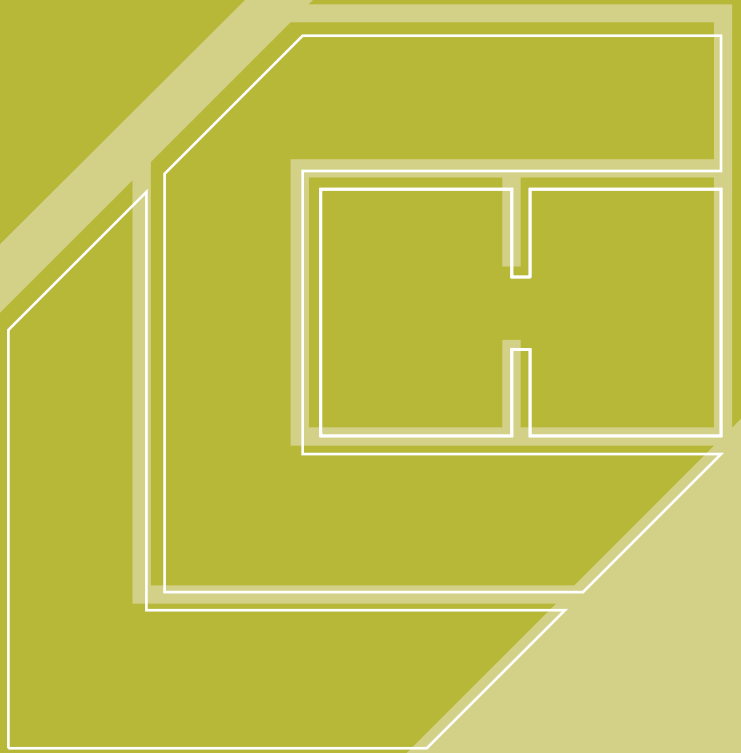




廖創興企業有限公司

Liu Chong Hing Investment Limited



STOCK CODE : 00194

2021
INTERIM REPORT

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Liu Lit Chi
*(Chairman, Managing Director and
Chief Executive Officer)*

Mr. Liu Kam Fai, Winston
(Deputy Managing Director)

Mr. Lee Wai Hung

NON-EXECUTIVE DIRECTOR

Mr. Kho Eng Tjoan, Christopher
BES. M. Arch, HKIA, RIBA, ARAIA, MRAIC,
Assoc. AIA, Registered Architect,
A.P. (Architect), MHKloD

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Cheng Mo Chi, Moses
GBM, GBS, OBE, LLB (HK), J.P.

Mr. Au Kam Yuen, Arthur

Dr. Ma Hung Ming, John, PhD, BBS, J.P.

Mr. Cheng Yuk Wo
Msc (Econ), BA (Hons), CPA (Canada), CA,
FCA, FCPA, CPA (Practising)

Mr. Tong Tsun Sum, Eric
CA (Aust), CPA (Practising), CFE

COMPANY SECRETARY

Mr. Lee Wai Hung

AUDIT COMMITTEE

Mr. Cheng Yuk Wo *(Chairman)*
Dr. Cheng Mo Chi, Moses
Mr. Au Kam Yuen, Arthur
Mr. Tong Tsun Sum, Eric
Mr. Lee Wai Hung *(Secretary)*

NOMINATION COMMITTEE

Mr. Liu Lit Chi *(Chairman)*
Mr. Kho Eng Tjoan, Christopher
Mr. Cheng Yuk Wo
Mr. Au Kam Yuen, Arthur
Dr. Ma Hung Ming, John
Mr. Tong Tsun Sum, Eric
Mr. Lee Wai Hung *(Secretary)*

REMUNERATION COMMITTEE

Dr. Cheng Mo Chi, Moses *(Chairman)*
Mr. Kho Eng Tjoan, Christopher
Dr. Ma Hung Ming, John
Mr. Cheng Yuk Wo
Ms. Tin Siu Kuen, Salla *(Secretary)*

CORPORATE GOVERNANCE COMMITTEE

Mr. Liu Kam Fai, Winston *(Chairman)*
Mr. Au Kam Yuen, Arthur
Dr. Ma Hung Ming, John
Mr. Lee Wai Hung

EXECUTIVE MANAGEMENT COMMITTEE

Mr. Liu Lit Chi *(Chairman)*
Mr. Liu Kam Fai, Winston
Mr. Lee Wai Hung

SOLICITORS

Deacons
Gallant
P. C. Woo & Co.

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

BANKERS

Australia and New Zealand Banking
Group Limited, Hong Kong Branch
Chong Hing Bank Limited
Credit Suisse AG Hong Kong Branch
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
MUFG Bank, Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

REGISTERED OFFICE

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SHAREHOLDERS' INFORMATION

FINANCIAL CALENDAR

As at 5 August 2021

Annual General Meeting	:	Held on 20 May 2021
Interim Results for six-month ended 30 June 2021	:	Announced on 5 August 2021
Dividends		
Interim cash dividend	:	HK\$0.18 per share
Payable on	:	10 September 2021
Ex-dividend date of interim dividend	:	27 August 2021
Latest time to lodge transfer forms	:	4:30 p.m. on 30 August 2021
Closure of Register of Members	:	From 31 August 2021 to 2 September 2021 (both days inclusive)
Share Registrar and transfer office	:	Computershare Hong Kong Investor Services Limited Rooms 1712–1716, 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong
Share listing	:	The Company's shares are listed on The Stock Exchange of Hong Kong Limited
Stock Code	:	00194
Board lot	:	2,000 shares
No. of issued ordinary share	:	378,583,440 shares
Company's e-mail address	:	info@lchi.com.hk
Investors and Shareholders contact	:	Attention: Mr. Lee Wai Hung/Ms. Hilda Chan 23rd Floor, Chong Hing Bank Centre 24 Des Voeux Road Central Hong Kong Tel: (852) 2983 7779 Fax: (852) 2983 7723 Website: http://www.lchi.com.hk

