LIU CHONG HING INVESTMENT LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 194)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

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 2014. The interim financial information is prepared on a basis consistent with the accounting policies adopted in 2013 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 2014

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
			(restated)
Continuing operations			
Revenue		**267,958**	197,297
Direct costs		**(63,289)**	(52,176)
		204,669	145,121
Other income		**5,894**	5,476
Administrative and operating expenses		**(85,737)**	(70,922)
Other gains and losses	*4*	**144,477**	96,055
Finance costs		**(43,023)**	(49,093)
Share of results of joint ventures		**(92)**	58
Profit before tax		**226,188**	126,695
Income tax expense	*5*	**(16,438)**	(15,816)
Profit for the period from continuing operations		**209,750**	110,879

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
For the Six Months Ended 30 June 2014

	Notes	Six months ended 30 June 2014 HK$'000 (unaudited)	2013 HK$'000 (unaudited) (restated)
Discontinued operations			
Profit for the period from discontinued operations		**2,983,607**	272,721
Profit for the period		**3,193,357**	383,600
Profit for the period attributable to owners of the Company			
— from continuing operations		**205,403**	109,955
— from discontinued operations		**1,963,335**	135,113
		2,168,738	245,068
Profit for the period attributable to non-controlling interests			
— from continuing operations		**4,347**	924
— from discontinued operations		**1,020,272**	137,608
		1,024,619	138,532
		3,193,357	383,600
Basic earnings per share			
— from continuing and discontinued operations	*6*	**HK$5.73**	HK$0.65
— from continuing operations	*6*	**HK$0.54**	HK$0.29

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months Ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**3,193,357**	383,600
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(52,794)**	76,677
Fair value losses on available-for-sale investments	**(71,262)**	(46,105)
Income tax relating to fair value change of available-for-sale investments	**–**	11,873
Amount reclassified to profit or loss upon disposal of available-for-sale investments	**(40,958)**	(38,130)
Income tax relating to disposal of available-for-sale investments	**–**	8
Share of other comprehensive expense of associates	**–**	(230)
Reclassification adjustments for amounts transferred to profit or loss upon disposal of subsidiaries	**(90,376)**	–
	(255,390)	4,093
Items that will not be reclassified subsequently to profit or loss:		
Gain on revaluation upon transfer from property, plant and equipment to investment properties	**1,469,601**	–
Other comprehensive income for the period (net of tax)	**1,214,211**	4,093
Total comprehensive income for the period	**4,407,568**	387,693
Total comprehensive income attributable to:		
Owners of the Company	**3,416,101**	275,049
Non-controlling interests	**991,467**	112,644
	4,407,568	387,693

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	**30 June 2014 HK$'000 (unaudited)**	31 December 2013 HK$'000 (audited)
Non-current assets			
Investment properties		**7,649,741**	5,962,913
Property, plant and equipment		**103,205**	303,522
Properties under development		**712,931**	702,200
Investments in joint ventures		**2,676**	2,768
Investments in securities		**663,383**	424,541
Advances to investee companies		**129,040**	193,424
Deferred tax assets		**680**	680
		9,261,656	7,590,048
Current assets			
Properties under development for sale		**813,403**	642,547
Properties held for sale		**573,756**	590,967
Inventories		**18,538**	18,467
Trade and other receivables	*8*	**151,322**	113,929
Investments in securities		**41,890**	20,004
Fixed bank deposits with more than three months to maturity when raised		**1,691,895**	122,620
Other bank balances and cash		**1,270,887**	465,682
		4,561,691	1,974,216
Assets classified as held for sale		**–**	84,876,561
		4,561,691	86,850,777
Current liabilities			
Trade and other payables	*9*	**348,061**	212,665
Taxation payable		**10,126**	5,413
Borrowings — due within one year		**567,118**	1,833,774
		925,305	2,051,852
Liabilities associated with assets classified as held for sale		**–**	77,214,362
		925,305	79,266,214
Net current assets		**3,636,386**	7,584,563
Total assets less current liabilities		**12,898,042**	15,174,611

