LIU CHONG HING INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 194)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

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 2013. The interim financial information is prepared on a basis consistent with the accounting policies adopted in 2012 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 PROFIT OR LOSS

For the Six Months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Total operating revenue	**1,164,125**	1,134,694
Interest income	**761,171**	781,738
Interest expense	**(284,880)**	(380,981)
Net interest income	**476,291**	400,757
Fee and commission income	**140,228**	122,059
Fee and commission expense	**(34,351)**	(30,182)
Net fee and commission income	**105,877**	91,877
Other operating revenue	**262,726**	230,897
Direct expenses	**(52,719)**	(39,487)
	792,175	684,044

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
For the Six Months ended 30 June 2013

	Note	Six months ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited) (restated)
Other income — non-financial services		**5,476**	6,646
Other operating expenses		**(428,934)**	(456,584)
Net (impairment allowance) reversal of impairment allowances on loans and advances — financial services		**(17,592)**	34,432
Other gains and losses		**141,928**	199,854
Finance costs — non-financial services		**(49,093)**	(52,638)
Share of profits of joint ventures		**58**	56
Share of profits of associates		**8,348**	10,387
Profit before tax		**452,366**	426,197
Income tax expense	*4*	**(68,766)**	(54,409)
Profit for the period		**383,600**	371,788
Profit for the period attributable to:			
Owners of the Company		**245,068**	241,178
Non-controlling interests		**138,532**	130,610
		383,600	371,788
Basic earnings per share	*5*	**HK$0.65**	HK$0.64

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
		(restated)
Profit for the period	**383,600**	371,788
Other comprehensive income (expense)		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation	**76,677**	(27,376)
Fair value (losses) gains on available-for-sale investments	**(46,105)**	63,474
Income tax effect relating to fair value change of available-for-sale investments	**11,873**	(10,733)
Amount reclassified to the profit or loss upon disposal of available-for-sale investments	**(38,130)**	(468)
Income tax effect relating to disposal of available-for-sale investments	**8**	77
Share of other comprehensive (expense) income of associates	**(230)**	250
Other comprehensive income for the period (net of tax)	**4,093**	25,224
Total comprehensive income for the period	**387,693**	397,012
Total comprehensive income attributable to:		
Owners of the Company	**275,049**	239,895
Non-controlling interests	**112,644**	157,117
	387,693	397,012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Notes	**30 June 2013** *HK$'000* **(unaudited)**	31 December 2012 *HK$'000* (audited)
Assets			
Cash and short-term funds		**12,406,144**	17,845,583
Placements with banks and other financial institutions maturing between one to twelve months		**8,424,194**	4,844,115
Derivative financial instruments		**107,669**	187,911
Investments in securities		**16,646,672**	15,504,832
Advances and other accounts — financial services		**43,626,138**	42,069,072
Advances to an investee company		**223,039**	322,539
Trade and other receivables — non-financial services	*7*	**90,810**	91,292
Properties under development for sale		**1,210,856**	1,159,817
Properties held for sale		**591,012**	584,722
Inventories		**17,257**	17,417
Interests in joint ventures		**2,719**	2,661
Interests in associates		**186,888**	182,970
Investment properties		**5,966,194**	5,868,769
Property, plant and equipment		**951,383**	966,907
Prepaid lease payments		**2,417**	2,423
Deferred tax assets		**2,155**	2,182
Goodwill		**50,606**	50,606
Total assets		**90,506,153**	89,703,818
Liabilities			
Deposits and balances of banks and other financial institutions		**2,080,049**	1,843,477
Financial assets sold under repurchase agreements		**437,349**	433,681
Deposits from banking customers		**68,451,755**	67,361,446
Certificates of deposit		**177,511**	667,636
Derivative financial instruments		**194,445**	248,656
Trade and other payables	*8*	**880,265**	979,327
Taxation payable		**80,514**	34,480
Loan capital		**1,794,150**	1,898,957
Borrowings		**3,665,289**	3,730,120
Deferred tax liabilities		**208,074**	213,009
Total liabilities		**77,969,401**	77,410,789

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
As at 30 June 2013

	30 June 2013 *HK$'000* **(unaudited)**	31 December 2012 *HK$'000* (audited)
Equity		
Share capital	**378,583**	378,583
Reserves	**8,424,591**	8,217,687
Equity attributable to:		
Owners of the Company	**8,803,174**	8,596,270
Non-controlling interests	**3,733,578**	3,696,759
Total equity	**12,536,752**	12,293,029
Total liabilities and equity	**90,506,153**	89,703,818

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 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 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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 13	Fair Value Measurement
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and 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, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities*

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

Amendments to HKAS 1 ***Presentation of Items of Other Comprehensive Income***

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. 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 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 do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 ***Interim Financial Reporting***
(as part of the Annual Improvements to HKFRSs 2009–2011 Cycle)

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009–2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker ("CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset information as part of segment information.