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

		Six months ended	
		30 June	
	NOTES	2021	2020
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3A		
Contracts with customers		214,709	197,370
Rental income		149,023	156,620
Interest and dividend income		26,084	35,158
		389,816	389,148
Direct costs		(154,343)	(163,858)
		235,473	225,290
Other income		5,267	11,407
Administrative and operating expenses		(113,844)	(109,020)
Other gains and losses	4	138,617	(71,171)
Finance costs		(11,695)	(26,359)
Share of results of joint ventures		6,401	10,513
		260,219	40,660
Profit before tax		260,219	40,660
Income tax expense	5	(22,878)	(19,429)
		237,341	21,231
Profit for the period	6	237,341	21,231
Profit for the period attributable to:			
Owners of the Company		232,673	17,375
Non-controlling interests		4,668	3,856
		237,341	21,231
Basic earnings per share	7	HK\$0.61	HK\$0.05

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	237,341	21,231
Other comprehensive income (expense)		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value gain (loss) on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")	190,369	(76,316)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	32,812	(87,203)
Share of other comprehensive expense of joint ventures	(2,695)	(347)
Other comprehensive income (expense) for the period (net of tax)	220,486	(163,866)
Total comprehensive income (expense) for the period	457,827	(142,635)
Total comprehensive income (expenses) attributable to:		
Owners of the Company	450,610	(141,648)
Non-controlling interests	7,217	(987)
	457,827	(142,635)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTES	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Non-current assets			
Investment properties	9	9,213,227	9,000,490
Property, plant and equipment	10	1,366,475	1,395,632
Right-of-use assets		5,080	5,879
Interests in joint ventures		378,524	334,918
Investments in securities	11	659,607	468,547
Deposit paid	12	123,504	–
Fixed bank deposits with more than three months to maturity upon placement		49,153	48,598
Deferred tax assets		20,608	20,608
		11,816,178	11,274,672
Current assets			
Properties under development for sale		1,114,408	1,014,408
Properties held for sale		532,787	584,077
Inventories		31,557	25,753
Trade and other receivables	13	139,570	80,924
Investments in securities	11	21,736	20,598
Fixed bank deposits with more than three months to maturity upon placement		58,313	62,350
Bank balances and cash		1,795,882	1,876,768
		3,694,253	3,664,878
Current liabilities			
Trade and other payables	14	443,531	399,334
Lease liabilities		1,360	2,710
Contract liabilities		11,425	771
Derivative financial instrument		149	1,808
Taxation payable		43,272	33,370
Borrowings — due within one year	15	606,632	480,469
		1,106,369	918,462
Net current assets		2,587,884	2,746,416
Total assets less current liabilities		14,404,062	14,021,088

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AS AT 30 JUNE 2021

	NOTES	30 June 2021 HK\$'000 (unaudited)	31 December 2020 HK\$'000 (audited)
Non-current liabilities			
Other payables	14	103,549	98,116
Lease liabilities		4,023	3,487
Borrowings — due after one year	15	994,604	993,376
Deferred tax liabilities		268,321	260,726
		1,375,497	1,355,705
		13,028,565	12,665,383
Equity			
Share capital		381,535	381,535
Reserves		12,552,097	12,196,132
Equity attributable to:			
Owners of the Company		12,933,632	12,577,667
Non-controlling interests		94,933	87,716
Total equity		13,028,565	12,665,383

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company							Total	Non-controlling interests	Total
	Share capital	Special reserve	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Statutory surplus reserve	Accumulated profits			
	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000	HK\$'000	HK\$'000 (note c)	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2020 (audited)	381,535	13,915	2,956,817	(28,502)	69,485	61,018	8,939,767	12,394,035	76,185	12,470,220
Profit for the period	-	-	-	-	-	-	17,375	17,375	3,856	21,231
Fair value loss on investments in equity instruments at FVTOCI	-	-	-	(76,316)	-	-	-	(76,316)	-	(76,316)
Exchange differences arising on translation of foreign operations	-	-	-	-	(82,360)	-	-	(82,360)	(4,843)	(87,203)
Share of other comprehensive expense of joint ventures	-	-	-	-	(347)	-	-	(347)	-	(347)
Other comprehensive expense for the period	-	-	-	(76,316)	(82,707)	-	-	(159,023)	(4,843)	(163,866)
Total comprehensive (expense) income for the period	-	-	-	(76,316)	(82,707)	-	17,375	(141,648)	(987)	(142,635)
Transferred from accumulated profits to statutory surplus reserve	-	-	-	-	-	17,768	(17,768)	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(143,862)	(143,862)	-	(143,862)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(13,400)	(13,400)
At 30 June 2020 (unaudited)	381,535	13,915	2,956,817	(104,818)	(13,222)	78,786	8,795,512	12,108,525	61,798	12,170,323

