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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 2020

RESULTS

The Directors of Liu Chong Hing Investment Limited (the “Company”) announce the audited consolidated financial results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | NOTES | 2020 HK\$'000 | 2019 HK\$'000 |
|---------------------------------------|-------|------------------|------------------|
| Revenue | | | |
| Contracts with customers | | 364,569 | 848,844 |
| Rental income | | 320,423 | 354,999 |
| Interest and dividend income | | 86,630 | 72,665 |
| | | <u>771,622</u> | <u>1,276,508</u> |
| Direct costs | | <u>(324,680)</u> | <u>(562,561)</u> |
| | | 446,942 | 713,947 |
| Other income | | 28,577 | 12,747 |
| Administrative and operating expenses | | (217,352) | (231,158) |
| Other gains and losses | | (12,598) | 108,662 |
| Finance costs | | (43,171) | (45,265) |
| Share of results of joint ventures | | 44,218 | 32,191 |
| | | <u>246,616</u> | <u>591,124</u> |
| Profit before tax | | 246,616 | 591,124 |
| Income tax expense | 4 | (73,106) | (144,655) |
| | | <u>173,510</u> | <u>446,469</u> |
| Profit for the year | | <u>173,510</u> | <u>446,469</u> |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 162,560 | 429,984 |
| Non-controlling interests | | 10,950 | 16,485 |
| | | <u>173,510</u> | <u>446,469</u> |
| Basic earnings per share | 5 | <u>HK\$0.43</u> | <u>HK\$1.14</u> |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Profit for the year | <u>173,510</u> | <u>446,469</u> |
| Other comprehensive (expense) income | | |
| <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") | (97,481) | (12,996) |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences arising on translation of foreign operations | 330,380 | (95,301) |
| Share of other comprehensive income (expense) of joint ventures | <u>2,804</u> | <u>(12)</u> |
| Other comprehensive income (expense) for the year (net of tax) | <u>235,703</u> | <u>(108,309)</u> |
| Total comprehensive income for the year | <u>409,213</u> | <u>338,160</u> |
| Total comprehensive income attributable to: | | |
| Owners of the Company | 384,282 | 326,270 |
| Non-controlling interests | <u>24,931</u> | <u>11,890</u> |
| | <u>409,213</u> | <u>338,160</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>NOTES</i> | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Non-current assets | | | |
| Investment properties | | 9,000,490 | 8,771,446 |
| Property, plant and equipment | | 1,395,632 | 1,457,320 |
| Right-of-use assets | | 5,879 | 10,757 |
| Interests in joint ventures | | 334,918 | 307,843 |
| Investments in securities | | 468,547 | 543,952 |
| Fixed bank deposits with more than three months to maturity when raised | | 48,598 | – |
| Deferred tax assets | | 20,608 | 27,472 |
| | | 11,274,672 | 11,118,790 |
| Current assets | | | |
| Properties under development for sale | | 1,014,408 | 895,424 |
| Properties held for sale | | 584,077 | 686,117 |
| Inventories | | 25,753 | 25,455 |
| Trade and other receivables | 7 | 80,924 | 84,174 |
| Contract costs | | – | 3,815 |
| Investments in securities | | 20,598 | 18,097 |
| Taxation recoverable | | – | 27 |
| Fixed bank deposits with more than three months to maturity when raised | | 62,350 | 13,284 |
| Bank balances and cash | | 1,876,768 | 2,039,861 |
| | | 3,664,878 | 3,766,254 |
| Current liabilities | | | |
| Trade and other payables | 8 | 399,334 | 448,258 |
| Lease liabilities | | 2,710 | 4,837 |
| Contract liabilities | | 771 | 46,965 |
| Derivative financial instruments | | 1,808 | 7,065 |
| Taxation payable | | 33,370 | 40,790 |
| Borrowings — due within one year | | 480,469 | 491,350 |
| | | 918,462 | 1,039,265 |
| Net current assets | | 2,746,416 | 2,726,989 |
| Total assets less current liabilities | | 14,021,088 | 13,845,779 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*continued*)