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

HKFRSs that had been early applied in preceding year

During the year ended 31 December 2012, the Group had early applied adopted below HKFRSs:

Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures

In order to conform with the accounting policies applied for the preparation of the Group's annual financial statements for the year ended 31 December 2012, the results for the preceding interim period ended 30 June 2012 have been adjusted.

The effect of the change in accounting policy described above on the results for the preceding interim period by line items presented in the "condensed consolidated statement of profit or loss" and "condensed consolidated statement of profit or loss and other comprehensive income" is as follows:

Impacts on the condensed consolidated statement of profit or loss for the six month ended 30 June 2012

	As originally stated *HK$'000*	HKFRS 10 adjustments *HK$'000*	Restated amounts after HKFRS 10 adjustments *HK$'000*	Reclassification *HK$'000* *(Note)*	As restated *HK$'000*
Total operating revenue	–	–	–	1,134,694	1,134,694
Interest income	–	781,738	781,738	–	781,738
Interest expense	–	(380,981)	(380,981)	–	(380,981)
Net interest income	–	400,757	400,757	–	400,757
Fee and commission income	–	122,059	122,059	–	122,059
Fee and commission expense	–	(30,182)	(30,182)	–	(30,182)
Net fee and commission income	–	91,877	91,877	–	91,877
Other operating revenue	180,058	50,839	230,897	–	230,897
Direct expenses	(38,963)	(524)	(39,487)	–	(39,487)
	141,095	542,949	684,044	–	684,044
Investment income	1,280	–	1,280	(1,280)	–
Other income — non-financial services	5,921	202	6,123	523	6,646
Administrative and operating expenses	(79,513)	(375,974)	(455,487)	455,487	–
Other operating expenses	–	–	–	(456,584)	(456,584)
Promotion and selling expenses on properties held for sale	(194)	–	(194)	194	–
Reversal of impairment allowances on loans and advances	–	34,432	34,432	–	34,432
Gain on changes in fair value on investment properties	101,551	6,646	108,197	(108,197)	–
Other gains and losses	–	89,444	89,444	110,410	199,854
Finance costs — non-financial services	(53,575)	937	(52,638)	–	(52,638)
Share of profits of joint ventures	56	–	56	–	56
Share of profits of associates	127,512	(117,125)	10,387	–	10,387
Gain on changes in fair value of investments held for trading	553	–	553	(553)	–
Profit before tax	244,686	181,511	426,197	–	426,197
Income tax expenses	(5,135)	(49,274)	(54,409)	–	(54,409)
Profit for the period	239,551	132,237	371,788	–	371,788
Profit for the period attributable to:					
Owners of the company	241,178	–	241,178	–	241,178
Non-controlling interests	(1,627)	132,237	130,610	–	130,610
	239,551	132,237	371,788	–	371,788
Basic earnings per share	HK$0.64	–	–	–	HK$0.64

Note: Upon consolidation of the Chong Hing Bank Limited and its subsidiaries ("CHB" and collectively the "CHB Group"), certain amounts in the condensed consolidated statement of profit or loss are reclassified and regrouped for the presentation of the condensed consolidated financial statements of the Group.

Impacts on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2012

	As originally stated	HKFRS 10 adjustments	Restated amounts after HKFRS 10 adjustments	As restated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Profit for the period	239,551	132,237	371,788	371,788
Other comprehensive income (expense)				
Items that may be subsequently reclassified to profit or loss				
Exchange differences arising on translation	(23,748)	(3,628)	(27,376)	(27,376)
Fair value (losses) gains on available-for-sale investment	(2,684)	66,158	63,474	63,474
Income tax effect relating to fair value change of available-for-sale investments	–	(10,733)	(10,733)	(10,733)
Amount reclassified to the profit and loss upon disposal of available-for-sales investments	–	(468)	(468)	(468)
Income tax effect relating to disposal of available-for-sale investments	–	77	77	77
Share of other comprehensive income of associates	30,589	(30,339)	250	250
Income tax effect relating to components of other comprehensive income	(5,231)	5,231	–	–
Other comprehensive (expense) income for the period	(1,074)	26,298	25,224	25,224
Total comprehensive income for the period	238,477	158,535	397,012	397,012
Total comprehensive income attributable to:				
Owners of the Company	239,895	–	239,895	239,895
Non-controlling interests	(1,418)	158,535	157,117	157,117
	238,477	158,535	397,012	397,012