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Special reserve	Property revaluation reserve	Investment revaluation reserve	Exchange reserve	Statutory surplus reserve	Accumulated profits	Total		
	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000	HK\$'000	HK\$'000 (note c)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021 (audited)	381,535	13,915	2,956,817	(125,983)	388,688	85,674	8,877,021	12,577,667	87,716	12,665,383
Profit for the period	-	-	-	-	-	-	232,673	232,673	4,668	237,341
Fair value gain on investments in equity instruments at FVTOCI	-	-	-	190,369	-	-	-	190,369	-	190,369
Exchange differences arising on translation of foreign operations	-	-	-	-	30,263	-	-	30,263	2,549	32,812
Share of other comprehensive expense of joint ventures	-	-	-	-	(2,695)	-	-	(2,695)	-	(2,695)
Other comprehensive income for the period	-	-	-	190,369	27,568	-	-	217,937	2,549	220,486
Total comprehensive income for the period	-	-	-	190,369	27,568	-	232,673	450,610	7,217	457,827
Transferred from accumulated profits to statutory surplus reserve	-	-	-	-	-	915	(915)	-	-	-
Dividends recognised as distribution (note 8)	-	-	-	-	-	-	(94,645)	(94,645)	-	(94,645)
At 30 June 2021 (unaudited)	381,535	13,915	2,956,817	64,386	416,256	86,589	9,014,134	12,933,632	94,933	13,028,565

notes:

- Special reserve represents the difference between the consideration paid and the carrying values of the underlying assets and liabilities attributable to the additional interest in a subsidiary acquired during the years ended 31 December 2004 and 31 December 2012.
- Property revaluation reserve represents the reserve arising from valuation of properties under property, plant and equipment upon transfer to investment properties in previous years.
- The statutory surplus reserve ("SSR") is an appropriation from accumulated profits by subsidiaries of the Company in the People's Republic of China ("PRC"). In accordance with the Company Law of the PRC, each PRC subsidiary of the Company is required to allocate 10% of its profit after tax to the SSR until such reserve reaches 50% of the registered capital of that subsidiary. The SSR may be converted to increase capital subject to certain restrictions set out in the Company Law of the PRC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	118,363	25,499
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,360)	(3,008)
Deposit paid for acquisition of a subsidiary	(123,504)	–
Acquisition of investment in a joint venture	(90,660)	–
Repayment from joint ventures	35,970	18,503
Dividend received from joint ventures	14,790	–
Addition of investment properties	(54,532)	(21,781)
Purchase of equity instruments at FVTOCI	(691)	–
Placement of fixed bank deposits with more than three months to maturity	(4,807)	(74,093)
Release of fixed bank deposits with more than three months to maturity	9,013	13,284
NET CASH USED IN INVESTING ACTIVITIES	(220,781)	(67,095)
FINANCING ACTIVITIES		
New borrowings raised	160,000	178,000
Repayments of borrowings	(34,244)	(117,281)
Repayments of lease liabilities	(1,771)	(2,339)
Interest on lease liabilities	(94)	(206)
Dividends paid	(94,645)	(157,262)
Interest paid on borrowings	(10,925)	(26,200)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	18,321	(125,288)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(84,097)	(166,884)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,876,768	2,039,861
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	3,211	(8,841)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	1,795,882	1,864,136

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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 2020 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 2020 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

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

3A. REVENUE

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of the Group's revenue and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information is as follows:

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
Property development		
— Sale of properties	113,460	141,769
— Interior decoration services	—	2,170
Property management	10,575	10,718
Trading and manufacturing	44,469	29,204
Hotel operation	46,205	13,509
Revenue from contracts with customers	214,709	197,370
Property investment	149,023	156,620
Treasury investment		
— Interest income	21,931	27,925
— Dividend income	4,153	7,233
Total revenue	389,816	389,148

3A. REVENUE *(continued)*
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	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	Total HK\$'000
Sale of properties	-	113,460	-	-	-	-	113,460
Property management	-	-	17,259	-	-	-	17,259
Trading and manufacturing	-	-	-	-	44,469	-	44,469
Hotel operation	-	-	-	-	-	46,542	46,542
Eliminations on inter-segment transactions	-	-	(6,684)	-	-	(337)	(7,021)
Revenue from contracts with customers	-	113,460	10,575	-	44,469	46,205	214,709
Property investment	152,361	-	-	-	-	-	152,361
Interest income	-	-	-	21,931	-	-	21,931
Dividend income	-	-	-	4,153	-	-	4,153
Eliminations on inter-segment transactions	(3,338)	-	-	-	-	-	(3,338)
Segment revenue	149,023	113,460	10,575	26,084	44,469	46,205	389,816

	Property development HK\$'000	Property management HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000
Geographical markets					
Hong Kong	-	10,575	-	41,366	51,941
PRC	113,460	-	44,469	4,839	162,768
Total	113,460	10,575	44,469	46,205	214,709
Timing of revenue recognition					
A point in time	113,460	-	44,469	7,785	165,714
Over time	-	10,575	-	38,420	48,995
Total	113,460	10,575	44,469	46,205	214,709

