Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The Directors of Liu Chong Hing Investment Limited (the "Company") announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	**Six months ended 30 June** **2019** ***HK$'000*** **(unaudited)**	2018 *HK$'000* (unaudited)
Revenue	*3*		
Contracts with customers		**604,790**	232,449
Rental income		**173,424**	182,842
Interest and dividend income		**42,809**	46,346
		821,023	461,637
Direct costs		**(411,306)**	(167,642)
		409,717	293,995
Other income		**7,286**	7,949
Administrative and operating expenses		**(109,580)**	(91,081)
Other gains and losses		**92,275**	201,662
Finance costs		**(17,739)**	(11,839)
Share of results of joint ventures		**10,989**	38,614
Profit before tax		**392,948**	439,300
Income tax expense	*4*	**(82,566)**	(29,675)
Profit for the period		**310,382**	409,625
Profit for the period attributable to:			
Owners of the Company		**298,180**	403,714
Non-controlling interests		**12,202**	5,911
		310,382	409,625
Basic earnings per share	*5*	**HK$0.79**	HK$1.07

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Profit for the period	**310,382**	409,625
Other comprehensive expense		
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")	**(2,887)**	(24,526)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(14,525)**	(36,021)
Share of other comprehensive expense of joint ventures	**(66)**	–
Other comprehensive expense for the period (net of tax)	**(17,478)**	(60,547)
Total comprehensive income for the period	**292,904**	349,078
Total comprehensive income attributable to:		
Owners of the Company	**281,835**	344,723
Non-controlling interests	**11,069**	4,355
	292,904	349,078

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	**30 June 2019** *HK$'000* **(unaudited)**	31 December 2018 *HK$'000* (audited)
Non-current assets			
Investment properties		**8,787,689**	8,701,400
Property, plant and equipment		**123,467**	124,079
Properties under development		**1,277,956**	1,244,922
Right-of-use assets		**13,598**	–
Interests in joint ventures		**291,785**	292,987
Investments in securities		**582,070**	584,607
Deferred tax assets		**31,469**	31,469
		11,108,034	10,979,464
Current assets			
Deposits paid for land use rights		**440,775**	–
Properties held for sale		**777,652**	860,707
Inventories		**26,141**	29,900
Trade and other receivables	7	**245,645**	88,667
Contract costs		**38,493**	20,305
Investments in securities		**18,615**	22,563
Taxation recoverable		**30,100**	33,458
Fixed bank deposits with more than three months to maturity when raised		**506,964**	18,347
Bank balances and cash		**1,713,095**	2,460,110
		3,797,480	3,534,057
Current liabilities			
Trade and other payables	8	**520,077**	244,799
Lease liabilities		**5,314**	–
Contract liabilities		**41,969**	539,128
Derivative financial instruments		**734**	218
Taxation payable		**81,567**	137,713
Borrowings — due within one year		**1,416,387**	867,818
		2,066,048	1,789,676
Net current assets		**1,731,432**	1,744,381
Total assets less current liabilities		**12,839,466**	12,723,845

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AS at 30 June 2019

	30 June 2019 *HK$'000* **(unaudited)**	31 December 2018 *HK$'000* (audited)
Non-current liabilities		
Rental deposits from tenants	**57,830**	56,105
Lease liabilities	**8,422**	–
Derivative financial instruments	**9,479**	7,252
Deferred tax liabilities	**255,483**	263,420
	331,214	326,777
	12,508,252	12,397,068
Equity		
Share capital	**381,535**	381,535
Reserves	**12,051,353**	11,951,238
Equity attributable to:		
Owners of the Company	**12,432,888**	12,332,773
Non-controlling interests	**75,364**	64,295
Total equity	**12,508,252**	12,397,068

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2018 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 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").

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 *Impacts and changes in accounting policies of application on HKFRS 16 Leases*

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases, and the related interpretations.

2.1.1. Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

<u>Allocation of consideration to components of a contract</u>

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

<u>Short-term leases and leases of low-value assets</u>

The Group applies the short-term lease recognition exemption to leases of land and buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

<u>Right-of-use assets</u>

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 *Revenue from Contracts with Customers* to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Subsequently, adjustments to fair value are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply these standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK$10,937,000 and right-of-use assets of HK$10,937,000 at 1 January 2019.

For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as adjusted above.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 3.3%.

	At 1 January 2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	29,680
Lease liabilities discounted at relevant incremental borrowing rates	25,966
Less: Recognition exemption — short-term leases	(15,029)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	10,937
Analysed as	
Current	3,086
Non-current	7,851
	10,937

Notes:

(a) The carrying amount of right-of-use assets as at 1 January 2019 is relating to operating leases of land and buildings recognised upon application of HKFRS 16.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and should be adjusted to reflect the discounting effect at transition. However, the adjustments to present value is insignificant to be recognised at the date of initial application, 1 January 2019.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect.