| | <i>NOTE</i> | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
|----------------------------------|-------------|--------------------------------|-------------------------|
| Non-current liabilities | | | |
| Other payables | 8 | 98,116 | 93,373 |
| Lease liabilities | | 3,487 | 6,151 |
| Borrowings — due after one year | | 993,376 | 1,018,384 |
| Derivative financial instruments | | — | 776 |
| Deferred tax liabilities | | 260,726 | 256,875 |
| | | 1,355,705 | 1,375,559 |
| | | 12,665,383 | 12,470,220 |
| Equity | | | |
| Share capital | | 381,535 | 381,535 |
| Reserves | | 12,196,132 | 12,012,500 |
| Equity attributable to: | | | |
| Owners of the Company | | 12,577,667 | 12,394,035 |
| Non-controlling interests | | 87,716 | 76,185 |
| Total equity | | 12,665,383 | 12,470,220 |

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 2020 and 2019 included in this preliminary announcement of annual results for the year ended 31 December 2020 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 2019 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 2020 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 amendments to HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

| | |
|--|--------------------------------|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 and food & beverage 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> |
|---|---|--|---|---|---|---------------------------------------|-------------------------------------|---------------------------------|---------------------------------|
| <u>For the year ended 31 December 2020</u> | | | | | | | | | |
| Segment revenue | 326,380 | 225,968 | 33,517 | 86,630 | 71,251 | 46,350 | 790,096 | (18,474) | 771,622 |
| Comprising: | | | | | | | | | |
| — revenue from customers | 320,423 | 225,968 | 21,643 | 86,630 | 71,251 | 45,707 | | | |
| — inter-segment transactions (<i>note</i>) | 5,957 | - | 11,874 | - | - | 643 | | | |
| Operating expenses | (42,897) | (234,267) | (21,918) | (41,382) | (67,496) | (123,969) | (531,929) | 18,474 | (513,455) |
| Loss on changes in fair value of investment properties | (136,196) | - | - | - | - | - | (136,196) | - | (136,196) |
| Gain on transfer of property inventories to investment properties | - | 81,350 | - | - | - | - | 81,350 | - | 81,350 |
| Gain on changes in fair value of financial assets at FVTPL | - | - | - | 2,507 | - | - | 2,507 | - | 2,507 |
| Loss on changes in fair value of derivative financial instruments | - | - | - | (5,972) | - | - | (5,972) | - | (5,972) |
| Loss on disposal of property, plant and equipment | (12) | - | - | - | - | (1,828) | (1,840) | - | (1,840) |
| Net exchange (losses) gains | (2,790) | 1,414 | (313) | 49,242 | - | - | 47,553 | - | 47,553 |
| Segment profit (loss) | <u>144,485</u> | <u>74,465</u> | <u>11,286</u> | <u>91,025</u> | <u>3,755</u> | <u>(79,447)</u> | <u>245,569</u> | <u>-</u> | <u>245,569</u> |
| Finance costs | | | | | | | | | (43,171) |
| Share of results of joint ventures | | | | | | | | | <u>44,218</u> |
| Profit before tax | | | | | | | | | <u><u>246,616</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 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.

4. INCOME TAX EXPENSE

| | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
|--------------------------------------|-------------------------|-------------------------|
| The charge comprises: | | |
| Current tax: | | |
| Hong Kong Profits Tax | 11,297 | 12,945 |
| PRC Enterprise Income Tax | 1,399 | 98,182 |
| | <u>12,696</u> | <u>111,127</u> |
| Dividend withholding tax | <u>9,657</u> | <u>15,778</u> |
| (Over)underprovision in prior years: | | |
| Hong Kong Profits Tax | (81) | (130) |
| PRC Enterprise Income Tax | (56) | 389 |
| | <u>(137)</u> | <u>259</u> |
| PRC Land Appreciation Tax ("LAT") | <u>40,223</u> | <u>15,502</u> |
| Deferred taxation | <u>10,667</u> | <u>1,989</u> |
| | <u>73,106</u> | <u>144,655</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% (2019: 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\$162,560,000 (2019: HK\$429,984,000) and on 378,583,440 (2019: 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 2020 and 31 December 2019.