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
As at 30 June 2014

	30 June 2014 *HK$'000* **(unaudited)**	31 December 2013 *HK$'000* (audited)
Non-current liabilities		
Borrowings — due after one year	**1,960,125**	1,948,402
Deferred tax liabilities	**213,815**	209,887
	2,173,940	2,158,289
	10,724,102	13,016,322
Equity		
Share capital	**381,535**	378,583
Reserves	**10,320,541**	8,739,736
Equity attributable to:		
Owners of the Company	**10,702,076**	9,118,319
Non-controlling interests	**22,026**	3,898,003
Total equity	**10,724,102**	13,016,322

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at 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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

The application of the new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker ("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. 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

An operating segment comprising the financial services operations carried out through the Chong Hing Bank Limited and its subsidiaries ("CHB" and collectively the "CHB Group") was reclassified as discontinued operations during the year ended 31 December 2013. The segment information reported set out below does not include any amounts for these discontinued operations.

Segment revenue and results

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

	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 2014									
Segment revenue	166,887	12,883	11,929	34,310	22,998	23,860	272,867	(4,909)	267,958
Comprising:									
— revenue from customers	166,679	12,883	7,506	34,032	22,998	23,860			
— inter-segment transactions *(note)*	208	–	4,423	278	–	–			
Operating expenses	(48,270)	(13,245)	(7,829)	(33,781)	(21,779)	(23,739)	(148,643)	5,511	(143,132)
Losses on changes in fair value on financial instruments at fair value through profit or loss ("FVTPL")	–	–	–	(1,461)	–	–	(1,461)	–	(1,461)
Net exchange gains (losses)	(171)	124	62	(30,973)	–	(9)	(30,967)	–	(30,967)
Gains on disposal of available-for-sale investments	–	–	–	48,672	–	–	48,672	–	48,672
Gains on change in fair value of investment properties	44,074	–	–	–	–	–	44,074	–	44,074
Gain on initial recognition of available-for-sale investments	–	–	–	84,159	–	–	84,159	–	84,159
Segment profit (loss)	162,520	(238)	4,162	100,926	1,219	112	268,701	602	269,303
Finance costs									(43,023)
Share of results of joint ventures									(92)
Profit before tax from continuing operations									226,188

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

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

	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 2013 (restated)									
Segment revenue	132,600	5,185	8,191	9,872	22,253	24,598	202,699	(5,402)	197,297
Comprising:									
— revenue from customers	132,359	5,185	4,513	8,389	22,253	24,598			
— inter-segment transactions *(note)*	241	–	3,678	1,483	–	–			
Operating expenses	(58,456)	(6,151)	(11,748)	(1,300)	(21,544)	(26,481)	(125,680)	8,058	(117,622)
Gains on changes in fair value on financial instruments at FVTPL	–	–	–	2,019	–	–	2,019	–	2,019
Net exchange gains (losses)	(862)	1,995	(112)	3,898	–	–	4,919	–	4,919
Net losses on disposal of property, plant and equipment	–	(293)	–	(271)	–	–	(564)	–	(564)
Gains on disposal of available-for-sale investments	–	–	–	43,863	–	–	43,863	–	43,863
Gains on change in fair value of investment properties	45,818	–	–	–	–	–	45,818	–	45,818
Segment profit (loss)	119,100	736	(3,669)	58,081	709	(1,883)	173,074	2,656	175,730
Finance costs									(49,093)
Share of results of joint ventures									58
Profit before tax from continuing operations									126,695

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 results of joint ventures and finance costs. 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. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Gain on initial recognition of available-for-sale investments	**84,159**	–
Gains on disposal of available-for-sale investments	**48,672**	43,863
Gains on change in fair value of investment properties	**44,074**	45,818
Net exchange (losses) gains	**(30,967)**	4,919
(Losses) gains on changes in fair value of financial instruments at FVTPL	**(1,461)**	2,019
Net losses on disposal of property, plant and equipment	**–**	(564)
	144,477	96,055

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
		(restated)
Continuing operations		
Current tax		
Hong Kong	**7,779**	7,616
Overseas Tax	**4,731**	1,393
Deferred taxation	**3,928**	6,807
Income tax expense	**16,438**	15,816

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2013: 16.5%) of the estimated assessable profit for both periods.