3. SEGMENT INFORMATION

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

Specifically, the Group's operating and reportable segments under HKFRS 8 *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	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 six months ended 30 June 2019									
Segment revenue	175,547	552,013	18,442	42,809	34,521	7,077	830,409	(9,386)	821,023
Comprising:									
— revenue from customers	173,424	552,013	11,179	42,809	34,521	7,077			
— inter-segment transactions *(note)*	2,123	–	7,263	–	–	–			
Operating expenses	(72,255)	(383,003)	(10,430)	(19,542)	(31,957)	(5,799)	(522,986)	9,386	(513,600)
Gain on changes in fair value of investment properties	93,516	–	–	–	–	–	93,516	–	93,516
Gain on changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	–	–	–	3,852	–	–	3,852	–	3,852
Loss on changes in fair value of derivative financial instruments	–	–	–	(2,836)	–	–	(2,836)	–	(2,836)
Loss on disposal of property, plant and equipment	–	(322)	–	–	–	–	(322)	–	(322)
Net exchange (losses) gains	(665)	(483)	19	(806)	–	–	(1,935)	–	(1,935)
Segment profit	196,143	168,205	8,031	23,477	2,564	1,278	399,698	–	399,698
Share of results of joint ventures									10,989
Finance costs									(17,739)
Profit before tax									392,948

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

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 six months ended 30 June 2018									
Segment revenue	184,965	173,692	16,956	46,346	42,679	5,745	470,383	(8,746)	461,637
Comprising:									
— revenue from customers	182,842	173,692	10,333	46,346	42,679	5,745			
— inter-segment transactions (note)	2,123	–	6,623	–	–	–			
Operating expenses	(63,045)	(129,375)	(9,641)	(12,040)	(39,803)	(5,616)	(259,520)	8,746	(250,774)
Gain on changes in fair value of investment properties	208,766	–	–	–	–	–	208,766	–	208,766
Loss on changes in fair value of financial assets at FVTPL	–	–	–	(211)	–	–	(211)	–	(211)
Loss on changes in fair value of derivative financial instruments	–	–	–	(4,910)	–	–	(4,910)	–	(4,910)
Loss on disposal of property, plant and equipment	–	(14)	–	–	–	–	(14)	–	(14)
Net exchange gains (losses)	296	(3,566)	41	1,260	–	–	(1,969)	–	(1,969)
Segment profit	330,982	40,737	7,356	30,445	2,876	129	412,525	–	412,525
Share of results of a joint venture									38,614
Finance costs									(11,839)
Profit before tax									439,300

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

Segment profit represents the profit earned by each segment without allocation of share of results of joint ventures and finance costs. In addition, the Group's administrative costs are allocated to respective operating segments on the basis of revenues earned by individual operating segments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	**7,333**	7,911
The People's Republic of China ("PRC") Enterprise Income Tax	**56,530**	15,348
	63,863	23,259
Dividend withholding tax	**15,777**	–
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(30)**	–
PRC Enterprise Income Tax	**200**	140
	170	140
PRC Land Appreciation Tax ("LAT")	**10,694**	4,200
Deferred taxation	**(7,938)**	2,076
	82,566	29,675

Notes:

(a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

(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%.

(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. 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 period attributable to owners of the Company of HK$298,180,000 (six months ended 30 June 2018: HK$403,714,000) and on 378,583,440 (30 June 2018: 378,583,440) ordinary shares in issue during the period.

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

6. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2018 — HK$0.48 per share (2018: declared and paid for 2017 HK$0.42 per share)	**181,720**	159,005
Dividend declared in respect of current period:		
Interim dividend declared for 2019 — HK$0.22 per share (2018: HK$0.22 per share)	**83,288**	83,288

On 8 August 2019, the Board of Directors has approved an interim cash dividend of HK$0.22 per share (2018: HK$0.22 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 5 September 2019.

7. TRADE AND OTHER RECEIVABLES

	30 June 2019	31 December 2018
	HK$'000	*HK$'000*
Trade receivables	**23,902**	23,535
Deposits paid	**9,144**	10,015
Loan receivables	**1,204**	5,228
Prepayments and other receivables	**211,395**	49,889
	245,645	88,667

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 terms of the sale and purchase agreements. The aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
Within 30 days	**7,151**	7,307
Between 31 days to 90 days	**9,570**	12,660
Over 90 days	**7,181**	3,568
	23,902	23,535

8. TRADE AND OTHER PAYABLES

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
Trade payables	**8,449**	7,985
Construction costs and retention payables	**407,758**	129,195
Deposits received and receipt in advance in respect of rental of investment properties	**82,425**	81,743
Other payables	**21,445**	25,876
	520,077	244,799

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

	30 June 2019 *HK$'000*	31 December 2018 *HK$'000*
Within 30 days	**8,449**	7,985

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2019 of HK$0.22 per share (2018: HK$0.22 per share), payable on Friday, 13 September 2019 to the Company's shareholders registered on Thursday, 5 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 3 September 2019 to Thursday, 5 September 2019, both days inclusive. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleaf or separately, must be lodged for registration with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 2 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2019, the Group recorded unaudited consolidated profit of approximately HK$310.4 million, comparing to that of 2018 amounted to approximately HK$409.6 million, representing a decrease of approximately 24%. The change was mainly due to less property revaluation gains of HK$115.3 million recorded for the period under reviews.

