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 2015

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 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2015** **HK$'000**	2014 *HK$'000*
Continuing operations			
Revenue		**1,193,032**	565,875
Direct costs		**(576,584)**	(133,237)
		616,448	432,638
Other income		**7,980**	12,970
Administrative and operating expenses		**(180,516)**	(186,641)
Other gains and losses		**98,138**	252,943
Finance costs		**(74,526)**	(82,428)
Share of results of joint ventures		**3,509**	(184)
Profit before tax		**471,033**	429,298
Income tax expense	*4*	**(48,778)**	(26,492)
Profit for the year from continuing operations		**422,255**	402,806
Discontinued operations			
Profit for the year from discontinued operations		**–**	2,983,607
Profit for the year		**422,255**	3,386,413

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

	Notes	2015 HK$'000	2014 HK$'000
Profit for the year attributable to owners of the Company			
— from continuing operations		**410,366**	393,600
— from discontinued operations		**–**	1,963,335
		410,366	2,356,935
Profit for the year attributable to non-controlling interests			
— from continuing operations		**11,889**	9,206
— from discontinued operations		**–**	1,020,272
		11,889	1,029,478
		422,255	3,386,413
Basic earnings per share			
— from continuing and discontinued operations	*6*	**HK$1.08**	HK$6.23
— from continuing operations	*6*	**HK$1.08**	HK$1.04

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**422,255**	3,386,413
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(246,483)**	(11,557)
Fair value (losses) gains on available-for-sale investments	**(107,625)**	49,752
Amount reclassified to the profit or loss upon disposal of available-for-sale investments	**(5,373)**	(26,803)
Reclassification adjustments for amounts transferred to profit or loss upon disposal of subsidiaries	**–**	(90,376)
	(359,481)	(78,984)
Item 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 (expense) income for the year (net of tax)	**(359,481)**	1,390,617
Total comprehensive income for the year	**62,774**	4,777,030
Total comprehensive income attributable to:		
Owners of the Company	**62,028**	3,780,072
Non-controlling interests	**746**	996,958
	62,774	4,777,030

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties		**7,888,772**	7,776,590
Property, plant and equipment		**104,678**	102,401
Properties under development		**736,725**	714,892
Interests in joint ventures		**1,228**	2,584
Investments in securities		**726,789**	825,978
Advance to an investee company		**4,902**	4,891
Fixed bank deposit with more than three months to maturity when raised		**–**	380,276
Deferred tax assets		**7,846**	7,235
		9,470,940	9,814,847
Current assets			
Properties under development for sale		**390,974**	1,055,855
Properties held for sale		**1,012,405**	566,908
Inventories		**18,786**	21,995
Trade and other receivables	*7*	**136,967**	143,599
Investments in securities		**13,197**	359,055
Fixed bank deposits with more than three months to maturity when raised		**822,502**	1,553,835
Other bank balances and cash		**1,043,618**	1,138,582
		3,438,449	4,839,829
Current liabilities			
Trade and other payables	*8*	**273,930**	354,843
Taxation payable		**2,187**	4,664
Borrowings — due within one year		**861,772**	737,483
		1,137,889	1,096,990
Net current assets		**2,300,560**	3,742,839
Total assets less current liabilities		**11,771,500**	13,557,686

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	2015	2014
	HK$'000	*HK$'000*
Non-current liabilities		
Rental deposits from tenants	**105,719**	105,828
Borrowings – due after one year	**489,717**	2,196,764
Deferred tax liabilities	**231,733**	218,318
	827,169	2,520,910
	10,944,331	11,036,776
Equity		
Share capital	**381,535**	381,535
Reserves	**10,534,533**	10,627,724
Equity attributable to:		
Owners of the Company	**10,916,068**	11,009,259
Non-controlling interests	**28,263**	27,517
Total equity	**10,944,331**	11,036,776

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 Vouex Road Central, Hong Kong.

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

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

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

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or 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 not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 Financial Instrument

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 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:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally 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 attributable to a financial liability's 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 is 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 mechanisms currently available in HKAS 39. Under HKFRS 9, 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 retrospective quantitative effectiveness test has been removed. 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

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.

Except as described above, the directors of the Company do not anticipate that the application of these new and revised HKFRSs will have a material effect on the amounts recognised in the Group's 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 *Operating Segments* 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	Property development	Property management	Treasury investment	Trading and manufacturing	Hotel operation	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2015									
Segment revenue	375,256	603,300	27,721	103,824	52,032	41,672	1,203,805	(10,773)	1,193,032
Comprising:									
— revenue from customers	375,256	603,300	16,948	103,824	52,032	41,672			
— inter-segment transactions *(note)*	–	–	10,773	–	–	–			
Operating expenses	(131,530)	(495,890)	(18,231)	(22,094)	(50,070)	(42,078)	(759,893)	10,773	(749,120)
Gains on changes in fair value of financial instruments at fair value through profit or loss ("FVTPL")	–	–	–	2,592	–	–	2,592	–	2,592
Net exchange (losses) gains	(16,709)	(20,386)	255	(136,829)	–	(50)	(173,719)	–	(173,719)
Losses on disposal of property, plant and equipment	–	–	–	–	(266)	–	(266)	–	(266)
Gains on disposal of available-for-sale investments	–	–	–	8,080	–	–	8,080	–	8,080
Gain on changes in fair value of investment properties	281,997	–	–	–	–	–	281,997	–	281,997
Impairment loss recognised in respect of properties held for sale	–	(20,546)	–	–	–	–	(20,546)	–	(20,546)
Segment profit (loss)	509,014	66,478	9,745	(44,427)	1,696	(456)	542,050	–	542,050
Finance costs									(74,526)
Share of results of joint ventures									3,509
Profit before tax from continuing operations									471,033

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 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 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.

4. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Continuing operations		
The charge comprises:		
Hong Kong Profits Tax		
Current year	**17,844**	15,705
Overprovision in prior years	**(88)**	(54)
	17,756	15,651
The People's Republic of China (the "PRC") Enterprise Income Tax	**10,025**	7,516
PRC Land Appreciation Tax ("LAT")	**11,580**	603
	21,605	8,119
	39,361	23,770
Deferred taxation		
Current year	**9,417**	2,722
	48,778	26,492

notes:

(a) Hong Kong Profits Tax is calculated at 16.5% (2014: 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% (2014: 25%).

(c) 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. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend paid for 2015 — HK$0.16 per share (2014: interim dividend paid for 2014 — HK$0.15 per share)	**60,573**	56,788
Final dividend paid for 2014 — HK$0.25 per share (2014: final dividend paid for 2013 — HK$0.18 per share)	**94,646**	68,145
Special cash dividend paid due to the completion of disposal of CHB Group — HK$2.80 per share	**–**	1,060,034
Special dividend by way of distribution in specie *(note)*	**–**	704,165
	155,219	1,889,132

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 ended 31 December 2014.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of HK$0.26 per share, totalling HK$98,431,694 (2014: final dividend in respect of the year ended 31 December 2014 of HK$0.25 per share, totalling HK$94,645,860) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

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 year attributable to owners of the Company of HK$410,366,000 (2014: HK$2,356,935,000) and on 378,583,440 (2014: 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$410,366,000 (2014: HK$393,600,000) and on 378,583,440 (2014: 378,583,440) ordinary shares in issue during the year.

From discontinued operations

For the year ended 31 December 2014, the basic earnings per share attributable to the owners of the Company was HK5.19 which was based on the profit for the year of HK$1,963,335,000 and on 378,583,440 ordinary shares in issue.

No diluted earnings per share has been presented as there were no potential ordinary shares in issue during the years 2014 and 2015.

7. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**16,336**	16,527
Deposits for construction costs	**20,504**	21,980
Other deposits, prepayments and receivables	**100,127**	105,092
	136,967	143,599

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$16,336,000 (2014: HK$16,527,000) presented based on the invoice date at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**6,606**	6,086
Between 31 days to 90 days	**6,272**	7,557
Over 90 days	**3,458**	2,884
	16,336	16,527

(b) As at 31 December 2015, debtors with an aggregate carrying amount of HK$3,458,000 (2014: HK$2,884,000) 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.

8. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**11,483**	10,977
Construction costs payables	**111,895**	45,643
Deposits received and receipt in advance in respect of rental of investment properties	**33,470**	37,270
Receipt in advance on properties sold	**90,153**	225,309
Other payables	**26,929**	35,644
	273,930	354,843

At the end of the reporting period, included in trade and other payables are trade payables of HK$11,483,000 (2014: HK$10,977,000) and the aged analysis of which presented based on the invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**11,483**	10,977

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 2015 of HK$0.26 (2014: HK$0.25) per share together with the interim cash dividend of HK$0.16 (2014: HK$0.15) per share paid on 23 September 2015, makes a total cash dividend of HK$0.42 (2014: HK$0.40) per share. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on Wednesday, 27 April 2016, will be paid on Thursday, 12 May 2016 to the Company's shareholders registered on Friday, 6 May 2016.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2015 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2015 final dividend, whose name should be recorded in the Company's shareholders book on Friday, 6 May 2016. The Register of Members of the Company will be closed from Wednesday, 4 May 2016 to Friday, 6 May 2016, 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, 3 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2015, the audited consolidated profits of the Group amounted to approximately HK$422.3 million, comparing to the 2014 profits from continuing operations of approximately HK$402.8 million, representing an increase of 4.8%.

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.

Other gains and losses mainly comprised of net exchange losses, gains on disposal of available-for-sale investments, gain on changes in fair value of investment properties and impairment loss recognised in respect of properties held for sale.

Property Investment

Overall Rental Revenue

For the year ended 31 December 2015, the Group's gross rental revenue increased by approximately HK$24.3 million to approximately HK$375.3 million, representing an approximately 7% increase comparing to that of 2014. Major changes were due to increase of rental revenue of approximately HK$10.5 million from Chong Hing Square, approximately HK$9.3 million from Chong Hing Bank Centre and approximately HK$4.5 million from Shanghai Chong Hing Finance Center.

