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 2014

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 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2014** **HK$'000**	2013 *HK$'000*
Continuing operations			
Revenue		**565,875**	403,488
Direct costs		**(133,237)**	(107,905)
		432,638	295,583
Other income		**12,970**	10,079
Administrative and operating expenses		**(186,641)**	(144,645)
Other gains and losses		**252,943**	229,412
Finance costs		**(82,428)**	(89,133)
Share of results of joint ventures		**(184)**	107
Profit before tax		**429,298**	301,403
Income tax expense	*4*	**(26,492)**	(27,830)
Profit for the year from continuing operations		**402,806**	273,573
Discontinued operations			
Profit for the year from discontinued operations	*5*	**2,983,607**	552,163
Profit for the year		**3,386,413**	825,736

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

	Notes	**2014** **HK$'000**	2013 HK$'000
Profit for the year attributable to owners of the Company			
— from continuing operations		**393,600**	268,905
— from discontinued operations		**1,963,335**	274,555
		2,356,935	543,460
Profit for the year attributable to non-controlling interests			
— from continuing operations		**9,206**	4,668
— from discontinued operations		**1,020,272**	277,608
		1,029,478	282,276
		3,386,413	825,736
Basic earnings per share			
— from continuing and discontinued operations	*7*	**HK$6.23**	HK$1.44
— from continuing operations	*7*	**HK$1.04**	HK$0.71

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**3,386,413**	825,736
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(11,557)**	115,527
Fair value gains on available-for-sale investments	**49,752**	55,251
Income tax relating to fair value change of available-for-sale investments	**–**	514
Amount reclassified to the profit or loss upon disposal of available-for-sale investments	**(26,803)**	(62,303)
Income tax relating to disposal of available-for-sale investments	**–**	261
Share of other comprehensive income of associates	**–**	464
Reclassification adjustments for amounts transferred to profit or loss upon disposal of subsidiaries	**(90,376)**	–
	(78,984)	109,714
Items that will not be reclassified subsequently to profit or loss:		
Gain on valuation upon transfer from property, plant and equipment to investment properties	**1,469,601**	–
Other comprehensive income for the year (net of tax)	**1,390,617**	109,714
Total comprehensive income for the year	**4,777,030**	935,450
Total comprehensive income attributable to:		
Owners of the Company	**3,780,072**	628,052
Non-controlling interests	**996,958**	307,398
	4,777,030	935,450

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Investment properties		**7,776,590**	5,962,913
Property, plant and equipment		**102,401**	303,522
Properties under development		**714,892**	702,200
Investments in joint ventures		**2,584**	2,768
Investments in securities		**825,978**	424,541
Advances to investee companies		**4,891**	193,424
Fixed bank deposit with more than three months to maturity when raised		**380,276**	–
Deferred tax assets		**7,235**	680
		9,814,847	7,590,048
Current assets			
Properties under development for sale		**1,055,855**	642,547
Properties held for sale		**566,908**	590,967
Inventories		**21,995**	18,467
Trade and other receivables	*8*	**143,599**	113,929
Investments in securities		**359,055**	20,004
Fixed bank deposits with more than three months to maturity when raised		**1,553,835**	122,620
Other bank balances and cash		**1,138,582**	465,682
		4,839,829	1,974,216
Assets classified as held for sale		**–**	84,876,561
		4,839,829	86,850,777
Current liabilities			
Trade and other payables	*9*	**354,843**	152,939
Taxation payable		**4,664**	5,413
Borrowings — due within one year		**737,483**	1,833,774
		1,096,990	1,992,126
Liabilities associated with assets classified as held for sale		**–**	77,214,362
		1,096,990	79,206,488
Net current assets		**3,742,839**	7,644,289
Total assets less current liabilities		**13,557,686**	15,234,337

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	2014	2013
	HK$'000	*HK$'000*
Non-current liabilities		
Rental deposits from tenants	**105,828**	59,726
Borrowings — due after one year	**2,196,764**	1,948,402
Deferred tax liabilities	**218,318**	209,887
	2,520,910	2,218,015
	11,036,776	13,016,322
Equity		
Share capital	**381,535**	378,583
Reserves	**10,627,724**	8,739,736
Equity attributable to:		
Owners of the Company	**11,009,259**	9,118,319
Non-controlling interests	**27,517**	3,898,003
Total equity	**11,036,776**	13,016,322