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the CODM, for the purposes of resources allocation or assessment of segment performance focuses on types of goods and services delivered or provided. No operating segment identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

1. Financial services — provision of banking services, securities trading, stockbroking, futures broking, investment holding, insurance and other investment advisory services
2. Property investment — investment and letting of properties

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

Upon the adoption of HKFRS 10, CHB Group is regarded as the subsidiary of the Company throughout the periods presented and a new segment of financial services was presented to reflect the CHB Group's entire operations as the CODM of the Group reviewed the operations of the CHB Group as a whole. Therefore, the segment information in respect of the six months ended 30 June 2012 was restated.

Segment revenue and results

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

	Financial services	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$'000*	*HK$'000*
For the six months ended 30 June 2013										
Operating revenue	972,138	132,600	5,185	8,191	9,872	22,253	24,598	1,174,837	(10,712)	1,164,125
Comprising:										
— segment revenue from customers	966,828	132,359	5,185	4,513	8,389	22,253	24,598			
— inter-segment transactions *(Note)*	5,310	241	–	3,678	1,483	–	–			
Operating expenses	(598,354)	(58,456)	(6,151)	(11,748)	(1,300)	(21,544)	(26,481)	(724,034)	9,782	(714,252)
Net charge of impairment allowances on loans and advances	(17,592)	–	–	–	–	–	–	(17,592)	–	(17,592)
Net exchange gains and net gains (losses) from foreign currency contracts	158,881	(862)	1,995	(112)	3,898	–	–	163,800	–	163,800
Net losses on disposal of property, plant and equipment	(978)	–	(293)	–	(271)	–	–	(1,542)	–	(1,542)
Net gains on disposal of available-for-sale investments	51	–	–	–	43,863	–	–	43,914	–	43,914
Net gains on disposal of investment properties	2,327	–	–	–	–	–	–	2,327	–	2,327
Gain on changes of fair value on investment properties	1,910	45,818	–	–	–	–	–	47,728	–	47,728
Net (losses) gains on financial instruments at fair value through profit or loss	(116,056)	–	–	–	2,019	–	–	(114,037)	–	(114,037)
Net losses on fair value hedge	(262)	–	–	–	–	–	–	(262)	–	(262)
Segment profit (loss)	402,065	119,100	736	(3,669)	58,081	709	(1,883)	575,139	(930)	574,209
Finance costs — non-financial services										(49,093)
Unallocated corporate expenses										(81,156)
										443,960
Share of profits of joint ventures										58
Share of profits of associates										8,348
Profit before tax										452,366

Note: Inter-segment sales are charged at prevailing market rates.

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

	Financial services HK$'000	Property investment HK$'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
For the six months ended 30 June 2012 (restated)										
Operating revenue	967,590	133,086	–	8,279	7,477	10,479	24,241	1,151,152	(16,458)	1,134,694
Comprising:										
— segment revenue from customers	962,138	128,649	–	2,853	6,334	10,479	24,241			
— inter-segment transactions *(Note)*	5,452	4,437	–	5,426	1,143	–	–			
Operating expenses	(695,544)	(53,751)	(12,563)	(11,202)	(2,039)	(10,537)	(26,112)	(811,748)	15,521	(796,227)
Net reversal of impairment allowances on loans and advances	34,432	–	–	–	–	–	–	34,432	–	34,432
Net exchange gains and net gains from foreign currency contracts	60,328	113	466	34	(815)	–	–	60,126	–	60,126
Net losses on disposal of property, plant and equipment	(8)	–	–	–	(227)	–	–	(235)	–	(235)
Net gains on disposal of and fair value adjustment of available-for-sale investments	468	–	–	–	757	–	–	1,225	–	1,225
Net gains on disposal of investment properties	2,816	–	–	–	–	–	–	2,816	–	2,816
Gain on changes of fair value on investment properties	3,830	101,551	–	–	–	–	–	105,381	–	105,381
Net gains on financial instruments at fair value through profit or loss	28,358	–	–	–	1,456	–	–	29,814	–	29,814
Net gains on fair value hedge	727	–	–	–	–	–	–	727	–	727
Segment profit (loss)	402,997	180,999	(12,097)	(2,889)	6,609	(58)	(1,871)	573,690	(937)	572,753
Finance costs — non-financial services										(52,638)
Unallocated corporate expenses										(104,361)
										415,754
Share of profits of joint ventures										56
Share of profits of associates										10,387
Profit before tax										426,197

Note: Inter-segment sales are charged at prevailing market rates.

