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 2018

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 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	NOTES	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*3*		
Goods and services		**1,394,016**	1,793,003
Rental income		**355,739**	365,611
Interest and dividend income		**86,470**	56,737
		1,836,225	2,215,351
Direct costs		**(878,151)**	(1,290,323)
		958,074	925,028
Other income		**21,411**	8,506
Administrative and operating expenses		**(203,725)**	(217,886)
Other gains and losses		**407,618**	278,911
Finance costs		**(19,122)**	(26,658)
Share of results of joint ventures		**61,752**	1,645
Profit before tax		**1,226,008**	969,546
Income tax expense	*4*	**(178,086)**	(195,730)
Profit for the year		**1,047,922**	773,816
Profit for the year attributable to:			
Owners of the Company		**1,014,267**	744,888
Non-controlling interests		**33,655**	28,928
		1,047,922	773,816
Basic earnings per share	*6*	**HK$2.68**	HK$1.97

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**1,047,922**	773,816
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Fair value losses on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	**(59,362)**	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(187,453)**	246,044
Share of other comprehensive expense of joint ventures	**(6)**	–
Fair value gains on available-for-sale investments	**–**	37,939
Investment revaluation reserve reclassified to profit or loss in relation to impairment loss on available-for-sale investments	**–**	39,860
Other comprehensive (expense) income for the year (net of tax)	**(246,821)**	323,843
Total comprehensive income for the year	**801,101**	1,097,659
Total comprehensive income attributable to:		
Owners of the Company	**775,377**	1,057,499
Non-controlling interests	**25,724**	40,160
	801,101	1,097,659

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Investment properties		**8,701,400**	8,392,900
Property, plant and equipment		**124,079**	125,804
Properties under development		**1,244,922**	1,207,006
Interests in joint ventures		**292,987**	192,210
Investments in securities		**584,607**	690,486
Long-term loan receivables	*7*	**–**	4,763
Deferred tax assets		**31,469**	3,850
		10,979,464	10,617,019
Current assets			
Properties under development for sale		**–**	659,998
Properties held for sale		**860,707**	555,975
Inventories		**29,900**	26,949
Trade and other receivables	*7*	**88,667**	115,285
Contract costs		**20,305**	–
Investments in securities		**22,563**	16,793
Derivative financial instruments		**–**	26
Taxation recoverable		**33,458**	20,706
Fixed bank deposits with more than three months to maturity when raised		**18,347**	359,796
Bank balances and cash		**2,460,110**	2,162,588
		3,534,057	3,918,116
Current liabilities			
Trade and other payables	*8*	**244,799**	1,001,766
Contract liabilities		**539,128**	–
Derivative financial instruments		**218**	–
Taxation payable		**137,713**	100,005
Borrowings — due within one year		**867,818**	383,655
		1,789,676	1,485,426
Net current assets		**1,744,381**	2,432,690
Total assets less current liabilities		**12,723,845**	13,049,709

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	2018	2017
	HK$'000	*HK$'000*
Non-current liabilities		
Rental deposits from tenants	**56,105**	98,597
Borrowings — due after one year	**–**	864,345
Derivative financial instruments	**7,252**	790
Deferred tax liabilities	**263,420**	247,102
	326,777	1,210,834
	12,397,068	11,838,875
Equity		
Share capital	**381,535**	381,535
Reserves	**11,951,238**	11,418,154
Equity attributable to:		
Owners of the Company	**12,332,773**	11,799,689
Non-controlling interests	**64,295**	39,186
Total equity	**12,397,068**	11,838,875

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 23/F, Chong Hing Bank Centre, 24 Des Voeux 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 2018 and 2017 included in this preliminary announcement of annual results for the year ended 31 December 2018 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2018 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

New and 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:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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 on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts and the related interpretations*.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

Under HKFRS 15, the Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

The application of HKFRS 15 has no material impact on the Group's accumulated profits as at 1 January 2018. The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	**Carrying amounts previously reported at 31 December 2017**	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 January 2018**
		HK$'000	*HK$'000*	*HK$'000*
Current Liabilities				
Trade and other payables	*(a)*	1,001,766	(475,327)	526,439
Contract liabilities	*(a)*	–	475,327	475,327

Note:

(a) As at 1 January 2018, deposits received in advance from customers on properties sold of HK$475,327,000 previously included in trade and other payables were reclassified to contract liabilities.

