Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Revenue		**1,031,138**	1,193,032
Direct costs		**(438,027)**	(576,584)
		593,111	616,448
Other income		**8,566**	7,980
Administrative and operating expenses		**(169,600)**	(180,516)
Other gains and losses		**109,294**	98,138
Finance costs		**(21,939)**	(74,526)
Share of results of joint ventures		**(3)**	3,509
Profit before tax		**519,429**	471,033
Income tax expense	*4*	**(50,631)**	(48,778)
Profit for the year		**468,798**	422,255
Profit for the year attributable to:			
Owners of the Company		**457,907**	410,366
Non-controlling interests		**10,891**	11,889
		468,798	422,255
Basic earnings per share	*6*	**HK$1.21**	HK$1.08

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**468,798**	422,255
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(240,002)**	(246,483)
Fair value losses on available-for-sale investments	**(77,376)**	(107,625)
Investment revaluation reserve reclassified to profit or loss upon disposal of available-for-sale investments	**(1,522)**	(5,373)
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments	**20,440**	–
Exchange reserve reclassified to profit or loss upon disposal of subsidiaries	**(2,872)**	–
Other comprehensive expense for the year (net of tax)	**(301,332)**	(359,481)
Total comprehensive income for the year	**167,466**	62,774
Total comprehensive income (expense) attributable to:		
Owners of the Company	**170,633**	62,028
Non-controlling interests	**(3,167)**	746
	167,466	62,774

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Non-current assets			
Investment properties		**7,881,519**	7,888,772
Property, plant and equipment		**125,828**	104,678
Properties under development		**1,005,598**	736,725
Interests in joint ventures		**1,225**	1,228
Investments in securities		**651,653**	726,789
Advance to an investee company		**–**	4,902
Long term loan receivables		**15,799**	–
Fixed bank deposit with more than three months to maturity when raised		**247,065**	–
Deferred tax assets		**5,807**	7,846
		9,934,494	9,470,940
Current assets			
Properties under development for sale		**954,969**	390,974
Properties held for sale		**622,481**	1,012,405
Inventories		**13,429**	18,786
Trade and other receivables	*7*	**127,489**	136,967
Investments in securities		**12,305**	13,197
Taxation recoverable		**14,989**	–
Fixed bank deposits with more than three months to maturity when raised		**775,857**	822,502
Other bank balances and cash		**1,265,226**	1,043,618
		3,786,745	3,438,449
Current liabilities			
Trade and other payables	*8*	**1,295,710**	273,930
Taxation payable		**960**	2,187
Borrowings — due within one year		**144,768**	861,772
		1,441,438	1,137,889
Net current assets		**2,345,307**	2,300,560
Total assets less current liabilities		**12,279,801**	11,771,500

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	2016	2015
	HK$'000	*HK$'000*
Non-current liabilities		
Rental deposits from tenants	**91,094**	105,719
Borrowings — due after one year	**1,038,861**	489,717
Deferred tax liabilities	**226,910**	231,733
	1,356,865	827,169
	10,922,936	10,944,331
Equity		
Share capital	**381,535**	381,535
Reserves	**10,542,375**	10,534,533
Equity attributable to:		
Owners of the Company	**10,923,910**	10,916,068
Non-controlling interests	**(974)**	28,263
Total equity	**10,922,936**	10,944,331

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 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 and its subsidiaries are property investment, property development, property management, treasury investment, trading and manufacturing and hotel operation.

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

2. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2016 and 2015 included in this preliminary announcement of annual results do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (the "Companies Ordinance") and will deliver the financial statements for the year ended 31 December 2016 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Application of new and amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

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.

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
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 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[1]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2017

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

Segment revenue and results

The following is an analysis of the Group's revenue and results 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 2016									
Segment revenue	364,526	488,390	29,706	82,957	63,048	16,999	1,045,626	(14,488)	1,031,138
Comprising:									
— revenue from customers	361,136	488,390	18,608	82,957	63,048	16,999			
— inter-segment transactions (note)	3,390	–	11,098	–	–	–			
Operating expenses	(130,710)	(370,400)	(21,095)	(19,042)	(55,123)	(17,179)	(613,549)	14,488	(599,061)
Gain on changes in fair value of investment properties	158,302	–	–	–	–	–	158,302	–	158,302
Loss on changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	–	–	–	(791)	–	–	(791)	–	(791)
Gain on disposal of available-for-sale investments	–	–	–	1,816	–	–	1,816	–	1,816
Gain on disposal of subsidiaries	–	–	–	–	–	10,841	10,841	–	10,841
Net exchange (losses) gains	(12,621)	(20,865)	272	(6,845)	–	4	(40,055)	–	(40,055)
Impairment loss recognised in respect of available-for-sale investments	–	–	–	(20,440)	–	–	(20,440)	–	(20,440)
Loss on disposal of property, plant and equipment	–	–	–	–	(379)	–	(379)	–	(379)
Segment profit	379,497	97,125	8,883	37,655	7,546	10,665	541,371	–	541,371
Finance costs									(21,939)
Share of results of joint ventures									(3)
Profit before tax									519,429

