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Liu Chong Hing Investment Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 00194)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS

The Directors of Liu Chong Hing Investment Limited (the “Company”) please to announce the consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	NOTES	2019 HK\$'000	2018 HK\$'000
Revenue			
Contracts with customers		848,844	1,394,016
Rental income		354,999	355,739
Interest and dividend income		72,665	86,470
		<u>1,276,508</u>	<u>1,836,225</u>
Direct costs		(562,561)	(878,151)
		<u>713,947</u>	<u>958,074</u>
Other income		12,747	21,411
Administrative and operating expenses		(231,158)	(203,725)
Other gains and losses		108,662	407,618
Finance costs		(45,265)	(19,122)
Share of results of joint ventures		32,191	61,752
		<u>591,124</u>	<u>1,226,008</u>
Profit before tax		591,124	1,226,008
Income tax expense	4	(144,655)	(178,086)
		<u>446,469</u>	<u>1,047,922</u>
Profit for the year		<u>446,469</u>	<u>1,047,922</u>
Profit for the year attributable to:			
Owners of the Company		429,984	1,014,267
Non-controlling interests		16,485	33,655
		<u>446,469</u>	<u>1,047,922</u>
Basic earnings per share	5	<u>HK\$1.14</u>	<u>HK\$2.68</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year	<u>446,469</u>	<u>1,047,922</u>
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value losses on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	(12,996)	(59,362)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(95,301)	(187,453)
Share of other comprehensive expense of joint ventures	<u>(12)</u>	<u>(6)</u>
Other comprehensive expense for the year (net of tax)	<u>(108,309)</u>	<u>(246,821)</u>
Total comprehensive income for the year	<u>338,160</u>	<u>801,101</u>
Total comprehensive income attributable to:		
Owners of the Company	326,270	775,377
Non-controlling interests	<u>11,890</u>	<u>25,724</u>
	<u>338,160</u>	<u>801,101</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Investment properties		8,771,446	8,701,400
Property, plant and equipment		1,457,320	124,079
Properties under development		–	1,244,922
Right-of-use assets		10,757	–
Interests in joint ventures		307,843	292,987
Investments in securities		543,952	584,607
Deferred tax assets		27,472	31,469
		11,118,790	10,979,464
Current assets			
Properties under development for sale		895,424	–
Properties held for sale		686,117	860,707
Inventories		25,455	29,900
Trade and other receivables	7	84,174	88,667
Contract costs		3,815	20,305
Investments in securities		18,097	22,563
Taxation recoverable		27	33,458
Fixed bank deposits with more than three months to maturity when raised		13,284	18,347
Bank balances and cash		2,039,861	2,460,110
		3,766,254	3,534,057
Current liabilities			
Trade and other payables	8	448,258	244,799
Lease liabilities		4,837	–
Contract liabilities		46,965	539,128
Derivative financial instruments		7,065	218
Taxation payable		40,790	137,713
Borrowings — due within one year		491,350	867,818
		1,039,265	1,789,676
Net current assets		2,726,989	1,744,381
Total assets less current liabilities		13,845,779	12,723,845

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*continued*)

	<i>NOTES</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current liabilities			
Other payable	8	93,373	56,105
Lease liabilities		6,151	–
Borrowings — due after one year		1,018,384	–
Derivative financial instruments		776	7,252
Deferred tax liabilities		256,875	263,420
		1,375,559	326,777
		12,470,220	12,397,068
Equity			
Share capital		381,535	381,535
Reserves		12,012,500	11,951,238
Equity attributable to:			
Owners of the Company		12,394,035	12,332,773
Non-controlling interests		76,185	64,295
Total equity		12,470,220	12,397,068

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 2019 and 2018 included in this preliminary announcement of annual results for the year ended 31 December 2019 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 2018 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 2019 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 new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year.

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 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 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* (“HKAS 17”), and the related interpretations.

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 this standard 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.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained 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.

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	<u>10,937</u>
Analysed as	
Current	3,086
Non-current	7,851
	<u>10,937</u>

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 under other receivables. 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.

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.

Effective from 1 January 2019, leasehold lands which were classified as properties under development and properties held for sale are measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses.

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 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 under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were 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.