The application of HKFRS 15 has no material impact on the amounts recognised in the Group's consolidated statement of profit or loss for the current year. The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Notes	**As reported** *HK$'000*	**Adjustments** *HK$'000*	**Amounts without application of HKFRS 15** *HK$'000*
Current Assets				
Amounts due from customers for contract work	*(a)*	–	20,305	20,305
Contract costs	*(a)*	20,305	(20,305)	–
Current Liabilities				
Trade and other payables	*(b)*	244,799	333,196	577,995
Contract liabilities	*(b) & (c)*	539,128	(539,128)	–
Amounts due to customers for contract work	*(c)*	–	205,932	205,932

Notes:

(a) Costs incurred in relation to the interior decoration services on properties held for sale of HK$20,305,000 were previously included in amounts due from customers for contract work. Upon the application of HKFRS 15, these costs incurred were reclassified to contract costs.

(b) Deposits received in advance from customers on properties sold of HK$333,196,000 were previously included in trade and other payables. Upon the application of HKFRS 15, these deposits received were reclassified to contract liabilities.

(c) Amounts received in advance for the related work performed of HK$205,932,000 were previously included as amounts due to customers for contract work. Upon the application of HKFRS 15, these receipts in advance were reclassified to contract liabilities.

2.2 **HKFRS 9** ***Financial Instruments and the related amendments***

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 at the date of initial application, 1 January 2018.

	Notes	**Available-for-sale** *HK$'000*	**Financial assets designated at FVTPL** *HK$'000*	**Financial assets at FVTPL required by HKAS 39/ HKFRS 9** *HK$'000*	**Equity instruments at FVTOCI** *HK$'000*	**Investment revaluation reserve** *HK$'000*	**Accumulated profits** *HK$'000*
Closing balance at 31 December 2017 — HKAS 39		682,849	7,737	16,693	–	123,933	7,983,758
Effect arising from initial application of HKFRS 9:							
Reclassification							
From available-for-sale	*(a)*	(682,849)	–	–	682,849	(59,410)	59,410
From designated at fair value through profit or loss ("FVTPL")	*(b)*	–	(7,737)	7,737	–	–	–
Opening balance at 1 January 2018		–	–	24,430	682,849	64,523	8,043,168

Notes:

(a) Available-for-sale investments

From available-for-sale equity investments to FVTOCI

The Group elected to present in other comprehensive income for the fair value changes of all its equity investments previously classified as available-for-sale under HKAS 39. These investments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$682,849,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI. The fair value gains of HK$123,933,000 relating to those investments previously carried at fair value continued to accumulate in investment revaluation reserve. In addition, impairment losses previously recognised of HK$59,410,000 were transferred from accumulated profits to investment revaluation reserve as at 1 January 2018.

(b) Financial assets at FVTPL and/or designated at FVTPL

At the date of initial application, the Group no longer applied designation as measured at FVTPL for the portfolio of financial assets which is managed and its performance is evaluated on a fair value basis, as these financial assets are required to be measured at FVTPL under HKFRS 9. As a result, the fair value of these investments of HK$7,737,000 were reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

Remaining investments are equity securities held for trading and derivatives which are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets at amortised cost (including trade and other receivables, fixed bank deposits more than three months to maturity when raised, and bank balances) for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. Based on the assessment by the directors of the Company, there has had no material credit loss allowance recognised at 1 January 2018.