Overall occupancies

The occupancy level at the Group's major investment properties was successfully maintained at approximately 95% as at 31 December 2015.

Hong Kong Properties

Chong Hing Square

Chong Hing Square, located at 601 Nathan Road Mongkok, is a 20-storey ginza-type retail/commercial building, offering over 182,000 square feet of retail and commercial space. For the year of 2015, Chong Hing Square generated rental revenue of approximately HK$117.0 million with occupancy of 99% as at 31 December 2015. Due to the declining of Hong Kong and Chinese economy, the management expected a modest increase of rental revenue from this building in 2016.

Chong Hing Bank Centre

Chong Hing Bank Centre, located at 24 Des Voeux Road Central, is a 26-storey Grade A office building. Having retained several floors for Company's use, the office building was leased to Chong Hing Bank Limited for 5 years with a monthly rental of approximately HK$5.66 million starting from 19 February 2014. For the year ended 31 December 2015, a total of approximately HK$67.9 million rental revenue was derived from this building. Given the 5-year fixed tenancy, the rental revenue to be generated from this property will remain stable in 2016.

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 2015, this retail and commercial shopping centre generated rental revenue of approximately HK$21.6 million despite the decreased occupancy to approximately 75%. Rental revenue increased by approximately 6% comparing to 2014 was mainly due to the rental revision. The management expect a modest increase of rental revenue in 2016 if the tenancy renewal and occupancy level could be improved.

Fairview Court

Fairview Court, a low-rise residential building, is located at 94 Repulse Bay Road. The Group holds 5 units, each with a gross area of over 4,100 square feet for leasing. For the year ended 31 December 2015, Fairview Court recorded rental revenue of approximately HK$3 million. It only achieved 20% occupancy as at year ended 2015. In 2016, two further units were leased and overall occupancy had been increased to 60%.

PRC Properties

Chong Hing Finance Center, Shanghai

The mainland flagship property located at 288 Nanjing Road West in Huang Pu 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 spaces and 198 carparks, this property was approximately 96% let in terms of office space and 100% let in terms of retail space as at 31 December 2015. For the year ended 31 December 2015, this office building generated rental revenue of approximately HK$159.1 million, representing an increase of approximately 3%. The management expect a moderate increase of rental revenue from this property in 2016, however, overall rental revenue may be partly offset by the depreciation of Renminbi.

Property Development

Hong Kong

Western Harbour Centre Redevelopment

This was previously a 28-storey office building located at 181-183 Connaught Road West, and will be redeveloped into a 183-room hotel and serviced residences with panoramic views of Victoria Harbour. Construction work has commenced in full steam since December 2015 and business operations at the hotel are expected to commence before mid-2017 under the direct management of the Group.

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 units and 1,126 carparking spaces. As at 2 March 2016, a total of 487 units (representing 57% of available units) and 216 carparking spaces (representing 19% of available spaces) had been sold, generating cash proceeds of approximately RMB406.2 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 2 March 2016, the Group had successfully sold 1,243 units (representing approximately 81% of total 1,542 available units) returning sales proceeds of approximately RMB706 million. The management will continue to sell the remaining units of the project. Given the recognised quality of the building, the remaining units were expected to be sold in 2016 at an increased selling price.

Construction of Phase 3 of this project had been commenced in 2015.

Budget Hotel Project

Since 2008, the Group had started to operate a budget hotel business. The Group operated 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. Due to the restructuring of the Group's investment strategy, one of the Shanghai hotel had ceased its operation since October 2015. For the year ended 31 December 2015, total hotel revenue decreased by approximately 15% from approximately HK$49.2 million in 2014 to approximately HK$41.7 million in 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2015, 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:

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 113 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 2015 Interim Report:

Directors' Updated Information

Mr. Cheng Yuk Wo, an Independent Non-executive Director of the Company, had been appointed as an Independent Non-executive Director of UDL Holdings Limited with effect from 2 November 2015. Besides, Mr. Cheng had resigned as an Independent Non-executive Director of Imagi International Holdings Limited with effect from 28 January 2016.

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 2015, 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 four members, namely Mr. Tong Tsin Ka (Chairman), Dr. Cheng Mo Chi, Moses, Mr. Au Kam Yuen, Arthur and Mr. Cheng Yuk Wo, and all of them 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 2015 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 2015.

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, 27 April 2016, 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 24 March 2016.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2016 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2016 Annual General Meeting to be held on Wednesday, 27 April 2016 ("2016 AGM"), whose name should be recorded in the Company's shareholders book on Tuesday, 26 April 2016. The Register of Members of the Company will be closed from Monday, 25 April 2016 and Tuesday, 26 April 2016, both days inclusive. In order to qualify for attending and voting at the 2016 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, 22 April 2016.

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, 2 March 2016

The Company's Annual Report 2015, containing the Directors' Report, Financial Statements for the year ended 31 December 2015 and the Notice of Annual General Meeting, together with the circular and the Form of Proxy will be despatched to shareholders on or about 24 March 2016. 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.