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 2011

RESULTS

The Directors of Liu Chong Hing Investment Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Revenue	*3*	**725,093**	337,995
Direct costs		**(456,823)**	(75,663)
Gross profit		**268,270**	262,332
Investment income		**1,953**	1,629
Other income		**93,524**	38,628
Administrative and operating expenses		**(152,717)**	(153,350)
Promotion and selling expenses		**(11,987)**	(8,116)
Loss on changes in fair value of investments held for trading		**(1,590)**	(77)
Gain on changes in fair value:			
— on investment properties disposed during the year		**90,770**	—
— on other investment properties		**75,768**	246,543
— on properties under development transferred to investment properties		**41,929**	—
Gain on revaluation of leasehold land and buildings		**180**	252
Gain on disposal of a subsidiary		**51,304**	—
Finance costs		**(59,093)**	(49,952)
Share of profit of associates		**274,683**	230,544
Profit before tax		**672,994**	568,433
Income tax expense	*5*	**(82,271)**	(65,540)
Profit for the year		**590,723**	502,893

	Notes	**2011** **HK$'000**	2010 HK$'000
Other comprehensive income			
Exchange differences arising on translation		**121,937**	98,274
Fair value gain on available-for-sale investments		**18,301**	35,078
Gain on revaluation of leasehold land and buildings		**1,060**	825
Share of other comprehensive (expense) income of associates		**(34,347)**	32,376
Income tax relating to components of other comprehensive income		**6,430**	(4,332)
Other comprehensive income for the year (net of tax)		**113,381**	162,221
Total comprehensive income for the year		**704,104**	665,114
Profit for the year attributable to:			
Owners of the Company		**593,547**	507,958
Non-controlling interests		**(2,824)**	(5,065)
		590,723	502,893
Total comprehensive income attributable to:			
Owners of the Company		**702,677**	666,252
Non-controlling interests		**1,427**	(1,138)
		704,104	665,114
Basic earnings per share	*6*	**HK$1.57**	HK$1.34

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31.12.2011 HK$'000	31.12.2010 HK$'000
Non-current assets			
Investment properties		**6,138,076**	6,099,456
Property, plant and equipment		**45,016**	52,871
Prepaid lease payments		**—**	29,522
Interests in associates		**3,335,927**	3,158,365
Available-for-sale investments		**319,963**	297,372
Advances to an investee company		**312,209**	121,964
Structured deposits — due after one year		**35,744**	42,900
Deferred tax assets		**610**	—
		10,187,545	9,802,450
Current assets			
Properties under development for sale		**452,382**	1,118,029
Properties held for sale		**605,717**	6,518
Inventories		**14,693**	11,088
Trade and other receivables	*8*	**135,204**	85,761
Available-for-sale investments		**226**	957
Investments held for trading		**7,139**	8,729
Prepaid lease payments		**—**	893
Structured deposits — due within one year		**38,998**	53,040
Fixed bank deposits with more than three months to maturity when raised		**10,079**	104,068
Bank accounts with Chong Hing Bank Limited and its subsidiaries		**146,916**	126,623
Other bank balances and cash		**396,826**	338,776
Assets held for sale		**—**	100
		1,808,180	1,854,582
Current liabilities			
Trade and other payables	*9*	**316,897**	180,708
Deferred income		**—**	134,898
Taxation payable		**29,055**	11,600
Borrowings — due within one year		**1,298,377**	1,854,297
		1,644,329	2,181,503
Net current assets (liabilities)		**163,851**	(326,921)
Total assets less current liabilities		**10,351,396**	9,475,529

	Notes	**31.12.2011**	31.12.2010
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings — due after one year		**2,057,771**	1,807,033
Deferred taxation		**596,017**	572,774
		2,653,788	2,379,807
		7,697,608	7,095,722
Capital and reserves			
Share capital		**378,583**	378,583
Reserves		**7,286,085**	6,685,626
Equity attributable to owners of the Company		**7,664,668**	7,064,209
Non-controlling interests		**32,940**	31,513
Total equity		**7,697,608**	7,095,722

Notes:

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The address of the registered office and principal place of business of the Company is 25/F, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK dollars"), which is also the functional currency of the Company.

The principal activities of the Company are property investment and investment holding.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements of the Group.