Segment profit/loss represents the profit earned by/loss from each segment without allocation of share of profits of associates and joint ventures, finance costs arising from non-financial services and unallocated corporate expenses, which include support functions' costs related to corporate activities that cannot be reasonably allocated to segments. In addition, administrative costs 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 other than financial services segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
		(restated)
Current tax:		
Hong Kong	**51,308**	45,831
Overseas Tax	**10,485**	9,461
	61,793	55,292
Deferred taxation	**6,973**	(883)
Income tax expense	**68,766**	54,409

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) on the estimated assessable profits of those subsidiaries that are subject to Hong Kong Profits Tax.

Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

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	
	2013	2012
	HK$'000	*HK$'000*
		(restated)
Profit for the period attributable to owners of the Company	**245,068**	241,178
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.

6. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2012 — HK$0.18 per share (2012: declared and paid for 2011 HK$0.18 per share)	**68,145**	68,145
Dividend declared in respect of current period:		
Interim dividend declared for 2013 — HK$0.10 per share (2012: HK$0.10 per share)	**37,858**	37,858

On 7 August 2013, the Board of Directors has approved an interim cash dividend of HK$0.10 per share (2012: HK$0.10 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 19 September 2013.

7. TRADE AND OTHER RECEIVABLES — NON-FINANCIAL SERVICES

	30 June 2013	31 December 2012
	HK$'000	*HK$'000*
Trade receivables	**17,250**	15,461
Deposits for construction costs	**12,750**	18,800
Other deposits, prepayments and receivables	**60,810**	57,031
	90,810	91,292

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 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 2013	31 December 2012
	HK$'000	*HK$'000*
Within 30 days	**6,201**	6,785
Between 31 days to 90 days	**5,292**	5,214
Over 90 days	**5,757**	3,462
	17,250	15,461

8. TRADE AND OTHER PAYABLES

The trade payables of HK$11,620,000 (2012: HK$11,304,000) at the end of reporting periods are aged within 30 days (2012: 30 days).

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2013 of HK$0.10 per share (2012: HK$0.10 per share), payable on 26 September 2013 to the Company's shareholders registered on 19 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 17 September 2013 to Thursday, 19 September 2013, 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, 16 September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2013, the consolidated profits of the Company and its subsidiaries (the "Group") amounted to approximately HK$383.6 million (basic earnings per share of HK$0.65) comparing to 2012 of approximately HK$371.8 million (basic earnings per share of HK$0.64), representing an increase of approximately 3.2%.

We analyze the changes of the financial results by financial services and non-financial services businesses. For the financial services business, it mainly relates to the results of Chong Hing Bank Group ("CHB Group"); and for the non-financial services business, the business activities were carried out by Liu Chong Hing Investment Limited and its subsidiaries (excluding CHB Group).

FINANCIAL SERVICES BUSINESS

1. Net interest income increased by 18.8% from approximately HK$400.8 million in 2012 to approximately HK$476.3 million in 2013. Total loans and advances to customers had increased by 8.8% to approximately HK$42.6 billion from approximately HK$39.2 billion in 2012. The net interest margin was widened 13 basis points to 1.19% from 1.06% in 2012.

2. Net fee and commission income increased by 15.2% to approximately HK$105.9 million from approximately HK$91.9 million in 2012. The changes were due to 13.7% up of commission income from customer securities dealings and 42.4% up of commission income from agency services, which including the sales of life insurance products.

3. Other operating revenue of approximately HK$262.7 million comprised of non-financial and other financial services revenue. Non-financial services revenue mainly referred to the revenues generated from property investment, property development, property management, treasury investment, trading & manufacturing and hotel operations.

4. Other financial services revenue referred to the income from insurance underwriting premium and the safe deposit box rentals. For the period ended, these revenue had increased by 10.5% from approximately HK$50.8 million to approximately HK$56.1 million.

5. Other operating expenses decreased by 6.1% from approximately HK$456.6 million in 2012 to approximately HK$428.9 million in 2013.

6. Net impairment allowance on loans and advances of approximately HK$17.6 million represented new impairment allowances of approximately HK$28.3 million, offset by reversal of approximately HK$10.7 million in the first half of 2013.

7 Other gains and losses of approximately HK$141.9 million comprised of net gains (losses) on financial instruments at fair value through profit or loss, net exchange gain and net gain from dealing in foreign currency contracts, net gains (losses) on fair value hedge, net loss on disposal of property, plant and equipment, net gains on disposal of available-for-sale investments, net gains on disposal of investments properties, gain on changes in fair value on other investment properties.