3A. REVENUE *(continued)*
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	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	Total HK\$'000
Sale of properties	-	141,769	-	-	-	-	141,769
Interior decoration services	-	2,170	-	-	-	-	2,170
Property management	-	-	16,655	-	-	-	16,655
Trading and manufacturing	-	-	-	-	29,204	-	29,204
Hotel operation	-	-	-	-	-	14,097	14,097
Eliminations on inter-segment transactions	-	-	(5,937)	-	-	(588)	(6,525)
Revenue from contracts with customers	-	143,939	10,718	-	29,204	13,509	197,370
Property investment	159,661	-	-	-	-	-	159,661
Interest income	-	-	-	27,925	-	-	27,925
Dividend income	-	-	-	7,233	-	-	7,233
Eliminations on inter-segment transactions	(3,041)	-	-	-	-	-	(3,041)
Segment revenue	156,620	143,939	10,718	35,158	29,204	13,509	389,148
	Property development HK\$'000	Property management HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Total HK\$'000		
Geographical markets							
Hong Kong	-	10,718	-	11,095	21,813		
PRC	143,939	-	29,204	2,414	175,557		
Total	143,939	10,718	29,204	13,509	197,370		
Timing of revenue recognition							
A point in time	141,769	-	29,204	7,678	178,651		
Over time	2,170	10,718	-	5,831	18,719		
Total	143,939	10,718	29,204	13,509	197,370		

3B. 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 and food & beverage business

3B. SEGMENT INFORMATION *(continued)*
SEGMENT REVENUE AND RESULTS

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

	Property investment HK\$'000	Property development HK\$'000	Property management HK\$'000
For the six months ended 30 June 2021			
Segment revenue	152,361	113,460	17,259
Comprising:			
— revenue from customers	149,023	113,460	10,575
— inter-segment transactions (note)	3,338	-	6,684
Operating expenses	(67,343)	(70,312)	(13,328)
Gain on changes in fair value of investment properties	123,665	-	-
Gain on changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	-	-	-
Gain on changes in fair value of derivative financial instrument	-	-	-
Loss on disposal of property, plant and equipment	-	-	-
Net exchange (losses) gains	(2,193)	4,469	(61)
Segment profit (loss)	206,490	47,617	3,870
Share of results of joint ventures			
Finance costs			
Profit before tax			

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

Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
26,084	44,469	46,542	400,175	(10,359)	389,816
26,084	44,469	46,205			
-	-	337			
(16,721)	(41,862)	(63,713)	(273,279)	10,359	(262,920)
-	-	-	123,665	-	123,665
1,138	-	-	1,138	-	1,138
1,659	-	-	1,659	-	1,659
-	-	(22)	(22)	-	(22)
9,962	-	-	12,177	-	12,177
22,122	2,607	(17,193)	265,513	-	265,513
					6,401
					(11,695)
					260,219

3B. SEGMENT INFORMATION *(continued)*

SEGMENT REVENUE AND RESULTS *(continued)*

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
For the six months ended 30 June 2020			
Segment revenue	159,661	143,939	16,655
Comprising:			
– revenue from customers	156,620	143,939	10,718
– inter-segment transactions (note)	3,041	–	5,937
Operating expenses	(65,621)	(79,557)	(9,605)
Loss on changes in fair value of investment properties	(51,132)	–	–
Loss on changes in fair value of financial assets at FVTPL	–	–	–
Gain on changes in fair value of derivative financial instruments	–	–	–
Loss on disposal of property, plant and equipment	(56)	–	–
Net exchange (losses) gains	(3,490)	(9,818)	94
Segment profit (loss)	39,362	54,564	7,144

Share of results of joint ventures

Finance costs

Profit before tax

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

Segment profit (loss) represents the profit earned (loss incurred) 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.

Treasury investment HK\$'000	Trading and manufacturing HK\$'000	Hotel operation HK\$'000	Segment total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
35,158	29,204	14,097	398,714	(9,566)	389,148
35,158	29,204	13,509			
-	-	588			
(22,316)	(28,324)	(65,614)	(271,037)	9,566	(261,471)
-	-	-	(51,132)	-	(51,132)
(1,937)	-	-	(1,937)	-	(1,937)
807	-	-	807	-	807
-	-	-	(56)	-	(56)
(5,639)	-	-	(18,853)	-	(18,853)
6,073	880	(51,517)	56,506	-	56,506
					10,513
					(26,359)
					40,660

3B. SEGMENT INFORMATION *(continued)*

SEGMENT ASSETS AND LIABILITIES

The following is an analysis of the Group's assets and liabilities by reportable segments:

Segment assets

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Property investment	9,403,043	9,256,391
Property development	2,598,397	2,379,134
Property management	4,193	2,171
Treasury investment	1,661,308	1,486,354
Trading and manufacturing	105,883	104,029
Hotel operation	1,338,475	1,355,945
Total segment assets	15,111,299	14,584,024
Interests in joint ventures	378,524	334,918
Deferred tax assets	20,608	20,608
Consolidated assets	15,510,431	14,939,550

Segment liabilities

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Property investment	220,294	195,432
Property development	272,087	229,257
Property management	2,802	2,857
Treasury investment	1,225	2,929
Trading and manufacturing	8,905	11,007
Hotel operation	63,724	64,744
Total segment liabilities	569,037	506,226
Taxation payable	43,272	33,370
Borrowings	1,601,236	1,473,845
Deferred tax liabilities	268,321	260,726
Consolidated liabilities	2,481,866	2,274,167

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to operating segments other than interests in joint ventures and deferred tax assets. All liabilities are allocated to operating segments other than taxation payable, borrowings and deferred tax liabilities.