6. DIVIDENDS

| | 2020 HK\$'000 | 2019 HK\$'000 |
|--|------------------|------------------|
| Dividends recognised as distribution during the year: | | |
| Interim dividend paid for 2020 — HK\$0.15 per share (2019: interim dividend paid for 2019 — HK\$0.22 per share) | 56,788 | 83,288 |
| Final dividend paid for 2019 — HK\$0.38 per share (2019: final dividend paid for 2018 — HK\$0.48 per share) | 143,862 | 181,720 |
| | <u>200,650</u> | <u>265,008</u> |

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of HK\$0.25 (2019: final dividend in respect of the year ended 31 December 2019 of HK\$0.38) per share, in an aggregate amount of approximately HK\$94,646,000 (2019: HK\$143,862,000) 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

| | 2020 HK\$'000 | 2019 HK\$'000 |
|-----------------------------------|------------------|------------------|
| Trade receivables | 30,663 | 23,102 |
| Deposits paid | 8,481 | 8,406 |
| Other receivables and prepayments | 41,780 | 52,666 |
| | <u>80,924</u> | <u>84,174</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\$30,663,000 (2019: HK\$23,102,000) presented based on the invoice date at the end of the reporting period is as follows:

| | 2020 HK\$'000 | 2019 HK\$'000 |
|----------------------------|------------------|------------------|
| Within 30 days | 10,096 | 8,147 |
| Between 31 days to 90 days | 11,949 | 11,104 |
| Over 90 days | 8,618 | 3,851 |
| | <u>30,663</u> | <u>23,102</u> |

- (b) As at 31 December 2020, debtors with an aggregate carrying amount of approximately HK\$539,000 (2019: HK\$776,000) 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

| | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Trade payables | 6,283 | 10,560 |
| Construction costs and retention payables | 168,933 | 208,080 |
| Deposits received and receipt in advance in respect of rental of investment properties | 124,238 | 148,006 |
| Deposits received (<i>note</i>) | 170,523 | 143,127 |
| Advance lease payments | 4,330 | 5,716 |
| Other payables | 23,143 | 26,142 |
| | <u>497,450</u> | <u>541,631</u> |
| Less: Amount due for settlement within 12 months shown under current liabilities | <u>(399,334)</u> | <u>(448,258)</u> |
| Amount due for settlement after 12 months shown under non-current liabilities | <u>98,116</u> | <u>93,373</u> |

note: The amounts represent refundable deposits received from subcontractors for the purpose of securing their performance in respect of construction contracts in favour of the Group.

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

| | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
|----------------|-------------------------|-------------------------|
| Within 30 days | <u>6,283</u> | <u>10,560</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 2020 of HK\$0.25 (2019: HK\$0.38) per share together with the interim cash dividend of HK\$0.15 (2019: HK\$0.22) per share paid on 11 September 2020, makes a total cash dividend of HK\$0.40 (2019: 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, 20 May 2021, will be paid on Friday, 4 June 2021 to the Company's shareholders registered on Friday, 28 May 2021.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF 2020 FINAL DIVIDEND

For the purpose of determining shareholders who qualify for the 2020 final dividend, whose name should be recorded in the Company's shareholders book on Friday, 28 May 2021. The Register of Members of the Company will be closed from Wednesday, 26 May 2021 to Friday, 28 May 2021, 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, 25 May 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2020, the audited consolidated profits of the Company and its subsidiaries amounted to approximately of HK\$173.5 million, comparing to that of 2019 amounted to approximately of HK\$446.5 million, representing a decrease of HK\$273.0 million (dropped 61%).

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 (loss) on changes in fair value of investment properties, gain on transfer of property inventories to investment properties and net exchange gains (losses).

PROPERTY INVESTMENT

Overall Rental Revenue

For the year ended 31 December 2020, the Group recorded gross rental revenue of approximately HK\$320.4 million, decreased by approximately HK\$34.6 million from approximately of HK\$355.0 million in the year of 2019, representing a decrease of 9.7%.

Overall Occupancies

The Group's overall occupancy of major investment properties maintained at 74% as at 31 December 2020.