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 incomes 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 period ended 30 June 2019, the Group recorded gross rental revenue of approximately HK$173.4 million, decreased by approximately HK$9.4 million from approximately of HK$182.8 million in the corresponding period of 2018, representing a decrease of 5.1%.

Overall occupancies

The Group's overall occupancy from major investment properties maintained at 88.7% as at 30 June 2019.

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 period ended 30 June 2019, Chong Hing Square generated rental revenue of approximately HK$58.9 million, increased by HK$1.8 million from approximately of HK$57.1 million in the corresponding period of 2018. The increase of rental revenue was due to rental revision. 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 Company'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. The renewal of the tenancy agreement is under negotiation.

Chong Yip Centre

Chong Yip Centre is located at 402–404 Des Voeux Road West. It provides over 54,000 square feet of retail and commercial space. For the period ended 30 June 2019, this retail and commercial shopping center generated rental revenue of approximately HK$8.9 million, decreased by 14.5% when comparing to the corresponding period of 2018. The management had approved to revamp the property in order to get higher rental return. Notice to quit to existing tenants was duly served and all the tenants had already moved out by the end of June 2019. The construction works, scheduled to be completed in 18 months, will be commenced in the third 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 period ended 30 June 2019, Fairview Court recorded rental revenue of approximately HK$3.5 million (it recorded HK$1.9 million after rental elimination) with 100% occupancy as at 30 June 2019.

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 78% let in terms of office space and 100% let in terms of retail space as at period end. For the period ended 30 June 2019, this office building recorded a 13% decrease of rental income from HK$75.5 million in the period of 2018 to HK$65.7 million in 2019.

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 converted into a 183-room hotel and serviced residences. Construction work was practically completed and the occupation permit has been obtained in March 2019. Subject to obtaining the hotel license, the hotel will be scheduled to open and in full operation in the third quarter of 2019.

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 period ended 30 June 2019, the Group recorded sale revenue of approximately HK$552.0 million of which 199 residential units were sold and recognized under consolidated statement of profit or loss. The sale was mainly referred to the sale of Phase 4 and the renovation.

As at the date of board meeting, a total of 5,087 residential units out of total 5,264 units (representing 97%) and a total of 1,194 carpark units out of total 4,669 units (representing 26%) were successfully sold out fetching accumulated sale proceeds of approximately HK$5.4 billion.

The management forecast that further sale proceeds of approximately HK$1.6 billion would be received if all unsold properties including residential units, carparks and retail shops were sold under current market conditions.

Acquisition of Land-use Rights in Sanshui District

The Group, through an indirect wholly owned subsidiary, Top New Investment Limited, acquired a piece of land at Sanshui district of Foshan by open land auction on 15 May 2019 for cash consideration of RMB775.5 million. The site area of the land is approximately 33,670.06 sq.m. with plot ratio of 3.2 times, making the accommodation value of RMB7,198 per sq.m.

The management considers that the consideration for the land is fair and reasonable having taking into account the minimum bid conditions set by Foshan Public Resources Center, current market conditions, as well as the location and development potential of the land. The management have been actively studying various design and construction schemes.

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 period ended 30 June 2019, hotel revenue increased by 24% from approximately of HK$5.7 million in 2018 to approximately HK$7.1 million in 2019. 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. For the period ended 30 June 2019, the share of results of joint ventures of approximately HK$11 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 period under review, the Company had substantially complied with the provision of Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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 Annual Report:

Directors' Updated Information

The Board of Directors announces with great sadness that Dr. Liu Lit Chung, a Non-executive Director of the Company, passed away on 11 July 2019.

Dr. Cheng Mo Chi, Moses, an Independent Non-executive Director of the Company, resigned as Non-executive Director of Kader Holdings Company Limited with effect from 1 May 2019.

Dr. Ma Hung Ming, John, an Independent Non-executive Director of the Company, appointed as Vice-chairman of Carrianna Group Holdings Company Limited with effect from 28 June 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 have 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 of the Listing Rules throughout the review period.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2019, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares of the Company.

REVIEW OF UNAUDITED INTERIM FINANCIAL REPORT

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial report. In addition, the condensed consolidated financial statements of the Company for the six months ended 30 June 2019 have been reviewed by our auditor, Messrs. Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and an unmodified review report is issued.

PUBLICATION OF RESULTS ON THE WEBSITE

This results announcement, containing the relevant information required by the Listing Rules, is published on the website of the HKExnews (www.hkexnews.hk) and the website of the Company (www.lchi.com.hk). The Company's interim report for 2019 will be dispatched to the shareholders of the Company and available on the above websites on or about 30 August 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 and Mr. Lee Wai Hung; Non-executive Director: 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, 8 August 2019