4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Gain (loss) on changes in fair value of investment properties	123,665	(51,132)
Gain (loss) on changes in fair value of financial assets at FVTPL	1,138	(1,937)
Gain on changes in fair value of derivative financial instrument	1,659	807
Net exchange gains (losses)	12,177	(18,853)
Loss on disposal of property, plant and equipment	(22)	(56)
	138,617	(71,171)

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	4,522	5,202
PRC Enterprise Income Tax	10,853	14,266
	15,375	19,468
Overprovision in prior years:		
Hong Kong Profits Tax	(10)	-
PRC Land Appreciation Tax ("LAT")	3,099	3,586
Deferred taxation		
Current period	2,850	(13,282)
Dividend withholding tax	1,564	9,657
	4,414	(3,625)
	22,878	19,429

5. INCOME TAX EXPENSE (continued)

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.

6. PROFIT FOR THE PERIOD

	Six months ended	
	30 June	
	2021	2020
	HK\$'000	HK\$'000
Profit for the period has been arrived at after charging:		
Staff costs including directors' emoluments	67,920	69,526
Depreciation of property, plant and equipment	35,774	35,840
Depreciation of right-of-use assets	1,753	2,444
Expense relating to short-term leases	1,991	1,486

7. 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\$232,673,000 (six months ended 30 June 2020: HK\$17,375,000) and on 378,583,440 (30 June 2020: 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.

8. DIVIDENDS

	Six months ended 30 June 2021 HK\$'000	2020 HK\$'000
Dividends recognised as distribution during the period:		
Final dividend declared and paid for 2020 — HK\$0.25 per share (2020: declared and paid for 2019 HK\$0.38 per share)	94,645	143,862
Dividend declared in respect of current period:		
Interim dividend declared for 2021 — HK\$0.18 per share (2020: HK\$0.15 per share)	68,145	56,788

On 5 August 2021, the Board of Directors has approved an interim cash dividend of HK\$0.18 per share (2020: HK\$0.15 per share), which will be paid to the Company's shareholders whose names appear on the Register of Members on 2 September 2021.

9. INVESTMENT PROPERTIES

On 30 June 2021 and 31 December 2020, independent valuations were undertaken by Vigers Appraisal & Consulting Ltd., an independent qualified professional valuer not connected to the Group which has appropriate professional qualifications and recent experience in the valuations of similar properties in the relevant locations.

The valuations have been arrived at using direct comparison method by reference to market evidence of transaction prices for similar properties in the same locations and conditions or, where appropriate, by capitalising the market rentals of all lettable units of the properties by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates observed by the valuer for the similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the respective properties.

In estimating the fair value of the properties, the higher and best use of the properties is their current use.

The resulting gain on changes in fair value of investment properties of approximately HK\$123,665,000 (six months ended 30 June 2020: loss of HK\$51,132,000) has been recognised directly in profit or loss.

10. PROPERTY, PLANT AND EQUIPMENT

The management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment relating to hotel operation with aggregate carrying amount of approximately HK\$1,233,088,000 (31 December 2020: HK\$1,273,480,000). The management of the Group estimated the recoverable amount of the cash-generating unit ("CGU") to which the assets belong based on fair value less costs of disposal. The relevant property was measured at fair value based on Level 3 hierarchy using residual approach on a redevelopment basis. In determining the fair value of the relevant property, the Group engaged an independent qualified professional valuer to perform the valuation. The key unobservable inputs used in valuing the relevant property included the gross development value on completion status and estimated project redevelopment cost.

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU based on the fair value less cost of disposal was higher than its carrying amount. No impairment is recognised during the six months ended 30 June 2021.

11. INVESTMENTS IN SECURITIES

	Financial assets at FVTPL HK\$'000	Equity instruments at FVTOCI HK\$'000	Total HK\$'000
30 June 2021			
Listed equity securities	21,736	351,253	372,989
Unlisted equity securities	-	259,482	259,482
Perpetual capital securities	-	48,872	48,872
	21,736	659,607	681,343
Analysed as:			
Listed in Hong Kong	21,736	400,125	421,861
Unlisted	-	259,482	259,482
	21,736	659,607	681,343
Analysed for reporting purpose as:			
Non-current assets			659,607
Current assets			21,736
			681,343
	Financial assets at FVTPL HK\$'000	Equity instruments at FVTOCI HK\$'000	Total HK\$'000
31 December 2020			
Listed equity securities	20,598	161,548	182,146
Unlisted equity securities	-	259,482	259,482
Perpetual capital securities	-	47,517	47,517
	20,598	468,547	489,145
Analysed as:			
Listed in Hong Kong	20,598	209,065	229,663
Unlisted	-	259,482	259,482
	20,598	468,547	489,145
Analysed for reporting purpose as:			
Non-current assets			468,547
Current assets			20,598
			489,145

12. DEPOSIT PAID

As at 30 June 2021, deposit of THB496,000,000 (approximately HK\$123,504,000) was paid to acquire the entire issued share capital of Choengmon Real Estate Company Limited, which is the owner of a freehold land at the Northeastern Koh Samui District in Thailand, where the land is currently under development into a holiday resort for future hotel operation.

Completion of the acquisition is expected to take place in November 2021, subject to fulfilment of condition precedents as stipulated in share purchase agreement, of which the relevant details have been disclosed in the announcement published by the Company on 1 June 2021.

13. TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade receivables	29,356	30,663
Deposits paid	8,822	8,481
Value added tax receivables	45,801	2,523
Prepayments and other receivables	55,591	39,257
	139,570	80,924

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 a range of credit periods of 30 to 90 days. The aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within 30 days	9,569	10,096
Between 31 days to 90 days	15,263	11,949
Over 90 days	4,524	8,618
	29,356	30,663

14. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Trade payables	7,831	6,283
Construction costs and retention payables	205,612	168,933
Deposits received and receipt in advance in respect of rental of investment properties	139,169	124,238
Deposits received (note)	164,718	170,523
Advance lease payments	3,637	4,330
Other payables	31,113	23,143
	552,080	497,450
Less: Amount due for settlement within 12 months shown under current liabilities	(443,531)	(399,334)
Amount due for settlement after 12 months shown under non-current liabilities	108,549	98,116

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:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Within 30 days	7,831	6,283

15. BORROWINGS

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Secured bank borrowings	1,018,660	1,029,059
Unsecured bank borrowings	571,000	432,000
Amounts due to non-controlling shareholders	11,576	12,786
	1,601,236	1,473,845
Less: Amounts due within one year shown under current liabilities	(606,632)	(480,469)
	994,604	993,376

During the current interim period, the Group obtained bank loans of approximately HK\$160,000,000 (30 June 2020: HK\$178,000,000) and repaid bank loans of approximately HK\$34,244,000 (30 June 2020: HK\$117,281,000). The proceeds were used for general working capital purposes.

16. CAPITAL COMMITMENTS

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– Property, plant and equipment/investment properties	16,831	61,409
– Others	20,479	20,479

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENTS AND VALUATION PROCESS

The management performs regular reviews to determine the appropriate valuation techniques and inputs for fair value measurement.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers or other service providers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The respective management team reports the findings to the Board of Directors of the Company regularly to explain the cause of fluctuations in the fair value of the assets and liabilities.

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value hierarchy			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
30 June 2021				
Financial assets at FVTPL				
Listed equity securities	21,736	–	–	21,736
Equity instruments at FVTOCI				
Listed equity securities	351,253	–	–	351,253
Unlisted equity securities	–	–	259,482	259,482
Perpetual capital securities	–	48,872	–	48,872
Total	372,989	48,872	259,482	681,343
Financial liabilities at FVTPL				
Derivative financial instrument	–	149	–	149

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*
**FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS THAT ARE MEASURED AT
FAIR VALUE ON A RECURRING BASIS** *(continued)*

	Fair value hierarchy			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
31 December 2020				
Financial assets at FVTPL				
Listed equity securities	20,598	–	–	20,598
Equity instruments at FVTOCI				
Listed equity securities	161,548	–	–	161,548
Unlisted equity securities	–	–	259,482	259,482
Perpetual capital securities	–	47,517	–	47,517
Total	182,146	47,517	259,482	489,145
Financial liabilities at FVTPL				
Derivative financial instrument	–	1,808	–	1,808

There were no transfers between Levels 1, 2 and 3 during the period.

The fair values of listed equity securities are determined with reference to quoted market bid prices from relevant stock exchange.

The fair values of perpetual capital securities are determined based on indicative prices provided by the dealers and brokers. In addition, the Group makes comparison of the indicative prices with the prices obtained from pricing services providers to substantiate the indicative prices of these securities. The key inputs used in the valuation model are the interest rate data, which are observable at the end of the reporting period. The objective of valuation model is to arrive at a fair value estimation that reflects the price of the financial instrument at the reporting date, which would have been determined by market participants acting at arm's length.

The fair values of unlisted equity securities are determined with reference to market values of underlying assets, which mainly comprise investment properties located in Hong Kong held by the investees and take into account the discount for lack of marketability. The valuation of the properties was principally arrived at using the comparison method, in which property is valued on the assumption that the property can be sold with the benefit of vacant possession. Comparison based on prices realised on actual sales of comparable properties is made for similar properties in the similar location.

The fair value of derivative financial instrument, representing cross currency swap contract, is measured by the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates and foreign exchange rates between Japanese Yen and HK\$, which are observable at the end of the reporting period.

The directors of the Company consider that the carrying amounts of the Group's other financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(continued)*
RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

	Unlisted equity securities HK\$'000
Balance at 1 January 2021 and 30 June 2021	259,482
Balance at 1 January 2020	291,681
Total net losses recognised in other comprehensive income	(10,380)
Balance at 30 June 2020	281,301

The majority of the Group's investments are valued based on quoted market information or observable market data. A small percentage, 1.7% (31 December 2020: 1.7%), of total assets of the Group, is based on estimates and recorded as financial assets at level 3 fair value measurements. Whilst such valuations are sensitive to estimate, it is believed that changing one or more of the assumptions to reasonably possible alternative assumptions would not have a significant impact on the Group's financial position.