In addition, the Group has early adopted HKAS 19 (as revised in 2011) in advance of its effective date 1 January 2013 in order to align the accounting policies of one of its associates. The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to HKAS 19 require retrospective application with certain exceptions. The application of the amendments to HKAS 19 did not have a significant impact on the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 *Effective for annual periods beginning on or after 1 July 2011.*
2 *Effective for annual periods beginning on or after 1 January 2013.*
3 *Effective for annual periods beginning on or after 1 January 2015.*
4 *Effective for annual periods beginning on or after 1 January 2012.*
5 *Effective for annual periods beginning on or after 1 July 2012.*
6 *Effective for annual periods beginning on or after 1 January 2014.*

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the adoption of HKFRS 9 in the future may not have significant impact on other financial assets and liabilities except for amounts reported in respect of the Group's available-for-sale investments. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual periods beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investments in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). However, the directors is in a process of performing a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual periods beginning 1 January 2013 and that the application of the new standard may not affect the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group for annual periods beginning on or after 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, 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 amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. The directors are in the process of assessing the impact of the application of the amendments to HKAS 12 on the consolidated financial statements.

Other than the financial effect as described above, the directors anticipate that the application of other new and revised HKFRSs issued but not yet effective has had no material impact on the Group's financial performance and financial positions for the future and/or on the disclosures set out in the financial statements of the Group.

3. 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:

	2011	2010
	HK$'000	*HK$'000*
Gross rental income	**262,614**	247,125
Sale of properties held for sale	**373,962**	—
Sale of goods	**21,919**	18,207
Interest income on structured deposits, available-for-sale investments, bank deposits and bank balances	**9,731**	10,025
Property management and agency fees	**12,918**	14,701
Hotel operation income	**43,885**	46,565
Dividend income from listed investments held for trading	**64**	72
Dividend income from an investee company	**—**	1,300
	725,093	337,995

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation or assessment of segment performance focuses on types of goods and services delivered or provided.

Specifically, the Group's operating and reportable segments under HKFRS 8 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 operation of hotels

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Property investment	**Property development**	**Property management**	**Treasury investment**	**Trading and manufacturing**	**Hotel operation**	**Total**	**Eliminations**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
For the year ended 31 December 2011									
REVENUE									
External sales	**262,614**	**373,962**	**12,918**	**9,795**	**21,919**	**43,885**	**725,093**	**—**	**725,093**
Inter-segment sales	**—**	**—**	**6,588**	**—**	**—**	**—**	**6,588**	**(6,588)**	**—**
Total	**262,614**	**373,962**	**19,506**	**9,795**	**21,919**	**43,885**	**731,681**	**(6,588)**	**725,093**
Segment profit (loss)	**383,975**	**11,591**	**(5,669)**	**21,515**	**636**	**(5,948)**	**406,100**	**—**	**406,100**
Gain on disposal of a subsidiary									**51,304**
Finance costs									**(59,093)**
Share of profit of associates									**274,683**
Profit before tax									**672,994**

	Property investment	Property development	Property management	Treasury investment	Trading and manufacturing	Hotel operation	Total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2010									
REVENUE									
External sales	247,125	—	14,701	11,397	18,207	46,565	337,995	—	337,995
Inter-segment sales	—	—	7,254	—	—	—	7,254	(7,254)	—
Total	247,125	—	21,955	11,397	18,207	46,565	345,249	(7,254)	337,995
Segment profit (loss)	382,772	(15,779)	(5,178)	36,477	(10,683)	232	387,841	—	387,841
Finance costs									(49,952)
Share of profit of associates									230,544
Profit before tax									568,433

Segment profit/loss represents the profit earned by/loss 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 purpose of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

5. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**29,368**	8,681
Underprovision in prior years	**3**	50
	29,371	8,731
The People's Republic of China (the "PRC")		
Enterprise Income Tax	**23,044**	10,510
Land Appreciation Tax ("LAT")	**7,223**	—
	59,638	19,241
Deferred taxation		
Current year	**22,633**	46,299
	82,271	65,540

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

6. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the year attributable to owners of the Company of HK$593,547,000 (2010: HK$507,958,000) and on 378,583,440 (2010: 378,583,440) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares in issue during the years 2010 and 2011.

7. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2011 interim dividend paid at HK$0.12 (2010: 2010 interim dividend HK$0.10) per share	**45,430**	37,858
2010 final dividend paid at HK$0.15 (2010: 2009 final dividend HK$0.10) per share	**56,788**	37,858
	102,218	75,716

The final dividend of HK$0.18 in respect of the year ended 31 December 2011 (2010: final dividend of HK$0.15 in respect of the year ended 31 December 2010) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

8. TRADE AND OTHER RECEIVABLES

Included in the balance are trade debts of HK$28,157,000 at 31 December 2011 (2010: HK$10,849,000), further details of which are set out below.