NOTES:

1. GENERAL

The Company is a public limited liability 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$”), 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”)

The Group has applied for the first time in the current year the following new interpretation and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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 year has had no material impact on the Group’s financial performance and the Group’s financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted
3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors anticipate that the adoption of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Other than as described above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. 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. No operating segment identified by the chief operating decision maker 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 operation 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*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2014									
Segment revenue	351,197	25,530	24,467	78,669	46,097	49,240	575,200	(9,325)	565,875
Comprising:									
— revenue from customers	350,989	25,530	15,628	78,391	46,097	49,240			
— inter-segment transactions *(note)*	208	–	8,839	278	–	–			
Operating expenses	(98,943)	(48,653)	(16,373)	(61,695)	(43,728)	(47,443)	(316,835)	9,927	(306,908)
Losses on changes in fair value of financial instruments at fair value through profit or loss ("FVTPL")	–	–	–	(1,152)	–	–	(1,152)	–	(1,152)
Net exchange (losses) gains	(1,728)	11,656	22	(19,357)	–	(3)	(9,410)	–	(9,410)
Losses on disposal of property, plant and equipment	–	–	–	(2)	(8)	–	(10)	–	(10)
Gains on disposal of available-for-sale investments	–	–	–	26,853	–	–	26,853	–	26,853
Gain on changes in fair value of investment properties	152,503	–	–	–	–	–	152,503	–	152,503
Gain on initial recognition of available-for-sale investments	–	–	–	84,159	–	–	84,159	–	84,159
Segment profit (loss)	403,029	(11,467)	8,116	107,475	2,361	1,794	511,308	602	511,910
Finance costs									(82,428)
Share of results of joint ventures									(184)
Profit before tax from continuing operations									429,298

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*	Segment total *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
For the year ended 31 December 2013									
Segment revenue	270,109	12,538	16,022	24,056	42,496	51,177	416,398	(12,910)	403,488
Comprising:									
— revenue from customers	267,990	12,538	8,577	20,710	42,496	51,177			
— inter-segment transactions *(note)*	2,119	–	7,445	3,346	–	–			
Operating expenses	(121,425)	(15,828)	(23,009)	(4,007)	(42,309)	(52,009)	(258,587)	16,116	(242,471)
Gains on changes in fair value of financial instruments at FVTPL	–	–	–	1,902	–	–	1,902	–	1,902
Net exchange gains (losses)	4,302	6,943	(196)	9,054	(5)	28	20,126	–	20,126
Losses on disposal of property, plant and equipment	–	(98)	–	(307)	(32)	–	(437)	–	(437)
Gains on disposal of available-for-sale investments	–	–	–	61,429	–	–	61,429	–	61,429
Gain on changes in fair value of investment properties	146,392	–	–	–	–	–	146,392	–	146,392
Segment profit (loss)	299,378	3,555	(7,183)	92,127	150	(804)	387,223	3,206	390,429
Finance costs									(89,133)
Share of results of joint ventures									107
Profit before tax from continuing operations									301,403

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

4. INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
The charge comprises:		
Hong Kong Profits Tax		
Current year	**15,705**	14,668
Overprovision in prior years	**(54)**	(9,575)
	15,651	5,093
The People's Republic of China (the "PRC") Enterprise Income Tax	**7,516**	1,760
PRC Land Appreciation Tax ("LAT")	**603**	525
	8,119	2,285
	23,770	7,378
Deferred taxation		
Current year	**2,722**	20,452
	26,492	27,830

notes:

(a) Hong Kong Profits Tax is calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for both years.

(b) 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% (2013: 25%).

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

(d) 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.

5. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

On 25 October 2013, the Group entered into an irrevocable undertaking with Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu Enterprises"), an independent third party to the Group, whereby the Group agreed to accept the offer in respect of disposal of a maximum of 218,359,628 CHB shares (representing approximately 50.2% of the issued share capital of CHB) held by the Group. CHB Group is engaged in the provision of banking and related financial services. The assets and liabilities attributable to the CHB Group, which as at 31 December 2013 were expected to be sold within twelve months, had been classified as "assets classified as held for sale" and "liabilities associated with assets classified as held for sale" respectively and were presented separately in the consolidated statement of financial position as at 31 December 2013.

