors proposes to recommend a final cash dividend for the year ended 31 December 2008 of HK5 cents (2007: HK16 cents) per share which, together with the interim cash dividend of HK10 cents (2007: HK12 cents) per share paid on 25 September 2008, makes a total cash dividend of HK15 cents (2007: HK28 cents) per share for 2008. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on 29 April 2009, will be paid on 30 April 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 December 2008 with those paragraphs of the Code of Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), with which it is required to report compliance.

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTING 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 year ended 31 December 2008, the Company and its subsidiaries have not purchased, sold or redeemed any of the Shares in the Company.

BOOK CLOSE

The Register of Members will be closed from Wednesday, 22 April 2009 to Friday, 24 April 2009, both days inclusive.

AUDIT COMMITTEE

The Company had established an Audit Committee in 1999 with revised written terms of reference with reference to the latest Listing Rules of the Exchange.

The committee comprised four members, namely Mr. Tong Tsin Ka (Chairman), Dr. The Hon. Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter and Dr. Cheng Mo Chi, Moses, and all of them are independent non-executive directors of the Company.

A meeting of the Audit Committee was held to review the Group's annual results for the year ended 31 December 2008 before they presented the same to the Board of Directors for approval.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") will be held at Mandarin Oriental, Hong Kong, 1st Floor, Function Room, 5 Connaught Road Central, Hong Kong on Wednesday, 29 April 2009, at 12:00 noon. The Notice of the AGM will be published on the websites of the Company and the Stock Exchange and despatched to Shareholders on or about 27 March 2009.

BOARD OF DIRECTORS

As at the date hereof, the Board of Directors of the Company comprises Executive Directors: Mr. Liu Lit Man (Chairman), Dr. Liu Lit Mo (Managing Director), Mr. Liu Lit Chi, Mr. Liu Kam Fai, Winston (Deputy Managing Director), Mr. Liu Kwun Shing, Christopher (alternate director to Dr. Liu Lit Chung) and Mr. Lee Wai Hung; Non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu and Mr. Liu Chun Ning, Wilfred; and Independent Non-executive Directors: Dr. The Hon. Lee Tung Hai, Leo, Mr. Ng Ping Kin, Peter, Dr. Cheng Mo Chi, Moses and Mr. Tong Tsin Ka.

By Order of the Board
Dr. Liu Lit Mo
Managing Director

Hong Kong, 4 March 2009

The Company's Annual Report 2008, containing the Directors' Report, Financial Statements for the year ended 31 December 2008 and the Notice of Annual General Meeting, together with the circular and the Form of Proxy will be despatched to shareholders on or about 27 March 2009. All of these will be made available on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.lchi.com.hk) on the same date.