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

6. BASIC EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the period attributable to owners of the Company of HK$2,168,738,000 (six months ended 30 June 2013: HK$245,068,000) and on 378,583,440 (30 June 2013: 378,583,440) ordinary shares in issue during the period.

From continuing operations

The calculation of the basic earnings per share attributable to the owners of the Company is based on the profit for the period attributable to owners of the Company of HK$205,403,000 (six months ended 30 June 2013: HK$109,955,000) and on 378,583,440 (30 June 2013: 378,583,440) ordinary shares in issue during the period.

From discontinued operations

The basic earnings per share attributable to the owners of the Company is HK$5.19 (six months ended 30 June 2013: HK$0.36) which is based on the profit for the period of HK$1,963,335,000 (six months ended 30 June 2013: HK$135,113,000) and on 378,583,440 (30 June 2013: 378,583,440) ordinary shares in issue during the period.

No diluted earnings per share has been presented as there were no potential ordinary shares in issue during both periods.

7. DIVIDENDS

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2013 — HK$0.18 per share (2013: declared and paid for 2012 HK$0.18 per share)	**68,145**	68,145
Special cash dividend declared and paid due to the completion of disposal of CHB Group	**1,060,034**	–
Special dividend by way of distribution in specie *(note)*	**704,165**	–
	1,832,344	68,145
Dividend declared in respect of current period:		
Interim dividend declared for 2014 — HK$0.15 per share (2013: HK$0.10 per share)	**56,788**	37,858

Note: For the Annual General Meeting held on 22 April 2014, a resolution was duly passed to declare a special dividend to be satisfied by way of distribution in specie in the proportion of 1 share in the issued share capital of CHB for every 10 shares in the issued share capital of the Company. A total of 37,858,344 CHB shares with an aggregate market value of HK$704,165,000 was recognised as distribution during the period.

On 8 August 2014, the Board of Directors has approved an interim cash dividend of HK$0.15 per share (2013: HK$0.10 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 18 September 2014.

8. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**15,941**	15,373
Deposits	**49,297**	18,965
Other receivables and prepayments	**86,084**	79,591
	151,322	113,929

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	31 December
	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**6,507**	5,451
Between 31 days to 90 days	**6,269**	6,352
Over 90 days	**3,165**	3,570
	15,941	15,373

9. TRADE AND OTHER PAYABLES

	30 June 2014 *HK$'000*	31 December 2013 *HK$'000*
Trade payables	**7,337**	4,601
Construction costs payable	**68,187**	58,181
Deposits received and receipts in advance in respect of rental of investment properties	**138,367**	98,147
Receipts in advance on properties sold	**100,514**	–
Other payables	**33,656**	51,736
	348,061	212,665

The trade payables of HK$7,337,000 (31 December 2013: HK$4,601,000) at the end of reporting period are aged within 30 days (31 December 2013: 30 days).

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2014 of HK$0.15 per share (2013: HK$0.10 per share), payable on 24 September 2014 to the Company's shareholders registered on 18 September 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 16 September 2014 to Thursday, 18 September 2014, 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, 15 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2014, the consolidated profits of the Company and its subsidiaries (the "Group") amounted to approximately HK$3,193.4 million, of which profits from discontinued operations amounted to approximately HK$2,983.6 million while profits from continuing operations amounted to approximately HK$209.8 million (basic earnings per share of HK$0.54) comparing to the year of 2013 of approximately HK$110.9 million (basic earnings per share of HK$0.29), representing an increase of approximately 89.2%.