The Group's credit policy allows its trade customers an average credit period of 30–90 days, other than customers from sales of properties which the proceeds are settled in accordance with the sale and purchase agreements. The aged analysis of trade receivables of HK$28,157,000 (2010: HK$10,849,000) presented based on the invoice date at the end of the reporting period which are included in trade receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**2,836**	3,984
Between 31 days to 90 days	**3,082**	4,243
Over 90 days	**22,239**	2,622
	28,157	10,849

All of the Group's trade receivables are denominated in functional currency of its individual entities of the Group.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed periodically. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK$22,239,000 (2010: HK$2,622,000) which were past due and aged over 90 days at the reporting date but for which the Group has not provided for impairment loss because management considers that the fundamental credit quality of these customers has not deteriorated. The Group does not hold any collateral over these balances.

9. TRADE AND OTHER PAYABLES

At the end of the reporting period, included in trade and other payables are trade payables of HK$10,829,000 (2010: HK$10,565,000) and the aged analysis of which presented based on the invoice date is as follows:

	2011	2010
	HK$'000	*HK'000*
Within 30 days	**10,829**	10,565

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

FINAL DIVIDEND

The Board of Directors proposes to recommend a final cash dividend for the year ended 31 December 2011 of HK$0.18 (2010: HK$0.15) per share which, together with the interim cash dividend of HK$0.12 (2010: HK$0.10) per share paid on 29 September 2011, makes a total cash dividend of HK$0.30 (2010: HK$0.25) per share for 2011. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on 9 May 2012, will be paid on 24 May 2012 to the Company's shareholders registered on 18 May 2012.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2011 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2011 Final Dividend, the Register of Members of the Company will be closed from Thursday, 17 May 2012 to Friday, 18 May 2012, both days inclusive. In order to qualify for the final dividend, all share certificates with completed transfer forms either overleaf or separately must be lodged for registration 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 Wednesday, 16 May 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Banking operation

For the year ended 2011, the Group's banking associate, Chong Hing Bank Limited (the "Bank"), reported a profit after taxation of HK$560 million, representing an increase of 17% over that in 2010. In effect, the Bank's profit after taxation shared by the Group was increased by HK$44 million to HK$275 million.

Property Investment

Overall results

For the year ended 2011, the Group's rental revenue increased by HK$16 million, representing approximately 6% increase, to HK$263 million as compared to that of 2010. The increase was attributable to the improvement of rental income mainly from Shanghai Chong Hing Finance Centre and Chong Hing Square.

Overall occupancy of the Group's Investment properties was successfully remained at 95% as at 31 December 2011.

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 year of 2011, the rental revenue of this building had recorded 14% increase with 96% occupancy achieved as at year end.

Due to the realignment of the tenant mix, the Group had successfully entered into leases with some famous retailers including Chow Tai Fook (a jewellery retailer) and Halewinner (a watch retailer), the management expected that with all these leases in force, overall rental revenue of this building would be further increased by 11% in the year of 2012.

Chong Yip Shopping Centre

Chong Yip Shopping Centre is located at 402–404 Des Voeux Road West, it provides 45,000 square feet of retail and commercial space. For the year of 2011, this 2-storey shopping mall maintained 99% occupancy with stable rental revenue.

Western Harbour Centre

Western Harbour Centre, a 28-storey grade-A office building, located at 181–183 Connaught Road West, Hong Kong, close proximity to the Western Harbour Tunnel, provides over 140,000 square feet of lettable office spaces. This office building maintained 92% occupancy with stable rental revenue. The Group intends to convert or redevelop this property for residential use.

Fairview Court

Fairview Court, located at 94 Repulse Bay Road, with 5 unit of luxury low-rise apartment recorded 80% occupancy and stable rental revenue.

PRC Properties

Chong Hing Finance Centre, Shanghai

Shanghai Chong Hing Finance Centre is located at 288, Nanjing Road West, Huang Pu District, Shanghai. This 36-storey grade-A office/commercial building, completed in early 2008, provides over 510,000 square feet of office and commercial space and 198 car park spaces for lease. For the year of 2011, the rental revenue generated from this building was increased further to HK$124 million. The Group intends to retain this property for long-term rental purpose. Total investment in this project is about RMB1.2 billion. 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.