18. RELATED PARTY DISCLOSURES
COMPENSATION OF KEY MANAGEMENT PERSONNEL

The emoluments of key management personnel of the Group during the period were as follows:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000
Short-term benefits	30,660	24,302
Post-employment benefits	2,344	1,727
	33,004	26,029

The emoluments of directors and key executives are determined by the remuneration committee having regard to the performance of individuals and market trends.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF LIU CHONG HING INVESTMENT LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Liu Chong Hing Investment Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 4 to 29, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

5 August 2021

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim cash dividend for 2021 of HK\$0.18 per share (2020: HK\$0.15 per share), payable on Friday, 10 September 2021 to the Company's shareholders registered on Thursday, 2 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 31 August 2021 to Thursday, 2 September 2021, 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 Registrar Computershare Hong Kong Investor Services Limited, Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 30 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

For the period ended 30 June 2021, the Group recorded unaudited consolidated profit of approximately HK\$237.3 million, comparing to that of 2020 amounted to approximately HK\$21.2 million, representing an increase of approximately HK\$216.1 million. The change was mainly due to the increase of fair value changes of investment properties and the net exchange gains recorded in the period.

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.

PROPERTY INVESTMENT

OVERALL RENTAL REVENUE

For the period ended 30 June 2021, the Group recorded gross rental revenue of approximately HK\$149.0 million, decreased by approximately HK\$7.6 million from approximately of HK\$156.6 million in the corresponding period of 2020, representing a decrease of 4.9%.

OVERALL OCCUPANCIES

The Group's overall occupancy from major investment properties maintained at 83% as at 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY INVESTMENT *(continued)*

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 2021, Chong Hing Square generated a gross rental revenue of approximately HK\$41.2 million, decreased by HK\$5.8 million from approximately of HK\$47.0 million in 2020. The occupancy was 82% as at 30 June 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 period ended 30 June 2021, Chong Hing Bank Centre generated rental revenue of approximately HK\$47.9 million. 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.

The Rockpool

The Rockpool (formerly known as 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 of this shopping mall was practically completed in Q1 2021 and inspected by the Building Departments. Leasing team is actively seeking prospective tenants and scheduled to be in full operation in Q4 2021. F&B will be the major tenants in The Rockpool, the other potential tenants will be retail, telecom, personal care and beauty, life-style, supermarket, grocery/wine cellar and convenient store.

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 2021, Fairview Court recorded rental revenue of approximately HK\$3.5 million, it records net rental revenue of HK\$1.9 million after rental elimination. This property recorded 100% occupancy as at 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY INVESTMENT *(continued)*

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 76% let in terms of office space and 100% let in terms of retail space as at period end. For the period ended 30 June 2021, this office building, after taking exchange translation, generated a rental revenue of approximately HK\$52.8 million, representing a decrease of 4.3%.

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 period ended 30 June 2021, the Group recorded sale revenue of approximately HK\$113.5 million of which 32 residential units and 144 carpark spaces were sold and recognized under consolidated statement of profit or loss.

As at 30 June 2021, a total of 5,203 residential units out of total 5,264 units (representing 99%) and a total of 1,815 carpark units out of total 4,670 units (representing 39%) were successfully sold out fetching accumulated sale proceeds of approximately HK\$6 billion. The management forecasted that further sale proceeds of approximately HK\$1 billion would be received if all unsold properties including residential units, carpark spaces and retail shops were sold under current market conditions.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

PROPERTY DEVELOPMENT *(continued)*

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

Work of Excavation and Lateral Support (ELS) was completed on April 2021. 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. The basement work is almost completed and superstructure work of Block 1-Block 9 main building has been commenced. The construction progress was on schedule.

Marketing

Marketing team had prepared market proposal and related marketing activities will be launched along with the pre-sale of the property.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 period ended 30 June 2021, the budget hotel revenue increased from approximately of HK\$2.4 million in 2020 to approximately HK\$4.8 million in 2021. As China strengthens its control over the spread of COVID-19, business activities resumed quickly. As a result, the occupancy of Guangzhou's hotel was recovered to 85% in April 2021. However, Guangzhou has seen cases of the delta COVID variant since May 2021, and several cities in Guangzhou & Foshan were locked down accordingly, the hotel business was again seriously affected.

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, Quay Club (executive lounge), gym room, multi-functions room and a wide range of services and amenities.

For the period ended 30 June 2021, the hotel and F&B business recorded a gross revenue of HK\$41.4 million, increased by approximately of HK\$30.3 million, from approximately of HK\$11.1 million in the corresponding period of 2020. If adding depreciation of HK\$30.1 million, the hotel and F&B business recorded a net loss of HK\$16.5 million against the net loss of HK\$50.8 million for the corresponding period of 2020.

The hotel has become one of the designated quarantine hotels to accommodate the quarantine guests arriving in Hong Kong since December 2020. Due to the quality service and good dining experience, the hotel became one of the popular hotel brands and its operating revenue has been improving significantly in 2021. With the aid of improving occupancy and average daily rate ADR, the hotel business recorded positive operating revenue and EBITDA throughout the period. The management has confidence in the hotel business in the second half of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 period ended 30 June 2021, all these warehouses and manufacturing plant continued to maintain a stable rental revenue with 100% occupancy.

The manufacturing plant located at Adelaide was acquired at AUD11.5 million in 2018, after holding the investment for 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.

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 square feet 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.

The management regarded all the joint venture 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\$6.4 million, under equity accounting, represented the share of net asset value of the investment which mainly included the annual rental revenue and valuation gain on investment properties.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

OVERSEAS INVESTMENT

Share acquisition

The Group decided to invest in a hotel property at Koh Samui, Thailand, through an acquisition of entire issued share capital in Choengmon Real Estate Company Limited, a company incorporated in Thailand.