CONTINUING OPERATIONS

Revenue mainly referred to the revenues generated from property investment, property development, property management, treasury investment, trading and manufacturing, and hotel operation.

Other income referred to various miscellaneous incomes other than the main revenue.

Other gains and losses mainly comprised of gain on initial recognition of available-for-sale investments, gains on disposal of available-for-sale investments, gains on change in fair value on investment properties, net exchange losses and losses on changes in fair value of financial instruments at FVTPL.

DISCONTINUED OPERATIONS

Discontinued operations represented the operating results of CHB Group up to the date of disposal. It included the operating profit of HK$92.5 million from 1 January 2014 to 14 February 2014 and the disposal gain of HK$2,891.1 million arising from the disposal of CHB shares.

DISPOSAL OF CHONG HING BANK SHARES

On 25 October 2013, Yuexiu Financial Holdings Limited (the "Offeror") announced to make a voluntary conditional cash Partial Offer (the meaning ascribed thereto in the Company's circular to shareholders dated 4 December 2013) to acquire a maximum of 326,250,000 CHB shares (representing 75% of the CHB shares in issue as at the date of the announcement) from qualifying CHB shareholders at an offer price of HK$35.69 per CHB share.

The Offeror also announced that CHB entered into the property agreement with the Company, the controlling shareholder of CHB, for the property transfer and the lease. Completion of the property transfer is conditional upon the receipt by Liu Chong Hing Estate Company, Limited ("LCH Estate") of payment in full of the consideration for the LCH Estate irrevocable undertaking shares taken up by the Offeror in accordance with the terms of the Partial Offer.

Upon the Partial Offer becoming unconditional, each shareholder of CHB:

1. will receive a payment of HK$35.69 in cash for every share of CHB in respect of which that shareholder of CHB validly accepts the Partial Offer and which is taken up by the Offeror under the Partial Offer;

2. will receive a special interim dividend of HK$4.5195 in cash for every share of CHB which that shareholder of CHB holds as at the record date.

The Partial Offer was completed on 14 February 2014, the Group had disposed a total of 167,951,210 CHB shares in returning for net total cash proceeds of approximately HK$5,994.2 million and making gains on disposal of CHB shares of approximately HK$2,891.1 million. The Group continued to hold 50,408,418 CHB shares which representing 11.59% of CHB issued share capital.

Due to the undertaking made to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to procure the Group to reduce the remaining CHB shares for the purpose of maintaining the minimum public float of CHB shares, the Company declared the distribution of CHB shares to be satisfied by way of a distribution in specie. For such, the Group will distribute one CHB share for every whole multiples of 10 shares of the Company, a total of 37,858,344 CHB shares would be distributed to the shareholders of the Company. The distribution was made by the end of April 2014. After the distribution, the Group continued to hold 12,550,074 CHB shares, it represents 2.89% shares interests in CHB.

On 8 May 2014, a total of 4,847,871 CHB shares were transferred to LCH Estate at nil consideration pursuant to the Deed of Mutual Release signed between The Bank of Tokyo Mitsubishi UFJ, Ltd and LCH Estate. All such documents were properly completed on 9 May 2014. After the share transfer, and at the date of the board meeting, the Group holds 17,397,945 CHB shares, representing 4% of the issued share capital of the CHB.

CHONG HING BANK CENTRE

Immediately after the completion of disposal of CHB shares, the Company had acquired the Chong Hing Bank Centre, CHB's previous headquarter located at 24 Des Voeux Road, Central, at total cash consideration of HK$2,230 million. All the net sale proceeds received by CHB were paid out by way of special dividend to those existing shareholders on the record date. As a result, the Group had received a special dividend of approximately HK$986.8 million.