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

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

	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 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)
Gain on changes in fair value of investment properties	281,997	–	–	–	–	–	281,997	–	281,997
Gain on changes in fair value of financial assets at FVTPL	–	–	–	2,592	–	–	2,592	–	2,592
Gain on disposal of available-for-sale investments	–	–	–	8,080	–	–	8,080	–	8,080
Net exchange (losses) gains	(16,709)	(20,386)	255	(136,829)	–	(50)	(173,719)	–	(173,719)
Impairment loss recognised in respect of properties held for sale	–	(20,546)	–	–	–	–	(20,546)	–	(20,546)
Loss on disposal of property, plant and equipment	–	–	–	–	(266)	–	(266)	–	(266)
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									471,033

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

4. INCOME TAX EXPENSE

	2016 *HK$'000*	2015 *HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**18,263**	17,844
The People's Republic of China (the "PRC") Enterprise Income Tax	**7,820**	10,025
	26,083	27,869
Under(over)provision in prior years:		
Hong Kong Profits Tax	**64**	(88)
PRC Enterprise Income Tax	**2,418**	–
	2,482	(88)
PRC Land Appreciation Tax ("LAT")	**13,161**	11,580
Deferred taxation	**8,905**	9,417
	50,631	48,778

notes:

(a) Hong Kong Profits Tax is calculated at 16.5% (2015: 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% (2015: 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

	2016 *HK$'000*	2015 *HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend paid for 2016 — HK$0.17 per share (2015: interim dividend paid for 2015 — HK$0.16 per share)	**64,359**	60,573
Final dividend paid for 2015 — HK$0.26 per share (2015: final dividend paid for 2014 — HK$0.25 per share)	**98,432**	94,646
	162,791	155,219

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2016 of HK$0.30 (2015: final dividend in respect of the year ended 31 December 2015 of HK$0.26) per share, in an aggregate amount of approximately HK$113,575,000 (2015: HK$98,432,000) 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

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 approximately HK$457,907,000 (2015: HK$410,366,000) and on 378,583,440 (2015: 378,583,440) ordinary shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares in issue during the years 2016 and 2015.

7. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**25,632**	16,336
Deposits paid	**20,455**	20,504
Loan receivables	**11,475**	9,297
Prepayments and other receivables	**69,927**	90,830
	127,489	136,967

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 approximately HK$25,632,000 (2015: HK$16,336,000) presented based on the invoice date at the end of the reporting period is as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**8,078**	6,606
Between 31 days to 90 days	**11,350**	6,272
Over 90 days	**6,204**	3,458
	25,632	16,336

(b) As at 31 December 2016, debtors with an aggregate carrying amount of approximately HK$2,731,000 (2015: HK$2,101,000) 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 the functional currency of the individual entities within the Group.

8. TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**7,874**	11,483
Construction costs and retention payables	**270,256**	111,895
Deposits received and receipt in advance in respect of rental of investment properties	**44,275**	33,470
Receipt in advance on properties sold	**948,843**	90,153
Other payables	**24,462**	26,929
	1,295,710	273,930

The following is an aged analysis of trade payables based on the invoice date.

	2016	2015
	HK$'000	*HK$'000*
Within 30 days	**7,874**	11,483

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 2016 of HK$0.30 (2015: HK$0.26) per share together with the interim cash dividend of HK$0.17 (2015: HK$0.16) per share paid on 27 September 2016, makes a total cash dividend of HK$0.47 (2015: HK$0.42) per share. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on Tuesday, 9 May 2017, will be paid on Friday, 26 May 2017 to the Company's shareholders registered on Friday, 19 May 2017.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2016 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2016 final dividend, whose name should be recorded in the Company's shareholders book on Friday, 19 May 2017. The Register of Members of the Company will be closed from Wednesday, 17 May 2017 to Friday, 19 May 2017, 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, 16 May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2016, the Group recorded profit of approximately HK$468.8 million, comparing to that of 2015 amounted to approximately HK$422.3 million, representing an increase of approximately 11%.

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, gain on changes in fair value of investment properties, gain on disposal of available-for-sale investments, impairment loss recognised in respect of available-for-sale investments and gain on disposal of subsidiaries.

Property Investment

Overall Rental Revenue

For the year ended 31 December 2016, the Group's recorded gross rental revenue of approximately HK$361.1 million, decreased by approximately HK$14.2 million from approximately HK$375.3 million in 2015, representing a decrease of 3.8%. Major change was due to decrease of rental revenue of approximately HK$17.8 million from Shanghai Chong Hing Finance Center.