8. As at 30 June 2013, total customer deposits showed modest increase of 1.8% to approximately HK$68.8 billion.

9. Chong Hing Bank's core business and overall financial position are healthy and sound. Its non-performing loan ratio is low and asset quality is good. Both the capital adequacy and liquidity ratios are well above the relevant statutory requirements.

NON-FINANCIAL SERVICES BUSINESS

Property Investment

Overall rental revenue

For the period ended 30 June 2013, the Group recorded rental revenue of HK$132.6 million, similar to the corresponding period in 2012. Increase of rental revenue of HK$7.4 million (17.4% up) from Chong Hing Square was offset by the decrease of rental revenue of HK$7.3 million from Western Harbour Centre since all tenants had been moved out in May 2012.

Overall occupancies

The Group's overall occupancies from their major investment properties maintained at 88% as at 30 June 2013. If adding the leasing area of retail shops of The Grand Riviera in Foshan, the overall occupancies was lowered to 80%.

Hong Kong Properties

Chong Hing Square

For the period ended 30 June 2013, Chong Hing Square was well performed. This ginza type entertainment building generated revenue of HK$50.2 million, representing an increase of HK$7.4 million (17.4% up) and the building was 93% let as at period end.

Western Harbour Centre

The management planned to renovate the Western Harbour Centre into a lifestyle business hotel or serviced apartment. Application to Town Planning Board for changing the existing usage into hotel use by the Group has been approved. Since all tenants had been moved out the building in May 2012, no rental revenue was booked in 2013.

Chong Yip Shopping Centre

For the period ended 30 June 2013, this retail shopping centre generated rental revenue of HK$9.9 million with 96% occupancy.

Fairview Court

Fairview Court recorded rental revenue of HK$2.8 million in the first half of 2013 as comparing to HK$3.4 million in 2012. It achieved 60% occupancy as at 30 June 2013.

PRC Properties

Chong Hing Finance Center, Shanghai

For the period ended 30 June 2013, this grade-A commercial and office building generated rental revenue of HK$67.0 million, similar to the corresponding period in 2012. Office tower was 84% let and commercial and retail areas were fully let as at 30 June 2013.

PROPERTY DEVELOPMENT

PRC

The Grand Riviera, Foshan

In 2007, the Group acquired a plot of land with site area of over 260,000 square meters in Luocun, Foshan through government land auction at a cash consideration of RMB 476 million. This is a comprehensive development and will be developed by phases. The first phase development has constructed 12 blocks of 6-14 storey high class residential flats above the ground. A total of 847 residential flat units with sizes ranging from 55 to 400 square meters were provided. It also provides retail and commercial areas of approximately 8,600 square meters and a stand-alone clubhouse of approximately 6,800 square meters, if including other recreational facilities areas and 1,246 car parking spaces mainly built at the basement level, total construction areas was over 181,000 square meters.

The construction of phase 1 development was completed and the flat units were handover to buyers in December 2011, thus sales revenue was started to recognize in the year of 2011.

Up to 30 June 2013, a total of 410 residential flat units (representing 43% of the total units) and 148 car parking units (representing 13% of the total units) were successfully sold out fetching total cash proceeds of approximately RMB333.2 million.

BUDGET HOTEL PROJECT

In 2013, the Group continued to operate four budget hotels, two in Shanghai, one in Beijing and one in Guangzhou. All of these budget hotels are managed by and under the brand name of Hanting.

For the period ended 30 June 2013, all hotels recorded positive EBITDA with total revenue of HK$24.6 million, similar to that in 2012. Occupancies and room rate maintained at a steady level.

LOOKING AHEAD

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

COMPLIANCE OF THE CORPORATE GOVERNANCE CODE

During the period under review, the Company had substantially complied with the provision of 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 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.

Appointment, Re-election and Removal: Rotation at least once every three years

Code provision 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 Company’s 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 2012 Annual Report:

Directors' Emoluments

As the directors' fee for 2013 were reviewed and approved by shareholders at the 2013 Annual General Meeting which was held on 8 May 2013, the directors' emoluments for the year ending 31 December 2013 have been changed. The Chairman director's fee for 2013 has been changed from HK$200,000 to HK$250,000; directors' fee for 2013 on each of the Independent Non-executive Directors' and the Non-executive Director with committee responsibilities has been changed from HK$200,000 to HK$250,000; and each of the Non-executive Directors for 2013 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 2013, 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 2013 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 2013 will be dispatched to the shareholders of the Company and available on the above websites on or about 23 August 2013.

BOARD OF DIRECTORS

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

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

Hong Kong, 7 August 2013