According to the tenancy agreement entered into between the Company and CHB, having retained several floors for the Company's own use, the building was leased to CHB for five years with option for another five years at annual rental (excluding management fees, government rent and rates, and services charges) of approximately HK$67.9 million. Such arrangement could definitely strengthen the Group's investment property portfolio and recurring rental revenue in the coming years.

DISTRIBUTION IN SPECIE

Subsequent to the disposal of CHB shares, the Company has distributed a total of 37,858,344 CHB shares to its shareholders on 30 April 2014. Based on the closing price, HK$18.60, the date of resumption of trading of CHB on 7 May 2014, the total amount of distribution in specie was amounted to HK$704 million.

PROPERTY INVESTMENT

Overall Rental Revenue

For the period ended 30 June 2014, the Group recorded gross rental revenue of HK$166.7 million, representing 26% increase comparing to that of 2013. Major changes were due to increase of rental revenue of HK$24.7 million from Chong Hing Bank Centre and HK$8.2 million from Shanghai Chong Hing Finance Center.

Overall Occupancies

The Group's overall occupancy from their major investment properties continued to maintain at 91% as at 30 June 2014. If adding the leasing area of retail shops of The Grand Riviera in Foshan, the overall occupancies was lowered to 84%.

HONG KONG PROPERTIES

Chong Hing Square

Chong Hing Square, located at 601 Nathan Road Mongkok, is a 20-storey popular ginza-type retail/commercial development offers over 182,000 square feet of retail and recreational space. For the period ended 30 June 2014, Chong Hing Square was well performed. It received revenue at approximately HK$51.5 million with occupancy of 88%.

Chong Hing Bank Centre

Located at 24 Des Voeux Road Central, Chong Hing Bank Centre is a 26-storey grade A office building. Having retained several floors for the Company use, the office building was leased to Chong Hing Bank Limited for 5 years with monthly rental of HK$5.66 million starting from 19 February 2014. For the period ended 30 June 2014, a total of approximately HK$24.6 million rental revenue was recorded from this building.

Chong Yip Centre

Chong Yip Centre is located at 402-404 Des Voeux Road West, it provides over 54,000 square feet of retail and commercial space. For the period ended 30 June 2014, this retail and commercial shopping centre generated rental revenue of HK$9.6 million with 81% occupancy.

Fairview Court

Fairview Court is located at 94 Repulse Bay Road. It provides 5 units, each of areas over 4,100 square feet, luxury apartment on a low-rise building. For the period ended 30 June 2014, Fairview Court recorded rental revenue of HK$2.8 million. It achieved 60% occupancy as at 30 June 2014.

PRC PROPERTIES

Chong Hing Finance Center, Shanghai

Chong Hing Finance Center, Shanghai is located at 288, Nanjing Road West, Huang Pu District, Shanghai. This 36-storey grade A office/commercial building, completed in 2008, provides over 516,000 square feet of office and commercial spaces and 198 carparking spaces for lease. For the period ended 30 June 2014, this building generated rental revenue of HK$75 million, representing an increase of 12%. Office tower was 91% let and commercial and retail areas were fully let as at the period end.

PROPERTY DEVELOPMENT

Hong Kong

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 office spaces for lease. The management planned to renovate the Western Harbour Centre into a lifestyle hotel. Application to Town Planning Board for changing the existing usage into hotel use had been approved and all architecture and interior design were under preparation.

Tai Po, New Territories

The group had acquired a 262,000 square feet plots of land in Tai Po district, New Territories. The management had initiated the studies for rezoning and intended to seek eventual conversion of this land for future development.

PRC

The Grand Riviera, Foshan

In 2007, the Group acquired a plot of land with site area of over 260,000 square metres in Luocun, 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 constructed 12 blocks of 6–14 storey residential flats above the ground. A total of 847 residential flat units with sizes ranging from 55 to 400 square metres are provided. It also provides retail and commercial areas of approximately 8,600 square metres and a standalone 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, 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 30 June 2014, a total of 430 residential flat units (representing 51% of the total units) were successfully sold out, fetching total cash proceeds of approximately RMB328 million. Also, 175 car parking units (representing 16% of the total units) were successfully sold out fetching total cash proceeds of approximately RMB22 million.