The disposal of 167,951,210 CHB shares was completed in February 2014. On the same date, the Group acquired an owner-occupied property from CHB Group for a consideration of HK$2,230,000,000 and a special dividend of HK$1,960,732,000, representing the gain on disposal of the property to the Group, was declared by CHB Group. Upon the completion of the disposal, the Group's remaining shareholding in CHB shares was remeasured to fair value and classified as available-for-sale investments. Subsequent to the disposal of CHB shares and the special dividend by way of distribution in specie, as set out in note 6, the Group holds 17,397,945 CHB shares, representing 4.0% of the issued share capital of CHB.

The profit from the financial services operations carried out by the CHB Group, which are presented as discontinued operations, for the current and preceding year and the gain on disposal of CHB Group were as follows:

	2014	2013
	HK$'000	*HK$'000*
Profit of financial services operations for the year	**92,451**	552,163
Gain on disposal of financial services operations *(note)*	**2,891,156**	–
	2,983,607	552,163

note:

	HK$'000
Cash consideration received	5,994,178
Net assets disposed of	(7,790,494)
Non-controlling interests	3,893,588
Transaction costs incurred in connection with the disposal of CHB Group	(234,089)
Cumulative exchange reserve and investment revaluation reserve reclassified to profit or loss	90,376
Fair value of retained shares in CHB Group classified as available-for-sale investments	937,597
Gain on disposal of financial services operations	2,891,156

6. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend paid for 2014 — HK$0.15 per share (2013: interim dividend paid for 2013 — HK$0.10 per share)	**56,788**	37,858
Final dividend paid for 2013 — HK$0.18 per share (2013: final dividend paid for 2012 — HK$0.18 per share)	**68,145**	68,145
Special cash dividend paid due to the completion of disposal of CHB Group — HK$2.80 per share (2013: Nil)	**1,060,034**	–
Special dividend by way of distribution in specie *(note)*	**704,165**	–
	1,889,132	106,003

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 year.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2014 of HK$0.25 per share, totalling HK$94,645,860 (2013: final dividend in respect of the year ended 31 December 2013 of HK$0.18 per share, totalling HK$68,145,019) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. 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 year attributable to owners of the Company of HK$2,356,935,000 (2013: HK$543,460,000) and on 378,583,440 (2013: 378,583,440) ordinary shares in issue during the year.

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 year attributable to owners of the Company of HK$393,600,000 (2013: HK$268,905,000) and on 378,583,440 (2013: 378,583,440) ordinary shares in issue during the year.

From discontinued operations

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$1,963,335,000 (2013: HK$274,555,000) and on 378,583,440 (2013: 378,583,440) ordinary shares in issue during the year which is HK$5.19 (2013: HK$0.73).

No diluted earnings per share has been presented as there were no potential ordinary shares in issue during the years 2013 and 2014.

8. TRADE AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**16,527**	15,373
Deposits for construction costs	**21,980**	18,965
Other deposits, prepayments and receivables	**105,092**	79,591
	143,599	113,929

notes:

(a) 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.

The Group's credit policy allows its trade customers an average credit period of 30–90 days, other than proceeds from sales of properties which are settled in accordance with the sale and purchase agreements, normally within 60 days from the date of agreement. The aged analysis of trade receivables of HK$16,527,000 (2013: HK$15,373,000) presented based on the invoice date at the end of the reporting period is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**6,086**	5,451
Between 31 days to 90 days	**7,557**	6,352
Over 90 days	**2,884**	3,570
	16,527	15,373

(b) As at 31 December 2014, debtors with an aggregate carrying amount of HK$2,884,000 (2013: HK$3,570,000) were past due and aged over 90 days at the end of reporting period but the Group has not provided for impairment loss for these balances as management considers that the fundamental credit quality of these customers has not deteriorated. The Group does not hold any collateral over these balances.

(c) All of the Group's trade receivables are denominated in functional currency of the individual entities within the Group.

9. TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**10,977**	4,601
Construction costs payables	**45,643**	58,181
Deposits received and receipt in advance in respect of rental of investment properties	**37,270**	38,421
Receipt in advance on properties sold	**225,309**	14,664
Other payables	**35,644**	37,072
	354,843	152,939

At the end of the reporting period, included in trade and other payables are trade payables of HK$10,977,000 (2013: HK$4,601,000) and the aged analysis of which presented based on the invoice date is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 30 days	**10,977**	4,601

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 2014 of HK$0.25 (2013: HK$0.18) per share together with the interim cash dividend of HK$0.15 (2013: HK$0.10) per share paid on 24 September 2014, makes a total cash dividend of HK$0.40 (2013: HK$0.28) per share. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on Wednesday, 29 April 2015, will be paid on Thursday, 14 May 2015 to the Company's shareholders registered on Friday, 8 May 2015.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2014 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2014 final dividend, whose name should be recorded in the Company's shareholders book on Friday, 8 May 2015. The Register of Members of the Company will be closed from Wednesday, 6 May 2015 to Friday, 8 May 2015, 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 Tuesday, 5 May 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2014, the consolidated profits of the Group amounted to approximately HK$3,386.4 million, of which profits from discontinued operations amounted to approximately HK$2,983.6 million while profits from continuing operations amounted to approximately HK$402.8 million, comparing to the year 2013 of approximately HK$825.7 million, representing an increase of approximately 310.1%.

Continuing Operations

Revenue mainly referred to the revenues generated from property investment, property development, property management, treasury investment, trading & manufacturing and hotel operation. Other income referred to various miscellaneous income other than the main revenue. Administrative and operating expenses increased by approximately 29.0% from approximately HK$144.6 million in 2013 to approximately HK$186.6 million in 2014.

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

Discontinued Operations

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

Property Investment

Overall Rental Revenue

For the year ended 31 December 2014, the Group recorded gross rental revenue of approximately HK$351.0 million, representing an approximately 31.0% increase comparing to that of 2013. Major changes were due to increase of rental revenue of approximately HK$58.6 million from Chong Hing Bank Centre and approximately HK$16.4 million from Shanghai Chong Hing Finance Center.

Overall Occupancies

The Group's overall occupancies from their major investment properties was successfully maintained at approximately 86% as at year ended 2014.

Hong Kong Properties

Chong Hing Square

Chong Hing Square, a 20-storey ginza-type retail/commercial development situated in the heart of Mongkok, Kowloon, offers over 182,000 square feet of retail and recreational space. For the year ended 31 December 2014, Chong Hing Square generated annual revenue of approximately HK$106.5 million, representing an increase of approximately HK$6.4 million (or approximately 6.4%) and the building was approximately 98% let as at 31 December 2014.

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's use, the office building was leased to CHB for 5 years with a monthly rental of approximately HK$5.66 million starting from 19 February 2014. For the year ended 31 December 2014, a total of approximately HK$58.6 million rental revenue was derived 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 year ended 31 December 2014, this retail and commercial shopping centre generated rental revenue of approximately HK$20.4 million (an increase of approximately 2.2%) with approximately 80% 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 year ended 31 December 2014, Fairview Court recorded rental revenue of approximately HK$4.6 million (16.5% down) with approximately 40% occupancy.

PRC Properties

Chong Hing Finance Center, Shanghai

This flagship property located at 288 Nanjing Road West in Huangpu District of Shanghai, is a 36-storey Grade A commercial building which commands a strategic location and enviable view over The People's Square just across the street. With a total floor area of over 516,000 square feet of office and commercial space and 198 carparks, this property was approximately 92% let in terms of office space and 100% let in terms of retail space as at 31 December 2014. The Group has invested more than RMB1.2 billion in this project and intends to hold it as a long term investment. Total rental revenue generated from this property in 2014 was approximately HK$154.6 million, representing a year-on-year increase of approximately 11.8%. We have undertaken improvements to service standards and building facilities in 2014 and these will be closely monitored in the Group's continued strive to improve the quality and revenue income of this material asset.

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 space for lease. In order to enhance the value of the property, the Board of Directors has resolved to convert this office building into a serviced apartment and business hotel. The application to the Town Planning Board for changing into hotel usage had been approved and the revised drawings to Buildings Department had also been submitted. The proposed hotel will provide 186 guest rooms with other facilities including café area, gym room, multi-function room and sky lounge etc. Various consultants and professionals have been already engaged for the project and the management plans to open and operate this new hotel in 2017.

Tai Po, New Territories

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

PRC

Residential Project, 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. Situated at 1 Guilong Road, Luocun in the Nanhai District of Foshan, it is conveniently located within half an hour's drive from the Foshan financial district and within 5 minutes' drive from the new Foshan West Station (under construction).