Disposal of Chong Hing Plaza, Guangzhou

On 23 May 2011, the group entered into a Sale and Purchase Agreement with an independent third party for selling the share capital of Prime Ocean Development Limited ("Prime Ocean") at cash consideration of RMB350 million (or approximately HK$418.7 million). Prime Ocean was an investment holding company and its main asset was holding Guangzhou Chong Hing Plaza. The transaction was completed and the cash consideration was fully received by the Group. After the completion of the disposal, the Group recorded a gain on disposal of subsidiary of approximately HK$51.3 million and realised gain on change in fair value for an investment property disposed during the year of HK$99.9 million. The sale proceeds received by the Group was for general working capital purpose.

Property Development

Hong Kong

Tai Po, New Territories

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

PRC

The Grand Riviera, Foshan

In 2007, the Group acquired a plot of land with site area of over 260,000 square metres 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 comprises 12 blocks of 6–15 storey high class residential flat above the ground. A total of 847 residential flat units with sizes ranging from 55 square metres to 400 square metres are provided. It also provides retail and commercial areas of approximately 8,600 square metres and a stand-alone clubhouse of approximately 6,800 square metres, if including other recreational facilities areas and 1,246 car parking spaces mainly built at the basement level, the total construction areas are over 181,000 square metres.

The first phase development was completed in 2011 and the construction completion certificate was also obtained in December 2011. As at the year ended 2011, a total of 399 residential flat units, representing 47.1% out of the total units, were successfully sold out fetching cash proceeds of approximately HK$374 million.

The management believed that the tightening policy promulgated by the central government would be continued in the years ahead. Various measures including the restriction on purchase second and/or third flat units have stalled further selling at this time. However, the management had confident to the project given the overwhelming market recognition to the property in terms of the building quality and design.

Budget Hotel Project

In view of the China's fast growing hospitality industry and strong demand for affordable hotel accommodation, the Group had started the budget hotel business since 2008. The Group currently has two hotels in Shanghai, one in Beijing, and one in Guangzhou. Despite of the seasonal factor, each of the hotels had maintained its business and occupancy similar to that of last year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the financial year ended 31 December 2011, the Company has substantially complied with the provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), saved for the followings:

Chairman and Managing Director: Clear Division of Responsibilities

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

Board Composition Appointment, Re-Election and Removal

Code A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Although the non-executive directors and the independent non-executive directors of the Company are not appointed for a specific term, all directors of the Company are subject to retirement by rotation at least once every three years in accordance with Article 99 of the Company's articles of association.

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

COMPLIANCE OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTING ISSUERS

All directors have confirmed, following specific enquiry of the Company, 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 2011, the Company and its subsidiaries have not purchased, sold or redeemed any of the Shares in the Company.

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), Mr. Ng Ping Kin, Peter, Dr. Cheng Mo Chi, Moses and Mr. Kho Eng Tjoan, Christopher, and majority 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 2011 before they presented the same to the Board of Directors for approval.

SUFFICIENCY OF PUBLIC FLOAT

The group has maintained a sufficient public float throughout the year ended 31 December 2011.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") will be held at 27/F, Chong Hing Bank Centre, 24 Des Voeux Road Central, Hong Kong on Wednesday, 9 May 2012, at 12:00 noon. The Notice of the AGM will be published on the websites of the Company and the HKExnews and despatched to Shareholders on or about 28 March 2012.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2012 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2012 Annual General Meeting to be held on Wednesday, 9 May, 2012 ("2012 AGM"), whose name should be recorded in the Company's shareholders book on 4 May 2012. The Register of Members of the Company will be closed from Thursday, 3 May 2012 and Friday, 4 May 2012. In order to qualify for attending and voting at the 2012 AGM, all share certificates with completed transfer forms either overleaf or separately must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 May 2012.

BOARD OF DIRECTORS

As at the date hereof, 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 (also alternate director to Dr. Liu Lit Chung) and Mr. Lee Wai Hung; Non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu, Mr. Liu Chun Ning, Wilfred and Mr. Kho Eng Tjoan, Christopher; 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, 7 March 2012

The Company's Annual Report 2011, containing the Directors' Report, Financial Statements for the year ended 31 December 2011 and the Notice of Annual General Meeting, together with the circular and the Form of Proxy will be despatched to shareholders on or about 28 March 2012. All of these will be made available on the website of the HKExnews's (www.hkexnews.hk) and the Company's website (www.lchi.com.hk) on the same date.