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 hotel business

Segment revenue and results

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

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Trading and manufacturing <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
For the year ended 31 December 2019									
Segment revenue	359,250	741,935	34,528	72,665	69,398	15,996	1,293,772	(17,264)	1,276,508
Comprising:									
— revenue from customers	354,999	741,935	21,599	72,665	69,398	15,912			
— inter-segment transactions (<i>note</i>)	4,251	-	12,929	-	-	84			
Operating expenses	(136,197)	(478,934)	(20,572)	(38,653)	(63,769)	(60,111)	(798,236)	17,264	(780,972)
Gain on changes in fair value of investment properties	119,843	-	-	-	-	-	119,843	-	119,843
Gain on changes in fair value of financial assets at FVTPL	-	-	-	3,356	-	-	3,356	-	3,356
Loss on changes in fair value of derivative financial instruments	-	-	-	(465)	-	-	(465)	-	(465)
Loss on disposal of property, plant and equipment	(174)	-	-	-	(138)	(2)	(314)	-	(314)
Net exchange (losses) gains	(561)	(7,846)	104	(5,455)	-	-	(13,758)	-	(13,758)
Segment profit (loss)	<u>342,161</u>	<u>255,155</u>	<u>14,060</u>	<u>31,448</u>	<u>5,491</u>	<u>(44,117)</u>	<u>604,198</u>	<u>-</u>	<u>604,198</u>
Finance costs									(45,265)
Share of results of joint ventures									<u>32,191</u>
Profit before tax									<u><u>591,124</u></u>

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 segments.

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property management <i>HK\$'000</i>	Treasury investment <i>HK\$'000</i>	Trading and manufacturing <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
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 (<i>note</i>)	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	<u>666,797</u>	<u>447,828</u>	<u>14,346</u>	<u>47,419</u>	<u>6,026</u>	<u>962</u>	<u>1,183,378</u>	<u>—</u>	<u>1,183,378</u>
Finance costs									(19,122)
Share of results of joint ventures									<u>61,752</u>
Profit before tax									<u><u>1,226,008</u></u>

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

4. INCOME TAX EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
The charge comprises:		
Current tax:		
Hong Kong Profits Tax	12,945	14,949
PRC Enterprise Income Tax	98,182	124,838
	<u>111,127</u>	<u>139,787</u>
Dividend withholding tax	<u>15,778</u>	<u>14,010</u>
(Over)underprovision in prior years:		
Hong Kong Profits Tax	(130)	(150)
PRC Enterprise Income Tax	389	135
	<u>259</u>	<u>(15)</u>
PRC Land Appreciation Tax ("LAT")	<u>15,502</u>	<u>26,593</u>
Deferred taxation	<u>1,989</u>	<u>(2,289)</u>
	<u><u>144,655</u></u>	<u><u>178,086</u></u>

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 consolidated financial statements. Hong Kong Profits Tax is calculated at 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% (2018: 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 owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$429,984,000 (2018: HK\$1,014,267,000) and on 378,583,440 (2018: 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 2019 and 31 December 2018.

6. DIVIDENDS

	2019 HK\$'000	2018 HK\$'000
Dividends recognised as distribution during the year:		
Interim dividend paid for 2019 — HK\$0.22 per share (2018: interim dividend paid for 2018 — HK\$0.22 per share)	83,288	83,288
Final dividend paid for 2018 — HK\$0.48 per share (2018: final dividend paid for 2017 — HK\$0.42 per share)	181,720	159,005
	<u>265,008</u>	<u>242,293</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of HK\$0.38 (2018: final dividend in respect of the year ended 31 December 2018 of HK\$0.48) per share, in an aggregate amount of approximately HK\$143,862,000 (2018: HK\$181,720,000) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. TRADE AND OTHER RECEIVABLES

	2019 HK\$'000	2018 HK\$'000
Trade receivables	23,102	23,535
Deposits paid	8,406	10,015
Loan receivables	—	5,228
Other receivables and prepayments	52,666	49,889
	<u>84,174</u>	<u>88,667</u>

notes:

- (a) 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\$23,102,000 (2018: HK\$23,535,000) presented based on the invoice date at the end of the reporting period is as follows:

	2019 HK\$'000	2018 HK\$'000
Within 30 days	8,147	7,307
Between 31 days to 90 days	11,104	12,660
Over 90 days	3,851	3,568
	<u>23,102</u>	<u>23,535</u>