LUXURY BEACHFRONT RESORT

The hotel is located at the north-eastern part of Samui Island and is situated along the Choengmon beach. The land is freehold land title with land areas of 29,588 square meter. The hotel consists of 21 pool villas and 117 premium rooms and suites with a total gross floor area of over 22,098 square meter. Other amenities include the main reception building, lobby bar, lobby lounge, an all-day dining restaurant, a beachfront specialty restaurant, swimming pool, spa, fitness centre and yoga studio, kids club and multi-purpose space to accommodate weddings or executive meetings.

PURCHASE CONSIDERATION

On 1 June 2021, the Group entered into the Share Purchase Agreement with the Sellers at the purchase price of THB2,480 million, approximately HK\$620 million, (inclusive of the shareholder loans and the bank loan and subject to adjustment). 20% deposit in the amount of THB 496 million, approximately HK\$123.5 million, was paid to the Sellers on the date of signing the Share Purchase Agreement. The remaining balance will be settled upon completion. The completion of the transaction is no later than 18 months from the date of signing the Share Purchase Agreement on 1 June 2021.

INVESTMENT DELIBERATION

The management considers that the acquisition is a good investment opportunity for the Group to continue its strategies to diversify investments and to enhance its exposure and experience in international hospitality, with a view of optimism towards tourism in Thailand post-pandemic, which is beneficial for the continuous and stable growth of the Group's property development and investment business.

DIRECTORS' INTERESTS IN SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2021, the interests of the directors and the Chief Executive Officer in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS THE COMPANY – LIU CHONG HING INVESTMENT LIMITED

Name of director	Long/short position	Number of ordinary shares held			Total interests as approximate % of the relevant issued share capital
		Personal interests (held as beneficial owner)	Family interests (interests of spouse or child under 18)	Corporate interests (interests of controlled corporation)	
Mr. Liu Lit Chi	Long	24,000	–	206,247,000 (Notes 1 and 2)	206,271,000 54.48%
Mr. Liu Kam Fai, Winston	Long	2,756,867	–	–	2,756,867 0.73%

Notes:

- 132,326,710 shares in the Company are beneficially held by Liu's Holdings Limited, of which Mr. Liu Lit Chi is the major shareholder. The above numbers of shares are duplicated under the corporate interests for each of these directors.
- Alba Holdings Limited, of which Mr. Liu Lit Chi and his associates are shareholders, beneficially holds 73,920,290 shares in the Company, and thus is included in the corporate interests of Mr. Liu Lit Chi.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 June 2021, so far as is known to the Company, the following persons (other than the directors or the Chief Executive Officer of the Company) had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of substantial shareholder	Long/short position	Capacity	No. of ordinary share held	% of the issued share capital
Liu's Holdings Limited	Long	Beneficial owner	132,326,710 (note 1)	34.95%
Alba Holdings Limited	Long	Beneficial owner	73,920,290 (note 2)	19.52%

notes:

1. Liu's Holdings Limited, a private company incorporated in Hong Kong, is owned by, amongst others, Mr. Liu Lit Chi. Such corporate interests are also disclosed in the sub-section under "Directors' interests in Share Capital of the Company and its Associated Corporations".
2. Alba Holdings Limited, a private company incorporated in Hong Kong, is owned by Mr. Liu Lit Chi and his associates. Such corporate interests are also disclosed in the sub-section under "Directors' interests in Share Capital of the Company and its Associated Corporations".

Save as disclosed above, the Company had not been notified by any person (other than the directors or Chief Executives Officer of the Company) who had interests or short positions in the shares and underlying shares of the Company of 5% or more as at 30 June 2021 which were required to be disclosed to the Company under Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

EMPLOYEE AND EMOLUMENT POLICY

As at 30 June 2021, the Group employed a workforce of 457 (30 June 2020: 470). Staff cost for the period include salaries, bonuses and allowances, were approximately HK\$67.9 million (30 June 2020: HK\$69.5 million).

The Group's remuneration policy, having been advised and determined by the Remuneration Committee, will ensure that the pay levels of its employee are reasonable and competitive in the market and their total rewards including basic salary and bonus system are linked with their performance.

SHARE OPTION SCHEMES

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 9 May 2012, which replaced the previous share option scheme, for the primary purpose of providing incentives to directors and eligible employees, and will expire on 8 May 2022. Under the Scheme, the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. Additionally, the Company may, from time to time, grant share options to outside eligible third parties at the discretion of the Board.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options may be exercised at any time from the date of grant of the share option to the 5th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the Company's share on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant, or the closing price of the shares on the date of grant.

No options have been granted under the above mentioned scheme since the Scheme was adopted.

THE CORPORATE GOVERNANCE CODE

During the period under review, 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 change of directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2020 Annual Report:

DIRECTORS' UPDATED INFORMATION

Mr. Cheng Yuk Wo, an Independent Non-executive Director of the Company, has resigned from the position of an Independent Non-executive Director of Goldbond Group Holdings Limited (Stock Code: 172) with effect from 2 August 2021. The listing of Goldbond Group Holdings Limited has been cancelled by The Stock Exchange of Hong Kong Limited on the same date.

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 2021, 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 2021 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 2021 will be dispatched to the shareholders of the Company and available on the above websites on or about 27 August 2021.

BOARD OF DIRECTORS

As at the date of this interim report, 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, 5 August 2021