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 2020, Chong Hing Square generated a gross rental revenue of approximately HK\$96.3 million, decreased by HK\$17.4 million from approximately of HK\$113.7 million in 2019. The occupancy was 87% as at 31 December 2020.

Looking ahead, we expect the retail high street rents will be flat and the overall economy will likely be recovering due to the roll out of the vaccines and the increase of tourist arrival towards the end of 2021 so that management forecast the rental revenue of this building would be improved in 2021.

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 2020, Chong Hing Bank Centre generated rental revenue of approximately HK\$97.1 million, increased by HK\$5 million from approximately of HK\$92.1 million in 2019. The Company, having retained several floors for the group's use, had entered into another 5-year fixed lease 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 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. In 2019, the management had decided to revamp the mall for gaining higher rental return. The modern and chic concepts bringing 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.

The construction work was on schedule and it was practically completed and inspected in early 2021, it was expected that the shopping mall will be ready for tenants to renovate in Q2 2021.

Total renovation cost was amounted to approximately of HK\$140 million and all expenditures are funded by internal resources. No rental revenue was generated from this property during the year.

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 2020, Fairview Court recorded rental revenue of approximately HK\$6.3 million, it recorded net rental revenue of HK\$3.1 million after rental elimination. This property recorded 100% occupancy as at 31 December 2020.

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 60% let in terms of office space and 83% let in terms of retail space as at year end. For the year ended 31 December 2020, this office building, after taking exchange translation, generated a rental revenue of approximately HK\$115.4 million, representing a decrease of 9.6%.

The management will continue to improve the office's occupancy despite the oversupply of office building in Puxi district and the continuing adverse effect to the Chinese economy caused by the unprecedented COVID-19 pandemic.

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 2020, the Group recorded sale revenue of approximately HK\$226.0 million of which 72 residential units and 328 carpark units were sold and recognized under consolidated statement of profit or loss.

As at 31 December 2020, a total of 5,171 residential units out of total 5,264 units (representing 98%) and a total of 1,651 carpark units out of total 4,670 units (representing 35%) were successfully sold out fetching accumulated sale proceeds of approximately HK\$5.9 billion. The management forecasted that further sale proceeds of approximately HK\$1.2 billion would be received if all unsold properties including residential units, carparks and retail shops were sold under current market conditions.

Elegance Garden, Sanshui

In 2019, the Group, through its indirectly wholly-owned subsidiary, Top New Investment Limited, acquired a piece of land at Sanshui District of Foshan by open land auction for a cash consideration of RMB775.5 million. The site area of the land is approximately 33,670 square meters with plot ratio of 3.2 times, making the accommodation value of RMB7,198 per square meter. The management regarded the consideration for the purchased land is fair and reasonable having taken into account the minimum bid conditions set by Foshan Public Resources Center, current market value, as well as the location and development potential of the vicinity area.

Location and vicinity

The development is located at the heart of Bei Jiang Xin Qu. It is surrounded by the well-developed facilities, such as Beijiang Primary School, Xindongli Center, Beijiang Feng Huang Park, Sanshui Renmin Hospital and Sanshui Bus Stop. It takes 15 minutes' drive to the Guangzhou and Foshan High Speed Railway Station and 20 minutes' drive to Sanshui High Speed Railway South Station only. The development is just 2.1 miles away from the Sanshui Metro Route 4, it is closely connected to the Guangzhou and Foshan cities.

Project design

This residential development named Elegance Garden, consists of 9 blocks 31-storey residential apartments with three typical sizes of 88, 98 and 108 square meters respectively. Given the plot ratio of 3.2 and green area ratio of 30%, it provides a total of 1,084 residential units with developable areas of over 105,000 square meters. If including the retail and commercial area of approximately 1,315 square meters on the ground floor and 918 carpark spaces mainly built at basement level, the total developable area is over 143,000 square meters.

Construction

The piling and foundation work had been commenced in Q4 2020 and the construction progress was on schedule. Barring any unforeseen circumstances, the whole project would be scheduled to complete and hand over for occupation in Q4 2023. As at the date of board meeting, major contracts including basement and superstructure, lift, M&E, landscape and architect designs were awarded to different contractors and institutes.

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. 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.