The Grand Riviera, Foshan

Phase 1 of the development consists of 12 blocks of 6-14 storey residential apartments with unit sizes ranging from 55 square metres to 380 square metres. The retail and commercial portion occupies approximately 8,600 square metres and there is a standalone clubhouse of approximately 6,800 square metres offering recreational facilities such as an outdoor swimming pool, gym, snooker room, table tennis room, karaoke rooms and card rooms. If including the carparking spaces mainly built at the basement level, total construction areas are over 181,000 square metres. Phase 1 provides 847 residential units and 1,246 carparking spaces. As at 4 March 2015, a total of 461 apartments (representing 54.4% of available units) and 181 carparking spaces (representing 14.5% of available spaces) have been sold generating cash proceeds of approximately RMB361 million.

Grand Jardin, Foshan

Phase 2 of the development consists of 12 blocks of 14 storey residential apartments of 3 unit types, being 60, 90 and 120 square metres in size. If including the retail and commercial areas of approximately 2,100 square metres, other amenities areas of approximately 3,500 square metres and carparking spaces mainly built at the basement levels, the total developable area of phase 2 is over 191,000 square metres. Construction of Phase 2 of the development began in June 2013 and pre-sales was launched in the first quarter of 2014. As at 4 March 2015, the Group has successfully sold 776 units (representing approximately 70.8% of the 1,096 launched units or approximately 50.3% of total 1,542 available units) returning sales proceeds of approximately RMB446 million. The Group will continue to launch the remaining unsold units as well as the approximately 1,196 carparking spaces in 2015. An unique feature of Phase 2 is the efficient utilization of landscape areas to provide 5 different themed gardens, an outdoor grass tennis court, an outdoor basketball court and ample lawn space for residents' use.

Construction of a kindergarten within the site is well underway and Phase 3 of this project is also expected to begin in 2015.

Budget Hotel Project

Since 2008, the Group had started to operate a budget hotel business. In 2014, 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 year ended 31 December 2014, total hotel revenue decreased by approximately 3.9% from approximately HK$51.2 million in 2013 to approximately HK$49.2 million in 2014. Occupancies and average room rates maintained at a steady level.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2014, the Company has substantially complied with the provisions of the 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”), save for the following:

Chairman and Managing Director: Clear Division of Responsibilities

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 immediate effect. 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 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 2014 Interim Report:

Directors’ Updated Information

Dr. Cheng Mo Chi, Moses, an Independent Non-executive Director of the Company, had resigned as an Non-executive Director of Hong Kong Television Network Limited with effect from 31 August 2014.

Mr. Liu Kam Fai, Winston, a Deputy Managing Director of the Company, had resigned as a non-executive director of Freeman Financial Corporation Limited with effect from 15 January 2015.

Mr. Andrew Liu, a non-executive Director of the Company, had resigned as a non-executive director of Freeman Financial Corporation Limited with effect from 15 January 2015.

Mr. Liu Chun Ning, Wilfred, a Non-executive Director of the Company, had resigned as an independent non-executive Director of Get Nice Holdings Limited with effect from 1 September 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 OF 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 year ended 31 December 2014, 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.

The committee comprised six members, namely Mr. Tong Tsin Ka (Chairman), Dr. Cheng Mo Chi, Moses, Mr. Kho Eng Tjoan, Christopher, Mr. Au Kam Yuen, Arthur, Dr. Ma Hung Ming, John and Mr. Cheng Yuk Wo, 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 2014 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 2014.

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, 29 April 2015, at 11:00 a.m.. The Notice of the AGM will be published on the websites of the Company and the HKExnews and despatched to Shareholders on or about 26 March 2015.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2015 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2015 Annual General Meeting to be held on Wednesday, 29 April 2015 ("2015 AGM"), whose name should be recorded in the Company's shareholders book on Tuesday, 28 April 2015. The Register of Members of the Company will be closed from Monday, 27 April 2015 and Tuesday, 28 April 2015, both days inclusive. In order to qualify for attending and voting at the 2015 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 Friday, 24 April 2015.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises 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; Non-executive Directors: Dr. Liu Lit Chung, Mr. Andrew Liu and Mr. Liu Chun Ning, Wilfred and Mr. Kho Eng Tjoan, Christopher; and 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, 4 March 2015

The Company's Annual Report 2014, containing the Directors' Report, Financial Statements for the year ended 31 December 2014 and the Notice of Annual General Meeting, together with the circular and the Form of Proxy will be despatched to shareholders on or about 26 March 2015. 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.