LIU CHONG HING INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 194)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

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 2010. The interim financial information is prepared on a basis consistent with the accounting policies adopted in 2009 annual report, except for the accounting policy changes made thereafter in adopting a number of new Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

	Notes	Six months ended 30 June **2010** **(unaudited)** ***HK$'000***	2009 (unaudited) *HK$'000*
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**21,892**	2,172
Fair value gain (loss) on available-for-sale investments		**3,797**	(2,657)
Gain on revaluation of leasehold land and buildings		**1,354**	4
Share of other comprehensive income of associates:			
Exchange differences arising on translation of foreign operations		**1,132**	(4)
Available-for-sale investments:			
Change in fair value		**1,748**	2,040
Reclassification adjustment upon disposal and impairment		**877**	11,553
Income tax		**(571)**	(2,950)
Other comprehensive income for the period (net of tax)		**30,229**	10,158
Total comprehensive income for the period		**262,583**	203,249
Profit for the period attributable to:			
Owners of the Company		**232,700**	193,973
Non-controlling interests		**(346)**	(882)
		232,354	193,091
Total comprehensive income attributable to:			
Owners of the Company		**261,635**	204,056
Non-controlling interests		**948**	(807)
		262,583	203,249
Basic earnings per share	*5*	**HK$61.5 cents**	HK$51.2 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2010 (unaudited) *HK$'000*	31 December 2009 (audited and restated) *HK$'000*
Non-current assets			
Investment properties		**5,928,059**	5,772,823
Property, plant and equipment		**67,770**	71,550
Prepaid lease payments		**29,969**	30,415
Interests in associates		**3,017,500**	2,919,424
Available-for-sale investments		**265,791**	276,798
Advances to investee companies		**121,677**	122,288
Loans receivable — due after one year		**15,600**	37,440
		9,446,366	9,230,738
Current assets			
Properties under development for sale		**909,117**	762,286
Inventories		**10,015**	10,816
Properties held for sale		**6,518**	6,518
Trade and other receivables	*7*	**111,709**	77,412
Investments held for trading		**3,563**	4,830
Prepaid lease payments		**893**	893
Loans receivable — due within one year		**62,818**	25,378
Fixed bank deposits with more than three months to maturity when raised		**52,784**	263,312
Bank accounts with Chong Hing Bank Limited and its subsidiaries		**193,762**	61,503
Other bank balances and cash		**450,436**	370,642
Assets held for sale		**49**	268
		1,801,664	1,583,858
Current liabilities			
Trade and other payables	*8*	**181,707**	220,612
Taxation payable		**13,731**	11,660
Borrowings — due within one year		**1,845,751**	1,206,341
		2,041,189	1,438,613
Net current (liabilities) assets		**(239,525)**	145,245
Total assets less current liabilities		**9,206,841**	9,375,983

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

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

Notes:

1. BASIS OF PREPARATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

Amendment to HKAS 17 "Leases"

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

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

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

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

In addition, the Group acquired approximately 0.70% additional interest in its associate for a consideration of approximately HK$43,485,000. The accounting policy is as follows:

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

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

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

[1] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*
[2] *Effective for annual periods beginning on or after 1 February 2010*
[3] *Effective for annual periods beginning on or after 1 July 2010*
[4] *Effective for annual periods beginning on or after 1 January 2011*
[5] *Effective for annual periods beginning on or after 1 January 2013*

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

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

3. SEGMENT INFORMATION

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

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

Information regarding the above segments is reported below.

Segment Revenue and Results

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

Six months ended 30 June 2010

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

Six months ended 30 June 2009

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

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

Inter-segment sales are charged at prevailing market rate.

4. INCOME TAX EXPENSE

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

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

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

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

5. BASIC EARNINGS PER SHARE

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

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

6. DIVIDENDS

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

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

7. TRADE AND OTHER RECEIVABLES

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

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

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

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

8. TRADE AND OTHER PAYABLES

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

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

INTERIM DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

MANAGEMENT DISCUSSION AND ANALYSIS

Banking Operation

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

Investment Properties

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

Chong Hing Square, a popular ginza-type retail/commercial development situated in the heart of Mongkok, Kowloon, offers 184,000 square feet of retail and recreational space. This 20-storey building has been 97% let and rental revenue has remained stable.

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

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

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

Shanghai, Chong Hing Finance Centre

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

The Grand Riviera, Foshan

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

Budget Hotels Project

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

LOOKING AHEAD

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

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

Board Composition appointment, re-election and removal

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Although the 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.

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

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

REVIEW OF UNAUDITED INTERIM ACCOUNTS

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

PUBLICATION OF RESULTS ON THE WEBSITE

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

BOARD OF DIRECTORS

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

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

Hong Kong, 11 August 2010