3. SEGMENT INFORMATION

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

Specifically, the Group's operating and reportable segments under HKFRS 8 *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 2018									
Segment revenue	359,986	1,297,330	34,143	72,794	77,346	12,120	1,853,719	(17,494)	1,836,225
Comprising:									
— revenue from customers	355,739	1,297,330	20,896	72,794	77,346	12,120			
— inter-segment transactions *(note)*	4,247	–	13,247	–	–	–			
Operating expenses	(129,305)	(825,628)	(20,016)	(20,532)	(71,320)	(11,158)	(1,077,959)	17,494	(1,060,465)
Gain on changes in fair value of investment properties	436,055	–	–	–	–	–	436,055	–	436,055
Loss on changes in fair value of financial assets at FVTPL	–	–	–	(1,867)	–	–	(1,867)	–	(1,867)
Loss on changes in fair value of derivative financial instruments	–	–	–	(6,679)	–	–	(6,679)	–	(6,679)
Loss on disposal of property, plant and equipment	–	(2,075)	–	–	–	–	(2,075)	–	(2,075)
Net exchange gains (losses)	61	(21,799)	219	3,703	–	–	(17,816)	–	(17,816)
Segment profit	666,797	447,828	14,346	47,419	6,026	962	1,183,378	–	1,183,378
Finance costs									(19,122)
Share of results of joint ventures									61,752
Profit before tax									1,226,008

note: Inter-segment transactions are charged at prevailing market prices.

The following is an analysis of the Group's revenue and results by operating and reportable 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 2017									
Segment revenue	369,829	1,694,507	31,971	48,238	75,984	11,269	2,231,798	(16,447)	2,215,351
Comprising:									
— revenue from customers	365,611	1,694,507	19,742	48,238	75,984	11,269			
— inter-segment transactions *(note)*	4,218	–	12,229	–	–	–			
Operating expenses	(146,748)	(1,254,803)	(21,079)	(14,102)	(68,803)	(10,615)	(1,516,150)	16,447	(1,499,703)
Gain on changes in fair value of investment properties	292,070	–	–	–	–	–	292,070	–	292,070
Gain on changes in fair value of financial assets at FVTPL	–	–	–	4,490	–	–	4,490	–	4,490
Loss on changes in fair value of derivative financial instruments	–	–	–	(764)	–	–	(764)	–	(764)
Net exchange gains (losses)	8,140	26,635	(297)	1,396	–	(1)	35,873	–	35,873
Impairment loss recognised in respect of available-for-sale investments	–	–	–	(39,860)	–	–	(39,860)	–	(39,860)
Impairment loss recognised in respect of other receivables	–	–	–	(2,541)	(9,452)	(905)	(12,898)	–	(12,898)
Segment profit (loss)	523,291	466,339	10,595	(3,143)	(2,271)	(252)	994,559	–	994,559
Finance costs									(26,658)
Share of results of joint ventures									1,645
Profit before tax									969,546

note: Inter-segment transactions are charged at prevailing market prices.

4. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**14,949**	17,052
The People's Republic of China ("PRC") Enterprise Income Tax	**124,838**	132,408
	139,787	149,460
Dividend withholding tax	**14,010**	–
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(150)**	(160)
PRC Enterprise Income Tax	**135**	–
	(15)	(160)
PRC Land Appreciation Tax ("LAT")	**26,593**	36,799
Deferred taxation	**(2,289)**	9,631
	178,086	195,730

notes:

(a) Hong Kong Profits Tax is calculated at 16.5% (2017: 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% (2017: 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

	2018	2017
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Interim dividend paid for 2018 — HK$0.22 per share (2017: interim dividend paid for 2017 — HK$0.18 per share)	**83,288**	68,145
Final dividend paid for 2017 — HK$0.42 per share (2017: final dividend paid for 2016 — HK$0.30 per share)	**159,005**	113,575
	242,293	181,720

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of HK$0.48 (2017: final dividend in respect of the year ended 31 December 2017 of HK$0.42) per share, in an aggregate amount of approximately HK$181,720,000 (2017: HK$159,005,000) 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 owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$1,014,267,000 (2017: HK$744,888,000) and on 378,583,440 (2017: 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 ended 31 December 2018 and 31 December 2017.

7. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**23,535**	24,990
Deposits paid	**10,015**	27,751
Loan receivables	**5,228**	14,110
Prepayments and other receivables	**49,889**	53,197
	88,667	120,048
Analysed as		
Current	**88,667**	115,285
Non-current	**–**	4,763
	88,667	120,048

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.

Considerations in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rent in respect of leased properties are payable monthly in advance by the tenants. Other trade customers settle their accounts with an average credit period of 30 to 90 days. The aged analysis of trade receivables of approximately HK$23,535,000 (2017: HK$24,990,000) presented based on the invoice date at the end of the reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**7,307**	9,089
Between 31 days to 90 days	**12,660**	13,859
Over 90 days	**3,568**	2,042
	23,535	24,990

(b) As at 31 December 2018, debtors with an aggregate carrying amount of approximately HK$2,279,000 (2017: HK$2,023,000) 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

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**7,985**	8,828
Construction costs and retention payables	**129,195**	445,909
Deposits received and receipt in advance in respect of rental of investment properties	**81,743**	41,278
Receipt in advance on properties sold	**–**	475,327
Other payables	**25,876**	30,424
	244,799	1,001,766

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

	2018	2017
	HK$'000	*HK$'000*
Within 30 days	**7,985**	8,828

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 2018 of HK$0.48 (2017: HK$0.42) per share together with the interim cash dividend of HK$0.22 (2017: HK$0.18) per share paid on 14 September 2018, makes a total cash dividend of HK$0.70 (2017: HK$0.60) per share. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on Thursday, 16 May 2019, will be paid on Tuesday, 4 June 2019 to the Company's shareholders registered on Friday, 24 May 2019.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2018 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2018 final dividend, whose name should be recorded in the Company's shareholders book on Friday, 24 May 2019. The Register of Members of the Company will be closed from Wednesday, 22 May 2019 to Friday, 24 May 2019, 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, 21 May 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2018, the Group recorded audited consolidated profit of approximately HK$1,047.9 million, comparing to that of 2017 amounted to approximately HK$773.8 million, representing an increase of approximately 35%.

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 gain on changes in fair value of investment properties and net exchange gains (losses).

Property Investment

Overall Rental Revenue

For the year ended 31 December 2018, the Group recorded gross rental revenue of approximately HK$355.7 million, decreased by approximately HK$9.9 million from approximately of HK$365.6 million in 2017, representing a decrease of 2.7%.

Overall occupancies

The Group's overall occupancy from major investment properties continued to maintain at 87.7% as at 31 December 2018.

HK Properties

Chong Hing Square

Chong Hing Square, located at 601 Nathan Road Mongkok, is a 20-storey ginza-type retail/ commercial development offers over 182,000 square feet of retail and commercial space. For the year ended 31 December 2018, Chong Hing Square generated rental revenue of approximately HK$113.9 million, decreased by HK$8.3 million from approximately HK$122.2 million in 2017 with occupancy of 96%. As at date of board meeting, the building was 100% occupied.

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 group's use, the office building was leased to Chong Hing Bank Limited for 5 years fixed tenancy with option to renew for another 5 years. For the year ended 31 December 2018, a total of approximately HK$67.9 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 2018, this retail and commercial shopping center generated rental revenue of approximately HK$20.4 million, slightly decreased by 2.4% when comparing to that of 2017. The occupancy was 68% as at 31 December 2018. The management had approved to revamp the property in order to get higher rental return. Planning of renovation work is under preparation and the construction will commence in second quarter of 2019.

Fairview Court

Fairview Court is located at 94 Repulse Bay Road. The Group owns 5 units, each of areas over 4,100 square feet, luxury apartment on a low-rise building. For the year ended 31 December 2018, Fairview Court received rental revenue of approximately HK$7.1 million (before rental elimination of HK$3.8 million) with 100% occupancy.

PRC Properties

Chong Hing Finance Center, Shanghai

The Group's 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 80% let in terms of office space and 100% let in terms of retail space as at year end. For the year ended 31 December 2018, this office building generated rental revenue of approximately HK$141.2 million, representing a slightly decrease of 2%.