Overall Occupancies

The Group's overall occupancy from major investment properties continued to maintain at approximately 88.6% as at 31 December 2016.

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 2016, Chong Hing Square generated rental revenue of approximately HK$121.6 million with occupancy of 96% as at 31 December 2016. The management had commenced a substantial renovation work to the building for the purpose of increasing the capital value of the property. Renovation work was scheduled to be completed in 2017. Upon completion of the renovation, the management expected to provide better services to tenants as well as commanding higher rental return. Total renovation costs amounted to approximately HK$60 million and all expenditures are funded by internal resources.

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 2016, 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.

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 2016, this retail and commercial shopping centre generated rental revenue of approximately HK$21.2 million, slightly decreased by approximately 1.8% comparing to that of 2015. The occupancy was decreased to 74% as at 31 December 2016.

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 2016, Fairview Court recorded rental revenue of approximately HK$2.2 million, with occupancy of 60% as at 31 December 2016.

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 83% let in terms of office space and 100% let in terms of retail space as at 31 December 2016. For the year ended 31 December 2016, this office building generated rental revenue of approximately HK$141.3 million, representing an decrease of approximately 11%.

Property Development

Hong Kong

ONE-EIGHT-ONE Hotel & Serviced Residences

The previous office building (formerly known as Western Harbour Center), located at 181–183 Connaught Road West, was under construction to convert into a 183-room hotel and serviced residences. Construction work began in the last quarter of 2015 and it was scheduled to be completed in 2017. The total renovation costs amounted to approximately HK$400 million and all expenditures are funded by internal resources.

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

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. 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.

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 sizeable standalone clubhouse and other recreational facilities. 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 1,126 carparking spaces. As at 8 March 2017, a total of 664 residential units (representing 78% of available units) and 301 carparking spaces (representing 27% of available spaces) had been sold, generating sale proceeds of approximately RMB618.3 million.

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. As at 8 March 2017, the Group had successfully sold out all 1,542 residential units and 353 carparking spaces (representing 32% of available spaces) returning sale proceeds of approximately RMB981.7 million.

The Group continued the construction of Phase 3 since 2015. For the Phase 3 development, it constructed 12 blocks of 14-storey residential flats above the ground. A total of 1,498 residential units with developable areas over 192,000 square meters and 1,204 car parking spaces mainly built at the basement levels. For the size of residential units, it provided four typical sizes with areas of 60, 90, 120 and 140 square meters. The Group started the pre-sale in April 2016. As at 8 March 2017, all 1,498 residential units were successfully sold out returning total sale proceeds of approximately RMB1,130.8 million.

On schedule, the construction of Phase 3 will be completed in 2017, so that the sale results of Phase 3 will be recognised under the financial year of 2017.

For Phase 4 development, it constructed 11 blocks of 14-storey residential flats above the ground. It provides 1,380 residential units with developable areas over 156,000 square meters. Including the retail and commercial areas of approximately 5,900 square meters, other amenities areas of approximately 7,700 square meters and 1,227 car parking spaces mainly built at the basement level, the total developable areas of Phase 4 is over 216,000 square meters. For the size of residential units, it provided four typical sizes with areas of 90, 100, 130 and 140 square meters. Basement work was commenced since the third quarter of 2016.

Budget Hotel Project

Since 2008, the Group started to operate budget hotel business in Shanghai, Beijing and Guangzhou. All of these budget hotels are managed by and under the brand name of Hanting. For the year ended 31 December 2016, hotel revenue decreased by 59% from approximately HK$41.7 million in 2015 to approximately HK$17.0 million in 2016. Due to the restructuring of the business strategy, the Group had ceased one and sold two budget hotels during the year. Having completed the disposal transactions with receiving total cash considerations of approximately HK$12.0 million in May 2016, the Group recorded a gain on disposal of subsidiaries of approximately HK$10.8 million.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2016, 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 2016 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 Miricor Enterprises Holdings Limited with effect from 10 January 2017.

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 2016, 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 2016 before they presented the same to the Board of Directors for approval.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2016.

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 Tuesday, 9 May 2017, 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 30 March 2017.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2017 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2017 Annual General Meeting to be held on Tuesday, 9 May 2017 ("2017 AGM"), whose name should be recorded in the Company's shareholders book on Tuesday, 9 May 2017. The Register of Members of the Company will be closed from Thursday, 4 May 2017 and Tuesday, 9 May 2017, both days inclusive. In order to qualify for attending and voting at the 2017 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 Tuesday, 2 May 2017.

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. 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, 8 March 2017

The Company's Annual Report 2016, containing the Directors' Report, Financial Statements for the year ended 31 December 2016 and the Notice of Annual General Meeting, together with the circular and the Form of Proxy will be despatched to shareholders on or about 30 March 2017. 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.