- (b) As at 31 December 2019, debtors with an aggregate carrying amount of approximately HK\$776,000 (2018: HK\$2,279,000) were past due and aged over 90 days at the end of reporting period but the Group has not provided for impairment loss. Debtors that were past due but not impaired related to a number of customers that had a good track record of credit with the Group. Based on past credit history, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. 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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables	10,560	7,985
Construction costs and retention payables	208,080	129,195
Deposits received and receipt in advance in respect of rental of investment properties	148,006	137,848
Deposit received	143,127	–
Advance lease payments	5,716	–
Other payables	26,142	25,876
	<u>541,631</u>	<u>300,904</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(448,258)</u>	<u>(244,799)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>93,373</u>	<u>56,105</u>

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	<u>10,560</u>	<u>7,985</u>

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 2019 of HK\$0.38 (2018: HK\$0.48) per share together with the interim cash dividend of HK\$0.22 (2018: HK\$0.22) per share paid on 13 September 2019, makes a total cash dividend of HK\$0.60 (2018: HK\$0.70) per share. The proposed final cash dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on Thursday, 21 May 2020, will be paid on Friday, 5 June 2020 to the Company's shareholders registered on Friday, 29 May 2020.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2019 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2019 final dividend, whose name should be recorded in the Company's shareholders book on Friday, 29 May 2020. The Register of Members of the Company will be closed from Wednesday, 27 May 2020 to Friday, 29 May 2020, 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, 26 May 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2019, the Group recorded consolidated profit of approximately HK\$446.5 million, comparing to that of 2018 amounted to approximately HK\$1,047.9 million, representing an decrease of approximately 57.4%. The change was mainly to the decrease of revaluation gains of the Group's investment properties and less property development profit recorded in the year.

Revenue mainly referred to the revenues generated from property investment, property development, property management, treasury investment, trading and 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 2019, the Group recorded gross rental revenue of approximately HK\$355 million, decreased by approximately HK\$0.7 million from approximately of HK\$355.7 million in the year of 2018, representing a decrease of 0.2%.

Overall occupancies

The Group's overall occupancy of major investment properties continued to maintain at 78.1% as at 31 December 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 year ended 31 December 2019, Chong Hing Square generated rental revenue of approximately HK\$113.7 million, slightly decreased by HK\$0.2 million from approximately of HK\$113.9 million in 2018. The occupancy was 92% as at 31 December 2019.

In the second half of 2019, all Hong Kong leasing properties was seriously affected by the local social unrest. Chong Hing Square, located at the heart of Mongkok, is one of the hard hit areas. Most of the tenant's business and revenue in this property was adversely affected due to the transport disruptions, shop closures and significant decrease of tourist arrivals.

The management had already initiated some marketing measures and short term rental recession scheme to support and relief tenant's operating pressure under the current stalling business environment. However, it is hard to estimate 2020 full year revenue impact resulting from the protracted social activities and the subsequent outbreak of health disease. Since the outbreak of the coronavirus epidemic, numerous tenants having food and beverages business had stopped and/or suspended their business until the end of the disease. As such, the rental revenue generated from this property will be affected in first half of 2020.

Chong Hing Bank Centre

Chong Hing Bank Centre, located at 24 Des Voeux Road Central, is a 26-storey Grade A office building. For the year ended 31 December 2019, Chong Hing Bank Centre generated rental revenue of approximately HK\$92.1 million, increased by HK\$24.2 million from approximately of HK\$67.9 million in 2018. The change was due to rental revision.

The Company, having retained several floors for the group's use, had entered into another 5-year fixed lease (starting from 19 February 2019) with Chong Hing Bank Limited at a monthly rental of HK\$7.98 million from HK\$5.66 million, representing an increase of 41%. The management regarded the new tenancy would bring stable and good rental return to the Group.

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 2019, this retail and commercial shopping center generated rental revenue of approximately HK\$8.9 million, decreased by 56.4% when comparing to the year of 2018. The decrease of rental was due to renovation work commenced in second quarter of 2019.

The management had decided to revamp the mall for gaining higher rental return. The modern and chic concepts with bringing more trendy retails and F&B outlets would be the main theme of this new shopping mall. After renovation, the management expected this would be one of the young and popular malls in the western district.

Management and project team scheduled to take 18-month construction period to complete the project. Total renovation cost was amounted to approximately of HK\$140 million and all expenditures are funded by internal resources.