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 came to the final stage and the occupation permit was scheduled to be obtained in the 2nd quarter of 2019. Total renovation costs including professional fee amounted to approximately of HK$532 million and all expenditures are funded by internal resources.

PRC

The Grand Riviera, Foshan

This comprehensive development situated at 1 Guilong Road, Luocun in the Nanhai District of Foshan, 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.

Development Status

This Foshan residential project is a comprehensive development and is developed by phases. The whole project, including Phase 1 to Phase 4, was completed and handover for occupation in September 2018.

Financial and Sale results

For the year ended 31 December 2018, the Group recorded sale revenue of approximately HK$1,297.3 million. The sale was mainly referred to the sale of Phase 4 of which 933 residential units were sold and recognized under consolidated statement of profit or loss in the year of 2018.

As at date of Board meeting, a total of 4,982 residential units out of total 5,264 units (representing 95%) and a total of 1,184 carpark units out of total 4,669 units (representing 25%) were successfully sold out fetching accumulated sale proceeds of approximately HK$5.2 billion.

The management forecast that further sale proceeds of approximately HK$1.8 billion would be received if all unsold properties including residential units, carparks and retail shops were sold under current market conditions.

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 2018, hotel revenue increased by 7.1% from approximately of HK$11.3 million in 2017 to approximately HK$12.1 million in 2018. Due to the restructuring of the business strategy, the Group had sold the budgeted hotels at Shanghai and Beijing in 2016, only the hotel in Guangzhou remains in operation.

Share of results of joint ventures

During the year of 2018, the Group teamed up with the same joint venture partner, in addition to the investment in 2017, to acquire one more warehouse (now in total 3 warehouses) in Japan and one manufacturing plant in Australia. The management regarded the investment would bring the Group's a stable rental return together with a long term appreciation of properties. The share of results of joint ventures of approximately HK$61.8 million, under equity accounting, represented the 50% share of net asset value of the investment which included the annual rental revenue and asset revaluation gain.

THE CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2018, 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").

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

Below is the changes of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2018 Interim Report:

Directors' Updated Information

Dr. Cheng Mo Chi, Moses, an Independent Non-executive Director of the Company,

(1) had resigned as Chairman of the Process Review Panel for Securities and Futures Commission with effect from 1 November 2018.

(2) was appointed as an Independent Non-executive Director of The Hong Kong and China Gas Company Limited, a public listed company in Hong Kong, with effect from 14 January 2019.

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.

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 2018, 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. Cheng Yuk Wo (Chairman), Dr. Cheng Mo Chi, Moses, Mr. Au Kam Yuen, Arthur and Mr. Tong, Tsun Sum Eric, 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 2018 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 2018.

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 Thursday, 16 May 2019, 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 9 April 2019.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2019 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2019 Annual General Meeting to be held on Thursday, 16 May 2019 ("2019 AGM"), whose name should be recorded in the Company's shareholders book on Thursday, 16 May 2019. The Register of Members of the Company will be closed from Friday, 10 May 2019 and Thursday, 16 May 2019, both days inclusive. In order to qualify for attending and voting at the 2019 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 Thursday, 9 May 2019.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Executive Directors: Mr. Liu Lit Chi (Chairman, 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 and Mr. Kho Eng Tjoan, Christopher; and Independent Non-executive Directors: Dr. Cheng Mo Chi, Moses, Mr. Au Kam Yuen, Arthur, Dr. Ma Hung Ming, John, Mr. Cheng Yuk Wo and Mr. Tong, Tsun Sum Eric.

By Order of the Board
Liu Chong Hing Investment Limited
Liu Lit Chi
Chairman, Managing Director
and Chief Executive Officer

Hong Kong, 7 March 2019

The Company's 2018 Annual Report, containing the Directors' Report, Financial Statements for the year ended 31 December 2018 and the Notice of Annual General Meeting, together with the circular and the Form of Proxy will be despatched to shareholders on or about 9 April 2019. 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.