For the year ended 31 December 2020, the budget hotel revenue decreased by 41% from approximately of HK\$13.5 million in 2019 to approximately HK\$8.0 million in 2020. Due to the effect of COVID-19 pandemic, the occupancy of Guangzhou's hotel was lowered to 12% in February 2020 and then recovered to 87% in December 2020.

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, multi-functions room, sky lounge bar (planning stage) and a wide range of services and amenities. The two restaurants started operation in the fourth quarter of 2019.

For a newly opened hotel, 2020 was a very difficult year. Just one month after the opening, the hotel was suffered from the outbreak of COVID-19 pandemic. The hotel industry has been impacted by a significant decrease in visitor arrivals. For the year ended 31 December 2020, the hotel and F&B business recorded a gross revenue of HK\$37.7 million but incurred a net operating loss of HK\$80.3 million after including depreciation of HK\$59.9 million. A management committee was set up in April 2020 to closely monitor the hotel operation and F&B business.

Since then, various cost-cutting measures and revenue improvement works had been done to increase the financial results, which include implementation of no-pay leave, reduction of casual labour and cessation of recruitment. In order to raise hotel occupancy rates, the hotel has offered dining promotion and staycation packages to attract local customers. To widen other source of revenue, an on-line catering platform *eShop* has been developed for selling X'mas party set and Chinese poon-choi etc. Given the quality services and dining experience echoed by the hotel guests, One-Eight-One Hotel became one of the popular hotel brands and its operating revenue has been improving significantly in 2021. Hotel operating revenue had turned into positive EBITA since September 2020 with occupancy of over 62%.

Since 22 December 2020, the hotel has become one of the designated quarantine hotels to accommodate the quarantine guests arriving in Hong Kong.

OVERSEAS INVESTMENT

In February 2021, the group participated in an office investment in Brisbane, Australia by subscribing 15% of a Property Trust which acquired a 21-storey fully rebuilt grade A office building located at 310 Ann Street, Brisbane. The Trust was managed by the property and investment manager of AsheMorgan.

The office building, with 198,000 sq. ft. lettable area, was fully let to two major tenants, the Queensland Government and the Allianz group with an annual rental growth of 3.5–3.75% during the 7.5 years unexpired lease.

The purchase price of the property is AUD210 million. Given the stable rental return and the debt leverage investment structure, the management considered the investment would provide an attractive investment return to the group.

Share of Results of Joint Ventures

Since the year of 2017, the Group teamed up with the same joint venture partner, to acquire three warehouses in Japan and one manufacturing plant in Australia. For the year ended 31 December 2020, all these warehouses and manufacturing plant continued to maintain a stable rental revenue with 100% occupancy.

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\$44.2 million, under equity accounting, represented the 50% share of net asset value of the investment which mainly included the annual rental revenue and valuation gain on investment properties.

The manufacturing plant located at Adelaide was acquired at AUD11.5 million in 2018, after holding the investment of 2.5 years, the plant was disposed to a third party at a cash consideration of AUD18.8 million, representing an increase of 63%. The sales contract was signed in December 2020 and the transaction was completed in early 2021.

THE CORPORATE GOVERNANCE CODE

During the financial year ended 31 December 2020, 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 2020 Interim Report:

Directors' Updated Information

Mr. Liu Kam Fai, Winston, an Executive Director of the Company, was appointed as the Chairman of the Corporate Governance Committee with effect from 30 October 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 2020, 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 2020 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 2020.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2020.

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, 20 May 2021, 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 2021.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AND VOTING AT 2021 AGM

For the purpose of determining shareholders who are entitled to attend and vote at the 2021 Annual General Meeting to be held on Thursday, 20 May 2021 (“2021 AGM”), whose name should be recorded in the Company’s shareholders book on Thursday, 20 May 2021. The Register of Members of the Company will be closed from Friday, 14 May 2021 to Thursday, 20 May 2021, both days inclusive. In order to qualify for attending and voting at the 2021 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, 13 May 2021.

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) 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, 11 March 2021

The Company’s 2020 Annual Report, containing the Directors’ Report, Financial Statements for the year ended 31 December 2020 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 2021. 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.