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 2019, Fairview Court recorded rental revenue of approximately HK\$7.1 million, it records net rental revenue of HK\$3.9 million after rental elimination. This property was fully let as at 31 December 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 70% let in terms of office space and 100% let in terms of retail space as at year end. For the year ended 31 December 2019, this office building generated rental revenue of approximately HK\$127.7 million, representing a decrease of 9.6%.

Due to the keen competition and over supply of office building in Puxi district, this office building recorded a record low occupancy since its opening in 2009. Against the backdrop of the continuing negotiation of phase II Sino-US trade agreement and the new outbreak of epidemic, the management expects it is a difficult year in 2020.

Property Development

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 2019, the Group recorded sale revenue of approximately HK\$741.9 million of which 303 residential units were sold and recognized under consolidated statement of profit or loss. The revenue was mainly referred to the sale of Phase 4, The Grand Riviera Foshan.

As at 31 December 2019, a total of 5,130 residential units out of total 5,264 units (representing 97%) and a total of 1,348 carpark units out of total 4,669 units (representing 29%) were successfully sold out fetching accumulated sale proceeds of approximately HK\$5.4 billion. The management forecast that further sale proceeds of approximately HK\$1.3 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, providing total construction area over 140,000 sq.m..

Up to the date of the board meeting, the site was handed over to our group. The preliminary site measurement and boundary protection had been done. The first draft master layout plan was also submitted for approval. Management and project team are working closely to update the construction scheme and program by taking advices from different consultants. Construction work is scheduled to commence in the fourth quarter of 2020.

HOTEL OPERATIONS

PRC

Budget Hotel

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 2019, hotel revenue increased by 11% from approximately of HK\$12.1 million in 2018 to approximately HK\$13.5 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.

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. The hotel was in full operation after obtaining the hotel license on 2 December 2019.

Apart from providing 183 guest rooms (room size ranging from 330 sq.ft. to 1,080 sq.ft.), other facilities include two restaurants, named *The Common Room* and *The Tea Room*, gym room, spa room, multi-functions room, sky lounge bar and a wide range of services and amenities. The two restaurants started operation in the fourth quarter of 2019.

Share of results of joint ventures

Since 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. For the year of 2019, all these warehouses and manufacturing plant continued to maintain stable rental revenue with 100% occupancy. The management regarded the investment would bring the Group's a stable return together with a long term appreciation of properties. The share of results of joint ventures of approximately HK\$32.2 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 2019, 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"), saved for the following.

Chairman and Managing Director: Clear Division of Responsibilities

The roles of Chairman and the Managing Director of the Company have not been segregated as required by the code provision A.2.1 of the Code. The Board considers this arrangement is in the best interest of the Company that by nature of the group's business which requires considerable market expertise and Mr. Liu Lit Chi, with his profound expertise in the property and banking industry, shall continue in his dual capacity as the Chairman and Managing Director.

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 2019 Interim Report:

Directors' Updated Information

Mr. Cheng Yuk Wo, an Independent Non-executive Director of the Company,

- (1) has resigned as an Independent Non-executive Director of C.P. Lotus Corporation with effect from 29 October 2019.

- (2) was appointed as an Independent Non-executive Director, Chairman of the Audit Committee and a member of the Corporate Governance Committee of C.P. Pokphand Co. Ltd. with effect from 1 January 2020.

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 2019, the Company and its subsidiaries have not purchased, sold or redeemed any of the shares in the Company.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULT

The Company had established an Audit Committee (“AC”) 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 AC together with the Company’s external auditor was held to review the Group’s annual results for the year ended 31 December 2019 before they presented the same to the Board of Directors for approval. Based on the review and discussion with management, the AC was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the year ended 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2019.

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, 21 May 2020, at 11:00 a.m.. The Notice of the AGM will be published on the website of the Company and the HKExnews and despatched to Shareholders on or about 9 April 2020.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2020 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2020 Annual General Meeting to be held on Thursday, 21 May 2020 (“2020 AGM”), whose name should be recorded in the Company’s shareholders book on Thursday, 21 May 2020. The Register of Members of the Company will be closed from Monday, 18 May 2020 to Thursday, 21 May 2020, both days inclusive. In order to qualify for attending and voting at the 2020 AGM, all share certificates with completed transfer forms either overleaf or separately must be lodged with the Company’s Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 May 2020.

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, 5 March 2020

The Company’s 2019 Annual Report, containing the Directors’ Report, Financial Statements for the year ended 31 December 2019 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 2020. 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.