Grand Jardin, Foshan

The Group continued to commence the construction of phase II Grand Jardin since June 2013. In the phase II development, it constructed 12 blocks of 14-storey residential flats above the ground, a total of 1,542 residential flat units with developable areas over 145,000 square metres. If including the retail and commercial areas of approximately 2,100 square metres, other amenities areas of approximately 3,500 square metres and 1,196 car parking spaces mainly built at the basement levels, the total developable areas of phase II was over 191,000 square metres. For the size of residential units, it only provided three typical sizes with areas of 60, 90 and 120 square metres.

The Group started the pre-sale of phase II Grand Jardin in January 2014. Block 13 to block 17, Block 20 and 22 with areas of approximately 66,392 square metres, providing over 716 residential flats units (mainly 90 square metres for each unit) were put up for sale in the market. Due to the popular flat-size and quality of the property, the sale response was satisfactory. As at the board meeting on 8 August 2014, a total of 474 residential flat units, representing 64% of total flat units for pre-sale, were successfully sold in returning sale proceeds of approximately RMB268 million.

BUDGET HOTEL PROJECT

Since 2008, the Group had started to operate budget hotel business. 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, total revenue decreased by 3% from HK$24.6 million in 2013 to HK$23.8 million in 2014. Occupancies and average room rates 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

Code Provision A.2.1 requires that the role of Chairman and Chief executive officer should be separate and should not be performed by the same individual. On 26 February 2014, the board of directors of the Company announced that Dr. Liu Lit Mo, ceased to be the Managing Director of the Company with effect on that date. Dr. Liu continued to be the Chairman of the Board and Mr. Liu Lit Chi was appointed as Managing Director and Chief Executive Officer of the Company. The clear division of responsibilities under the code provision was then complied.

Appointments, 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 Companies articles of association.

CHANGES OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Below are the changes of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2013 Annual Report:

Directors' Updated Information

Dr. Liu Lit Mo, the Chairman of the Company, has resigned as the Managing Director of the Company with effect from 26 February 2014 and had resigned as the Chairman and an Executive Director of Chong Hing Bank Limited with effect from 14 February 2014.

Mr. Liu Lit Chi, an Executive Director of the Company, has re-designated as Managing Director and Chief Executive Officer of the Company with effect from 26 February 2014 and had resigned the Deputy Chairman and Managing Director of Chong Hing Bank Limited with effect from 14 February 2014.

Mr. Liu Chun Ning, Wilfred, a Non-executive Director of the Company, had resigned as an Executive Director of Chong Hing Bank Limited with effect from 14 February 2014.

Mr. Liu Kwun Shing, Christopher, an Executive Director of the Company, had resigned as a Non-executive Director of Chong Hing Bank Limited with effect from 14 February 2014.

Mr. Cheng Yuk Wo was appointed an Independent Non-executive Director of the Company with effect from 7 March 2014.

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 2014, 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 2014 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 Listing Rules, 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 2014 will be dispatched to the shareholders of the Company and available on the above websites on or about 26 August 2014.

BOARD OF DIRECTORS

At the date of this announcement, the Board comprises the following Executive Directors: Dr. Liu Lit Mo (Chairman), Mr. Liu Lit Chi (Managing Director and Chief Executive Officer), 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: Dr. Cheng Mo Chi, Moses, Mr. Tong Tsin Ka, Mr. Au Kam Yuen, Arthur, Dr. Ma Hung Ming, John and Mr. Cheng Yuk Wo.

By Order of the Board
Dr. Liu Lit Mo
Chairman

Hong Kong, 8 August 2014